



RULE
ADOPTION
NOTICE

RAN-04-05
March 3, 2004

**TO: All PCX Members and Member Organizations
ETP Holders and Sponsored Participants**

FROM: Department of Regulatory Policy

**SUBJECT: ArcaEx Elimination of Posting Period for an Application for
Reinstatement
(File No. SR-PCX-2004-02)**

On January 28, 2004 the Pacific Exchange, Inc. ("PCX" or "Exchange") filed with the Securities and Exchange Commission a proposal to modify PCXE Rule 11.7 to eliminate the required posting period when a suspended ETP Holder wishes to be reinstated. On February 18, 2004, the Exchange filed Amendment No. 1 to the proposed rules. The Commission approved the PCX's proposed rule change, as amended, on February 23, 2004.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Steven B. Matlin at (415) 393-4084.

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EXHIBIT A

Text of the Proposed Rule Change:¹

PCX Equities, Inc.

Rule 11

CANCELLATION, SUSPENSION AND REINSTATEMENT

Reinstatement

Rule 11.7 – When an ETP Holder, or associated person of an ETP Holder has had trading privileges suspended under the provisions of Rule 11.2(a)(1) or (2) applies for reinstatement, it must be demonstrated to the satisfaction of the Corporation that the problem or problems responsible for such suspension have been satisfactorily resolved. If such problem involves financial difficulty or operating inadequacies, the person or organization shall furnish the Corporation comprehensive financial and operating reports in a form and manner to be

¹ New text is underscored; deleted text is in brackets.

prescribed by the Corporation. If the ETP Holder or associated person of an ETP Holder furnishes satisfactory proof of a resolution of the problem or problems responsible for such suspension, the Corporation shall notify in writing all ETP Holders of the application for reinstatement and that a meeting of the Board to consider it will be held on a designated date which shall not be less than ten (10) business days subsequent to such notice. At [such] a meeting of the Board of Directors at which a quorum is present the ETP Holder, or associated person of an ETP Holder may be reinstated provided not less than a majority of the Directors voting approve the application.

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