



RULE  
ADOPTION  
NOTICE

**RAN-04-34**  
**August 23, 2004**

**TO: ETP Holders and Sponsored Participants**

**FROM: Department of Regulatory Policy**

**SUBJECT: Plan of Delegation of Functions by the Pacific Exchange, Inc.  
to PCX Equities, Inc.  
(File No. SR-PCX-2004-79)**

On August 10, 2004, the Exchange filed a proposed rule change to PCXE Rule 14.3 to account for the corporate restructuring and initial public offering of Archipelago Holdings, Inc. The Exchange filed Amendment No. 1 to the proposed rule change on August 16, 2004. The Commission approved the proposed rule filing on August 18, 2004.

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

**EXHIBIT A**  
**Text of the Proposed Rule Change:<sup>1</sup>**  
**PCX Equities, Inc.**

**Rule 14**

**Plan of Delegation of Functions by the Pacific Exchange, Inc. to PCX Equities, Inc.**

Archipelago Exchange, L.L.C. and Archipelago Holdings, [L.L.C.] Inc.

Rule 14.3(a) – No Change.

(b) – Access to and Status of Officers and Directors of Archipelago Holdings, [L.L.C.] Inc. All officers and directors of Archipelago Holdings, [L.L.C.] Inc., shall be deemed to be

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<sup>1</sup> New text is underscored; deleted text is in brackets.

officers and directors of PCX and PCX Equities for purposes of and subject to oversight pursuant to the Securities Exchange Act.

(c) – No Change.

(d) – Location of Books and Records. Archipelago Exchange, L.L.C., and Archipelago Holdings, [L.L.C.] Inc. must maintain all books and records related to the Archipelago Exchange within the United States.

(e) – Confidentiality Requirements. The officers and directors of Archipelago Holdings, [L.L.C.] Inc. shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between PCX (including the facilities of PCX Equities) and the functions of WAVE that are not regulated as facilities of PCX Equities. In addition, PCX and PCX Equities shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Archipelago Exchange facility (including the functions of WAVE that are deemed a facility of PCX Equities) and the functions of WAVE as an introducing broker/residual electronic communications network.

(f) – No Change.

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