

# PCX EQUITIES

## REGULATORY INFORMATION BULLETIN

RBE-03-01  
March 13, 2003

**TO: All PCXE ETP Holders and Associated Persons**

**FROM: PCXE Regulation Division**

**SUBJECT: Dually Listed Nasdaq Securities**

PCX Equities ("PCXE") hereby advises all ETP Holders of the procedures for the handling of short sales in Nasdaq securities that are dually listed on the PCXE.

On March 14, 2003, the Archipelago Exchange ("ArcaEx") will continue its rollout of Nasdaq symbols by trading securities beginning with "Z". Certain securities listed on the PCXE and traded on ArcaEx are also listed on Nasdaq. These dually listed issues are subject to the PCXE listed "tick-test" rule for short sale eligibility. The effected issues as of March 14, 2003, are **ZSEV and ZONA**. These two symbols are subject to the listed rules governing short sales.

For approximately two weeks, beginning March 14, 2003, the ArcaEx trading system will not prevent short sales in violation of SEC Rule 10a-1 in **ZSEV and ZONA**. Thus, it is possible that a short sale in ZSEV and ZONA may be executed by ArcaEx on a "minus" or "zero-minus" tick. In such cases, ArcaEx will adjust the short sale execution price to a price that would constitute a legal short sale, and leave the buy-side whole at the original trade price. By March 31, 2003, the ArcaEx trading system will be coded to prevent violations of SEC Rule 10a-1.

### Contacts

If you have any questions regarding this matter, please contact John Chapin, Director, Equities Surveillance at (312) 442-7790 or Jill Persson, Director, Equities Market Regulation (415) 393-7847.

### About the PCX

*The Pacific Exchange, Inc. (PCX) is the self-regulatory organization responsible for regulating all activity that takes place through the Archipelago Exchange (ArcaEx), a facility of the PCX. The PCX has delegated its self-regulatory authority for ArcaEx to PCX Equities, Inc. (PCXE), a wholly-owned subsidiary of the PCX. The Regulation Division of PCXE conducts surveillance, examinations, and enforcement to seek compliance by ETP Holders and associated persons with the PCX Constitution, the rules of PCXE, and federal securities laws.*