

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-52814; File No. SR-PCX-2005-85)

November 21, 2005

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Approving Proposed Rule Change and Amendment Nos. 2 and 3 Thereto Relating to Exposure of Orders in the PCX Plus Crossing Mechanism

On July 19, 2005, the Pacific Exchange, Inc. (“PCX” or “Exchange”), filed with the Securities and Exchange Commission (“Commission”) a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> to reduce the exposure period in the Crossing Mechanism of the PCX Plus System from 30 seconds to 10 seconds. The PCX filed Amendment No. 1 to the proposed rule change on September 20, 2005 and subsequently withdrew Amendment No. 1. The PCX filed Amendment Nos. 2 and 3 to the proposed rule change on September 23, 2005 and September 27, 2005, respectively. The proposed rule change, as amended, was published for comment in the Federal Register on October 7, 2005.<sup>3</sup> The Commission received no comments on the proposal.

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b) of the Act<sup>4</sup> and the rules and regulations thereunder applicable to a national securities exchange,<sup>5</sup> and in particular with Section 6(b)(5) of

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 52542 (September 30, 2005), 70 FR 58773.

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> In approving this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

the Act.<sup>6</sup> The Commission believes that, in the electronic environment of PCX Plus, reducing the exposure period to 10 seconds could facilitate the prompt execution of orders, while providing participants in the PCX Plus System with an adequate opportunity to compete for those orders.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-PCX-2005-85), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Jonathan G. Katz  
Secretary

---

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).