

August 16, 2011

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Member FINRA/SIPC

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SR-CHX-2011-17

Dear Ms. Murphy:

E*TRADE Capital Markets, LLC ("ETCM") respectfully submits the following comments regarding the Chicago Stock Exchange's ("CHX" or "Exchange") rule change proposal (the "CHX Proposal") relating to the submission by the Exchange of clearing-related information for trades executed on the Exchange as well as for trades executed otherwise than on the Exchange. ETCM strongly supports the above referenced rule change and urges the Securities and Exchange Commission to adopt the CHX proposal in its entirety.

As outlined in the proposed rule change, the CHX Proposal:

- addresses clearing submissions for transactions executed on the Exchange;
- addresses clearing submissions for transactions away from the Exchange; and
- addresses non-tape riskless submissions.

In regard to each of these objectives set forth in the CHX Proposal, ETCM offers the following comments.

Transactions Executed on the Exchange

As proposed, CHX Article 21, Rule 6(a) specifies that transactions executed on the Exchange shall be submitted for clearance to a Qualified Clearing Agency and that all such transactions shall be subject to the rules of the Qualified Clearing Agency. Additionally, Rule 6(a) proposes that every Clearing Participant shall be responsible for the clearance of the Exchange transactions of such Clearing Participant and of each Participant who gives up such Clearing Participant's name.

ETCM believes that Rule 6(a), as proposed, is consistent with current industry practice and is substantially similar to the rule of at least one other Self Regulatory Organization.

As such, ETCM supports the CHX Proposal as it relates to clearing submissions for transactions executed on the Exchange.

Transactions Executed away from the Exchange

As proposed, CHX Article 21, Rule 6(b) addresses clearing submissions for transactions executed away from the Exchange. Specifically, Rule 6(b) states that an Institutional Broker registered with the Exchange and acting as an authorized agent of a Clearing Participant may enter a non-tape, clearing only entry into the Exchange's systems for trades executed otherwise than on the Exchange for the purpose of transferring securities from one Clearing Participant to another, provided that the transfer does not constitute a transaction in securities that is otherwise subject to trade reporting that has not, in fact, been previously and separately reported as a transaction.

The CHX, in its proposal, also identifies several specific scenarios involving these clearing-only submissions:

- instances when an Institutional Broker has routed an order to another trading center in search of liquidity at that venue and a trade has resulted;
- instances where there is an over-the-counter trade execution originally handled by an Institutional Broker; and
- instances where a third party broker-dealer executed the order in another marketplace in the same manner described in the above bullets and employs the Institutional Broker as its agent in allocating the trade and making the clearing submission.

ETCM believes that Rule 6(b), as proposed, is consistent with current industry practice and is substantially similar to the rule of at least one other Self Regulatory Organization. Additionally, ETCM believes that in order to properly facilitate orders routed by their institutional customers, CHX Institutional Brokers must have the ability to engage in the trading activity as outlined in the above referenced scenarios. As such, ETCM supports the CHX Proposal as it relates to clearing submissions for transactions executed away from the Exchange.

Non-Tape Riskless Submissions

As proposed, CHX Article 21, Rule 6(c) would permit an Institutional Broker to make non-tape submissions to the Exchange's systems for submission to clearing to facilitate riskless transactions taking place on national securities exchanges or in the over-the-counter marketplace.

ETCM believes that Rule 6(c), as proposed, is consistent with current industry practice and is substantially similar to the rule of at least one other Self Regulatory Organization. As such, ETCM supports the CHX Proposal as it relates to Non-Tape Riskless Submissions.

Thank you for the opportunity to comment on this matter and please contact me at 312-294-7782 if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read 'Chris Meyer', with a long horizontal flourish extending to the right.

Christopher Meyer
Chief Compliance Officer
E*TRADE Capital Markets, LLC