



RULE
ADOPTION
NOTICE

RAN-03-01
January 2, 2003

TO: All PCX Members and Member Organizations

FROM: Department of Regulatory Policy

SUBJECT: Auto-Ex Pilot Program Extension
(File No. SR-PCX-2002-78)

On December 18, 2002 the Pacific Exchange, Inc. filed with the Securities and Exchange Commission a proposal to extend the Automatic Execution System ("Auto-Ex") Incentive Pilot Program for six months from December 24, 2002 through June 24, 2003. The extension permits the Exchange to finalize a proposed amendment to its program in order that the participation percentages of Market Makers who are temporarily away from the trading floor may be reinstated in some fashion. The proposal became effective and operative upon filing.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Mai Shiver at (415) 393-4266.

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EXHIBIT A

Text of the Rule Change¹

PACIFIC EXCHANGE, INC.

RULES OF THE BOARD OF GOVERNORS

Rule 6.87(a) – (k) – No change.

Commentary

.01 – No change.

.02-.07 – Reserved.

¹ New text is underscored.

.08 *Pilot Program.* The Auto-Ex Incentive Program set forth in Rule 6.87(k)(1) is subject to a pilot program, which is set to expire on [December 24, 2002] June 24, 2003.

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