



RULE
ADOPTION
NOTICE

RAN-05-72
November 9, 2005

TO: All OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

SUBJECT: Remote Market Makers
(File No. SR-PCX-2005-120)

On October 21, 2005, the Pacific Exchange, Inc. (“PCX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposal to amend PCX Rule 6.35 in order to eliminate the restriction contained in subparagraph (h)(4) that prohibits a Remote Market Maker (“RMM”) from concurrently trading and/or quoting the same option issue as an RMM who is a Nominee of the same OTP Firm. The proposed rule change was effective upon filing and the Commission released the notice of filing and immediate effectiveness on November 2, 2005.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Glenn Gsell at (415) 835-4805

EXHIBIT 5
Text of the Proposed Rule Change:¹

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

**Rule 6
Options Trading**

Remote Market Makers

Rule 6.35 (a) thru 6.35(g) – No Change

(h) If an OTP Holder or OTP Firm has two or more Nominees that are registered as Remote Market Makers, then:

¹

New text is underscored; deleted text is in brackets.

(1) the number of OTPs held in the name of such Remote Market Makers may be aggregated for the purpose of determining the number of options issues eligible for primary appointment pursuant to subsection (g)(2) above;

(2) the primary appointment applies to the OTP Holder or OTP Firm, subject to the approval of the Exchange; and

(3) the distribution of the option issues within the primary appointments for each Remote Market Maker will be at the discretion of the OTP Holder or OTP Firm. [; and

(4) at no time will a Remote Market Maker concurrently trade or quote the same option issue as a Remote Market Maker or Lead Market Maker who is a Nominee for the same OTP Holder or OTP Firm.]

(i) - No Change

Commentary : .01 thru .05 - No Change