

December 9, 2002

VIA FEDERAL EXPRESS AND E-MAIL

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Proposed Rule Change by the Pacific Exchange Relating to the Exchange's New Trading Platform for Options, PCX Plus; File No. SR-PCX-2002-36

Dear Mr. Katz:

The Interactive Brokers Group LLC ("IB Group") respectfully submits these comments on the proposed rule change submitted by the Pacific Exchange ("PCX") to implement the Exchange's new electronic trading platform for options, PCX Plus. IB Group is the parent company of Timber Hill LLC, a market maker on all U.S. option exchanges, and Interactive Brokers LLC, a brokerage firm representing customer orders on all of the exchanges. IB Group commends the Exchange for proposing PCX Plus and recommends that the Commission approve the proposal.

As we have noted in prior comment letters to the Commission and in other public statements, IB Group strongly believes that automated electronic markets provide faster, more certain executions, at lower cost, and with greater regulatory protection for customers than markets requiring manual intermediation and execution. On electronic exchanges, trading rules and processes are transparent and embodied in computer code and each step in the order handling process is evidenced in a comprehensive electronic audit trail, reducing the opportunity for mishandling or abuse of customer orders and ultimately leading to lower realized trading costs for the public. The Pacific Exchange is moving in the right direction by supplementing its floor trading processes with an electronic trading platform that will result in greater automatic execution of orders. In addition, by opening up access to the Exchange's limit order book, the PCX Plus rules will foster broader participation in the market and greater price competition, also resulting in lower trading costs to the public.

While the PCX Plus rules carry over a few elements from the PCX floor trading model that we do not favor, and while the PCX Plus model may need refinement in the future after the

Commission and the participants gain some experience with the system, IB Group nonetheless believes that the PCX Plus rules will provide a significant benefit to option market participants and to the public at large, and we support approval of the rules as quickly as practicable.

Sincerely,

Thomas Peterffy
Chairman

David M. Battan
Vice President and General Counsel
Interactive Brokers LLC