

## REGULATORY INFORMATION BULLETIN

RBE 02-07  
October 2, 2002

**TO: All PCXE ETP Holders**

**FROM: PCXE Regulation Division**

**SUBJECT: Satisfaction of an Intermarket Trading System (“ITS”) Trade-Through**

Pacific Exchange Equities (“PCXE”) hereby advises all ETP Holders of the policies utilized by the Archipelago Exchange (“ArcaEx”) to obtain trade-through satisfaction from another ITS Participant.

### Trade-Through Satisfaction

When an ITS Participant responds to a trade-through complaint from ArcaEx, it should send an ITS commitment at the price and size of the order traded-through. An incoming ITS commitment will automatically execute against the current bids/offers in the ArcaEx book with price and time priority. An order resting in the book at the time a commitment interacts with the ArcaEx book may not be the original order traded-through. An order not traded through but executed by a commitment sent to satisfy a prior trade-through complaint is not the intended recipient of the commitment and is not entitled to the trade-through (or block trade-through) price.

Upon execution of a commitment sent in satisfaction of a trade-through, ArcaEx will take the following actions to maintain price and time priority of bids and offers and to place all parties in the same position that they would have been in, had the execution not occurred:

- If an order is executed at the trade-through or block trade-through price, ArcaEx will bust the order and adjust it to its original limit price. Any order filled at its original limit price will stand.
- ArcaEx will fill the traded-through order at the trade-through price (or block trade-through price), using the ArcaEx error account.

### User Requirements After Trade-Through

**Non-block Trade-Through:** If an ArcaEx User (“User”) is pursuing a trade-through complaint, the User should not cancel the order traded-through. This will ensure that the entire size of the User’s order is available for satisfaction. If a traded-through order is cancelled, it is possible a commitment from an ITS Participant may not be executed in its entirety against the ArcaEx book. ArcaEx is not responsible for any share amount not filled if a User cancels the order prior to receipt of a commitment.

**RBE-02-07**  
**October 2, 2002**  
**Page 2**

**Block Trade Through:** If a User is pursuing a block trade-through complaint, a User must cancel and replace the order traded-through at the block trade-through price. ArcaEx is not responsible for an order that is not canceled and replaced at the block price and subsequently filled at its displayed price. ArcaEx is also not responsible for any share amount not filled if a User cancels (and does not replace) the order prior to receipt of the commitment.

If you have any questions regarding this matter, please contact John Chapin, Director, Equities Surveillance at (312) 442-7790, Mathew Schurter, Regulatory Trading Official at (312) 442-7793, Theresa Gillerlain, Regulatory Trading Official at (312) 442-7174.