



RULE  
ADOPTION  
NOTICE

**RAN-02-37**  
**December 4, 2002**

**TO: All PCX Members and Member Organizations**

**FROM: Department of Regulatory Policy**

**SUBJECT: Clearly Erroneous Policy**  
**(File No. SR-PCX-2002-63)**

On September 23, 2002, the Exchange filed proposed rule changes with the Securities and Exchange Commission relating to its "Clearly Erroneous Policy", PCXE Rule 7.11(d), and PCXE Rule 10.13. The rule changes proposed to amend Rule 7.11(d) to confer authority on a PCXE officer designated by PCXE who, in addition to the Chief Executive Officer and President, may nullify transactions or modify their terms arising out of any disruption or malfunction in the Archipelago Exchange trading system. The rule change also added conforming language to PCXE Rule 10.13 regarding appeals from such decisions. Notice of the proposed rule change was published for comment on October 22, 2002, and no comments were received. The rule became effective on November 25, 2002.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Peter Bloom at (415) 393-4166.

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**EXHIBIT A**

**Text of the Rule Change<sup>1</sup>**

**PCX Equities, Inc.**

**Rule 7**

**Equities Trading**

**Clearly Erroneous Policy**

Rule 7.11(a) – (c) – No change.

(d) *System Disruption and Malfunctions.* In the event of any disruption or a malfunction in the use or operation of any electronic communications and trading facilities of the

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<sup>1</sup>

New text is underscored; deleted text is in brackets.

Corporation, the Chief Executive Officer, [or the] President, or such other officer designated by the Corporation may declare a transaction arising out of the use or operation of such facilities during the period of such disruption or malfunction null and void or modify the terms of these transactions. Absent extraordinary circumstances, any such action of the Chief Executive Officer, [or] President or designated Corporation officer pursuant to this subsection (d) shall be taken within thirty (30) minutes of detection of the erroneous transaction. Each ETP Holder involved in the transaction shall be notified as soon as practicable, and the ETP Holder aggrieved by the action may appeal such action in accordance with the provisions of Rule 10.13.

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## **Rule 10**

### **Disciplinary Proceedings**

#### **Hearings and Review of Decisions by the Corporation**

Rule 10.13.

(a) General Provisions. This Rule provides the procedure for persons aggrieved by any of the following actions taken by the Corporation to apply for an opportunity to be heard and to have the action reviewed. These actions are:

(1) – (3) – No change.

(4) the prohibition or limitation with respect to access to services provided by the Corporation, or the access to services of any ETP Holder taken pursuant to the Bylaws, or Rules or procedures of the Corporation; [or]

(5) actions taken by the Corporation pursuant to Rule 7.11;

(6)[5] – No change.

(7)[6] actions taken by the Corporation pursuant to Rule 7.23; or

(8)[7] – No change.

(b) – (m) – No change.

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