



RULE  
ADOPTION  
NOTICE

**RAN-06-14**  
**March 6, 2006**

**TO: All OTP Holders and OTP Firms  
ETP Holders and Sponsored Participants**

**FROM: Department of Regulatory Policy**

**SUBJECT: Open Order Modifier  
(File No. SR-PCX-2006-07)**

On February 1, 2006, the Exchange filed a proposed rule change to amend PCXE Rule(s) 7 to add Good Till Cancelled (“GTC”) and Good Till Date (“GTD”) modifiers and to specify the method in which GTC and GTD Orders will be adjusted in the event of a corporate action. On February 28, 2006 the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change became effective upon filing on March 1, 2006 and the Commission released the notice on March 1, 2006.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Bridget Farrell at 312/442-7975.

**EXHIBIT A**

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

**Rules of PCX Equities, Inc.**

**Rule 7**

**Equities Trading**

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Rule 7.31 Orders and Modifiers

(a) – (b) No change.

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

(c) Time in Force

(1) Day Order. An order to buy or sell which, if not executed, expires at the end of the day on which it was entered.

(2) Open Orders

(A) Good Till Cancelled (“GTC”) Order. An order to buy or sell (or unexecuted portion thereof) which, if not executed, remains in effect until executed, cancelled by the entering party, or expiration, whichever comes first. All unexecuted portions of GTC Orders will be cancelled by the Corporation one year after initial entry.

(B) Good Till Date (“GTD”) Order. An order to buy or sell (or unexecuted portion thereof) set to expire following the close of the core session of the pre-determined date specified by the entering party which, if not executed, remains in effect until executed, cancelled by the entering party, or expiration, whichever comes first. All unexecuted portions of GTD Orders will be cancelled by the Corporation one year after initial entry.

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Rule 7.39 [Reserved] Adjustment of Open Orders

The Archipelago Exchange will automatically adjust the price and/or size of round and odd lot Open Orders, as defined in PCXE Rule 7.31, in all ArcaEx eligible securities (unless instructed otherwise by the entering party) resident in the system in response to issuer corporate actions (i.e. dividend payment or distribution, stock split, mergers and acquisitions), as follows:

(a) Sell Orders--Sell Orders in the system shall not be adjusted by the Corporate Action Processing (“CAP”) System and must be modified, if desired, by the entering party, except for reverse splits where such sell side orders shall be purged from the system.

(b) Buy Orders--Buy side orders shall be adjusted by the CAP System based on the particular corporate action impacting the security as set forth below:

(1) Cash Dividends: Buy side order prices shall be first reduced by the dividend amount and the resulting price will be rounded to the nearest penny.

(2) Stock Dividends and Stock Splits: Buy side order prices shall be determined by first rounding up the dollar value of the stock dividend or split to the nearest penny. The resulting amount shall then be subtracted from the price of the

buy order. The size of the order shall be adjusted by first, (A) multiplying the size of the original order by the numerator of the ratio of the dividend split, then (B) dividing that result by the denominator of the ratio of the dividend split, then (C) rounding that result to the next lowest share.

(3) Dividends Payable in Either Cash or Securities at the Option of the Stockholder: Buy side order prices shall be reduced by the dollar value of either the cash or securities, whichever is greater. The dollar value of the cash shall be determined using the formula in paragraph (1) above, while the dollar value of the securities shall be determined using the formula in paragraph (2) above. If the stockholder opts to receive securities, the size of the order shall be increased pursuant to the formula in subparagraph (2) above.

(4) Combined Cash and Stock Dividends/Split: In the case of a combined cash dividend and stock split/dividend, the cash dividend portion shall be calculated first as per section (1) above, and stock portion thereafter pursuant to sections (2) and/or (3) above.

(5) Reverse Splits: All orders (buy and sell) shall be cancelled and returned to the entering party.

(c) Stop Orders To Sell--Sell Stop Orders will be handled in the same manner as Buy Orders as mentioned in section (b) in the event of a corporate action

(d) Open Orders that are adjusted by the CAP System pursuant to the above rules, and that thereafter continuously remain in the system, shall retain the time priority of their original entry.

(e) In the event a corporate action is identified by the Corporation at a time in which an adjustment to all affected open buy orders and sell stop orders could not be made, the Corporation will cancel all such orders and notify the entering party(ies).