



RULE  
ADOPTION  
NOTICE

**RAN-05-34**  
**May 3, 2005**

**TO: All PCX OTP Holders and OTP Firms**

**FROM: Department of Regulatory Policy**

**SUBJECT: Elimination of Prohibition on Computer Generated Orders  
(File No. SR-PCX-2005-48)**

On April 13, 2005, the Exchange filed with the Securities and Exchange Commission a proposal to amend its rules to eliminate the prohibition on orders that are created and communicated electronically without manual input. The proposed rule filing was effective upon filing and published in the *Federal Register* on May 2, 2005.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Melanie Grace at (415) 393-4135.

**EXHIBIT 5**  
**Text of the Proposed Rule Change:**<sup>1</sup>

**Rules of the Pacific Exchange, Inc.**

**Rule 6**

Rule 6.88(a) – No Change.

Rule 6.88(b) Reserved. [Except as provided in subsection (b)(1), OTP Holders and OTP Firms may not enter orders via the MFI or permit the entry of orders via the MFI if those orders are created and communicated electronically without manual input ("computer generated orders"). Except as provided in subsection (b)(1), order entry by public customers or associated persons of OTP Holders and OTP Firms must involve manual input such as entering the terms of an order into an order-entry screen or manually selecting a displayed order so that the order will be sent. Nothing in this Rule prohibits OTP Holders or OTP Firms from electronically sending to the Exchange orders manually entered by customers into front-end communications systems (e.g., Internet gateways, online networks, etc).

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<sup>1</sup>

New text is underscored; Deleted text is in brackets.

(1) Computer generated orders may be sent to the Exchange via the MFI only if they are properly designated in a form and manner as prescribed by the Exchange. Orders so designated will be re-routed for representation by a Floor Broker. Computer generated orders are not eligible for automatic execution via the Auto-Ex System.]

(c) – No Change.

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