

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52083; File No. SR-PCX-2005-67)

July 20, 2005

Self-Regulatory Organizations; Pacific Exchange, Inc.; Order Approving Proposed Rule Change Relating to Exchange Fees and Charges

On May 6, 2005, the Pacific Exchange, Inc. (“PCX” or “Exchange”), through its wholly-owned subsidiary PCX Equities, Inc. (“PCXE”), 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”)¹ and Rule 19b-4 thereunder,² to modify the list of eligible strategies that apply to Option Strategy Executions retroactive to January 1, 2005. The proposed rule change was published for comment in the Federal Register on June 14, 2005.³ The Commission received no comments on the proposal. This order approves the proposed rule change .

After careful review, the Commission finds that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁴ In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act⁵ and the rules and regulations thereunder because it is designed to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to promote just and equitable principles of trade and to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 51795 (June 7, 2005), 70 FR 34511.

⁴ In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b)(5).

remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Commission believes that the Exchange's proposal to retroactively modify certain transaction fees associated with its short-term interest spread transactions should allow the PCX to continue to attract liquidity and conform the Exchange's fees and rates to those previously approved under the Option Strategy Execution rate plan.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change, (SR-PCX-2005-67) be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Jonathan G. Katz
Secretary

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(12).