

CONCRETE EVIDENCE:
CHICAGO STOCK EXCHANGE FAILED TO DISCLOSE TO THE SECURITIES AND EXCHANGE COMMISSION CHINESE GOVERNMENT INVOLVEMENT IN ITS PROPOSED ACQUISITION BY THE CHINESE CASIN GROUP

1. CHX Holding, Inc. (the parent company of Chicago Stock Exchange) and its proposed empty-shell acquirer North America Casin Holdings, Inc. ("NA Casin Holdings") represented to the SEC in various public filings that NA Casin Group is wholly and directly owned by Chongqing Casin Enterprise Group ("CCEG"), a Chinese enterprise with opaque ownership, but without any Chinese government ownership stakes.¹

But, in CHX's own shareholders voting proxy "Information Statement" dated March 23, 2016, which was presented to CHX's 200 American shareholders seeking their approval of the sale of CHX to the opaque Chinese buyer group, the documentation reveals startling facts (*hidden from the SEC and CFIUS filings*) that the proposed Chinese merger in fact includes two undisclosed parent companies:

(i) **Beijing Guoli Energy Investment Co. Ltd., and;**

(ii) **Beijing Casin Investment Holding Co. Ltd.²**

2. Misleading the Securities and Exchange Commission: CHX and NA Casin Group represented to the SEC in their public filings that there was no Chinese government involvement in the proposed acquisition of CHX.³

But, Beijing Guoli Energy Investment Co. Ltd. (*referenced above*) is wholly owned by the Chinese Central Government in Beijing, through Beijing Capital Group, a Beijing municipal government owned entity.⁴

Beijing Casin Investment Holding Co. Ltd. is a finance company whose relationship to the Chinese state government remains murky.⁵

3. The CEO of NA Casin Holdings states that full disclosure was provided to the SEC and CFIUS.⁶

However, the SEC did not reference any of the above entities in its public releases. Typically, the SEC fully discloses all upstream ownership it is aware of in its public releases.

¹"NA Casin Group, a corporation incorporated under the laws of the State of Delaware and wholly-owned by Chongqing Casin – 20%[.]” Notice of CHX Proposed Rule Change (Dec. 6, 2016) <https://www.sec.gov/rules/sro/chx/2016/34-79474.pdf>

²CHX Information Statement Regarding February 4, 2016 Merger Agreement (Attachment_CHX Investor Documentation, pgs 2-3).

³“The Exchange also wishes to emphasize [a] repeated public distortion: no prospective investor controls, or is controlled by, or is under common control with, a governmental entity or any political subdivision thereof, including the Chinese government. . . .” John Kerin, Chief Executive Officer of CHX, Comment Letter to the SEC, pg. 2 (Jan 5, 2017) (<https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1463514-130293.pdf>);

“ . . . all the members of the [Casin Enterprise Group] . . . have been disclosed in detail to both the Commission and CFIUS. As of the closing of the Proposed Transaction, the Investors in NACH will be as follows: North America Casin Group, Inc. (“NA Casin Group”), a corporation incorporated under the laws of the State of Delaware and wholly owned by Chongqing Casin – 20%” Yong Xiao (CEO Of NA Casin Holdings) Comment Letter to the SEC, pg. 1 (March 1, 2017) <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

⁴ <http://www.powerbeijing.com/english/1.htm> (Company website clearly disclosing Chinese state ownership). Beijing Capital Group website: <http://www.bejingcapital.org/index.html>

⁵ <http://www.asx.com.au/asxpdf/20120307/pdf/424vz80vkp8jqz.pdf> (Australian Stock Exchange Disclosure Describing Beijing Casin Investment Holding Co. Ltd.).

⁶ Yong Xiao (CEO Of NA Casin Holdings) Comment Letter to the SEC, pg. 1 (March 1, 2017) <https://www.sec.gov/comments/sr-chx-2016-20/chx201620-1606533-135666.pdf>

INFORMATION STATEMENT
AND
NOTICE OF ACTION TAKEN BY WRITTEN CONSENT

I. INTRODUCTION

This Information Statement and Notice of Action Taken by Written Consent (the "**Information Statement**") is provided to you on behalf of the board of directors (the "**Board**") of CHX Holdings, Inc., a Delaware corporation (the "**Company**"). The Board has issued this Information Statement to holders of shares of common stock, par value \$0.01 per share, of the Company (the "**Company Common Stock**"), shares of Series A Convertible Preferred Stock, par value \$0.01 per share, of the Company (the "**Company Series A Preferred Stock**"), and shares of Series B Convertible Preferred Stock, par value \$0.01 per share, of the Company (the "**Company Series B Preferred Stock**" and, together with the Company Series A Preferred Stock, the "**Company Preferred Stock**" and, the Company Preferred Stock together with the Company Common Stock, the "**Company Stock**"), for use in considering the adoption of the Agreement and Plan of Merger, dated as of February 4, 2016 (the "**Merger Agreement**"), by and among North America Casin Holdings, Inc., a Delaware corporation ("**Parent**"), Exchange Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of Parent ("**Merger Sub**"), Chongqing Casin Enterprise Group Co., Ltd., a limited company under the laws of the People's Republic of China, as Guarantor (for purposes of Sections 10.11, 10.12 and 10.14 of the Merger Agreement only) (the "**Casin Group**"), the Company, and Richard G. Pane, an individual, as the representative of the stockholders of the Company (the "**Stockholders Representative**") (for purposes of Sections 2.02 and 2.05 and Articles IX and X of the Merger Agreement only), pursuant to which the Company will be merged with and into Merger Sub, with the Company surviving as a wholly-owned subsidiary of Parent (the "**Merger**"). A copy of the Merger Agreement is attached hereto as **Exhibit A**. Capitalized terms used but not otherwise defined in this Information Statement shall have the meanings given to such terms in the Merger Agreement.

The Board has determined that the terms and conditions set forth in the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, are in the best interests of the Company and the holders of Company Stock (collectively, the "**Stockholders**" and each, a "**Stockholder**") and, on February 3, 2016, unanimously approved the execution and delivery of the Merger Agreement and recommended that each Stockholder adopt the Merger Agreement and the Merger. The Company and the other parties thereto executed the Merger Agreement on February 4, 2016. Also on February 4, 2016, following the execution of the Merger Agreement, Stockholders representing (i) a majority of votes entitled to be cast by holders of all of the issued and outstanding shares of Company Stock, voting together as a single class and on an as-converted basis, and (ii) the holders of all of the issued and outstanding shares of Company Series A Preferred Stock, voting together as a single class (collectively, the "**Initial Consenting Stockholders**") adopted the Merger Agreement and the Merger pursuant to an Action by Written Consent of Certain Stockholders of the Company (the "**Consent**"). A copy of the Consent is attached hereto as **Exhibit B**. As a result, the affirmative vote of other Stockholders is not required to adopt the Merger Agreement and the Merger, and no further approval of the Stockholders is necessary to complete the Merger. Although the requisite stockholder approvals have already been obtained, the Board recommends that stockholders other than the Initial Consenting Stockholders also consent to the adoption of the Merger Agreement and the Merger, as each additional consent increases the likelihood the Merger will be completed in accordance with the terms and conditions of the Merger Agreement.

Q. Who should I contact if I have any questions?

- A. If you have any questions about the Merger, the Merger Agreement, or the other matters described in this Information Statement, you should contact James G. Ongena by phone at (312) 663-2937 or email at jongena@chx.com.

II. PARTIES TO THE MERGER

- A. **The Company.** CHX Holdings, Inc. is a privately held corporation that, through its wholly-owned subsidiary Chicago Stock Exchange, Inc., a Delaware corporation (the “Exchange”), operates one of the nation’s oldest full-service national securities exchanges and offers robust and high-performance technology. The Exchange offers a compact set of order types and innovative trading functionalities, such as CHX|snapSM, designed to provide a level playing field for all market participants.
- B. **Casin Group.** Chongqing Casin Enterprise Group Co., Ltd., a limited company organized under the laws of the People’s Republic of China, is a privately held diversified holding company founded in 1997 with headquarters in Chongqing, China with investments in financial services, real estate development, environmental management services and other industries. Casin Group has over 800 employees and operations across China and abroad, including Hong Kong, Sydney and other locations.
- C. **Parent.** North America Casin Holdings, Inc. is a newly incorporated Delaware corporation owned by the investor group (the “Investor Group”) being led by Beijing Casin Investment Holding Co. Ltd., a subsidiary of the Casin Group (“Beijing Casin”), and Beijing Guoli Energy Investment Co. Ltd., and which is expected to include other investors from China and the United States. Parent does not have any operations other than the ownership of Merger Sub.
- D. **Merger Sub.** Exchange Acquisition Corporation is a newly incorporated Delaware corporation and wholly-owned subsidiary of Parent, which was incorporated specifically to consummate the Merger. It does not have any operations and will cease to exist upon the consummation of the Merger.
- E. **The Stockholders Representative.** Richard G. Pane is an individual who owns shares of Company Common Stock and has agreed to represent the Stockholders with respect to matters solely pertaining to indemnification and the Contingent Merger Consideration, as provided in the Merger Agreement. Mr. Pane is neither an employee nor affiliate of the Company, and will not receive any compensation for acting as the Stockholders Representative, although he will be entitled to indemnification and expense reimbursement in certain circumstances as described further below.

III. RECOMMENDATION OF THE BOARD AND REASONS FOR THE MERGER

In reaching its decision to approve the Merger, the Merger Agreement and the transactions contemplated thereby, the Board determined that the consideration payable to the Stockholders in the Merger is superior to the value that could otherwise be realized by the Stockholders through other alternatives reasonably available to the Company at this time, including continued operation as an independent concern or acquisition by another third party. The background on the events leading up to the Merger is as follows.

I. Closing Conditions. The obligations of the Company, Parent and Merger Sub to consummate the Merger are subject to certain customary closing conditions, including the following:

- a. **Regulatory Consents.** Any (i) filings and consents under the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, and any other filings required to be made with and consents required be obtained from the Securities and Exchange Commission (the "SEC"), confirming the approval of the SEC of the Merger, (ii) filings required to be made with and consents required be obtained from any Self-Regulatory Organizations, (iii) filings and consents necessary to comply with foreign and state securities and "blue sky" laws, (iv) receipt of approval from the Committee on Foreign Investment in the United States ("CFIUS"), and (v) receipt of the Chinese regulatory approval required of Parent shall have been obtained or made.
- b. **Appraisal Rights.** Holders of no more than 10% of the aggregate number of outstanding shares of Company Common Stock on an as-converted basis shall have properly perfected appraisal rights with respect thereto under Section 262 of the DGCL.
- c. **Retention of Key Executives.** John Kerin, the Chief Executive Officer of the Company, and three of six other specified Company executives who report directly to Mr. Kerin, must remain employed by the Company or a Company subsidiary as of the closing date of the Merger.
- d. **No Injunctions or Restraints.** No temporary restraining order, preliminary or permanent injunction or other judgment issued by any court of competent jurisdiction or law preventing the consummation of the Merger shall be in effect.
- e. **Representations and Warranties.** Subject to certain exceptions set forth in the Merger Agreement, the representations and warranties of the Company, Parent and Merger Sub shall be true and correct as of the Closing Date as though made on the Closing Date, except as would not cause a Company Material Adverse Effect and to the extent such representations and warranties expressly relate to another date (in which case such representations and warranties shall be true and correct on and as of such other date).
- f. **Absence of Company Material Adverse Effect.** Since the date of the Merger Agreement, there shall not have been any event, change, effect or development that, individually or in the aggregate, has had a Company Material Adverse Effect (as defined in the Merger Agreement).

The closing of the Merger is not subject to a financing condition. As a practical matter, however, in order to satisfy applicable SEC requirements regarding concentration of ownership and voting rights, Parent will need to find several additional investors to join the Investor Group prior to Closing.

J. Termination. Pursuant to Article VIII of the Merger Agreement, the Merger Agreement may be terminated prior to Closing under certain circumstances, including:

- a. **Mutual Consent.** Parent, Merger Sub and the Company may mutually consent in writing to terminate the Merger Agreement at any time.