



RULE
ADOPTION
NOTICE

RAN-04-31
August 10, 2004

TO: All PCX OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

SUBJECT: Elimination of the Ability of Floor Brokers and Market Makers to Manually Trade with Orders and Quotes with Size in the Consolidated Book (File No. SR-PCX-2004-47)

On June 10, 2004, the Exchange filed with the Securities and Exchange Commission a proposed rule to eliminate the ability of Floor Brokers and Market Makers to manually trade with Orders and Quotes with Size in the Consolidated Book. On June 22, 2004 the Exchange filed Amendment No. 1 to the proposed rule change. The Commission approved the proposed rule change on August 4, 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 6.76(a) – (d)(1)(C) – No change.

[Rule 6.76(d)(2) Market Makers and Floor Brokers may trade with orders and Quotes with Size in the Consolidated Book by vocalizing a bid or offer in a particular series and effecting a trade with the Order Book Official.]

Commentary .01 - .02 – No Change.

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