



RULE
ADOPTION
NOTICE

RAN-04-28
July 16, 2004

TO: All PCX OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

**SUBJECT: Extension Automatic Execution System Incentive Pilot Program
(File No. SR-PCX-2004-54)**

On June 28, 2004, the Exchange filed with the Securities and Exchange Commission a proposed rule to extend the Automatic Execution System Incentive Pilot Program until June 30, 2005. The Commission approved the proposed rule change on June 30, 2004.

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

EXHIBIT A

Text of the Proposed Rule Change:¹

Rules of the Pacific Exchange, Inc.

Rule 6 Options Trading

Rule 6.87(a) – (k) – No change.

Commentary:

.01 – No change.

.02 – .07 – Reserved.

.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 June 30, [2004] 2005.

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