

Congress of the United States
House of Representatives
Washington, DC 20515-1314

September 14, 2017

The Honorable Jay Clayton
Chair
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549

Re: Chicago Stock Exchange Acquisition – Release No. 34-81435

I write you today to encourage the Securities and Exchange Commission (“the Commission”) to approve the Rule Change permitting for the change in ownership of the Chicago Stock Exchange.¹ The exchange is integral to the financial services sector in Illinois, which contributes to thousands of jobs and economic growth. Thorough review of this acquisition is justified given the questions a foreign investor raises for our capital markets and national security. However, this transaction has been thoroughly vetted by the staff in the Commission’s Division of Trading and Markets for compliance with the Securities and Exchange Act of 1934 (“the Exchange Act”) and has been approved by the Treasury Department’s Committee for Foreign Investment in the United States (“CFIUS”). There is no reason for further unjustified delay for the Commission’s approval of this Rule change.

The Commission has exhausted its opportunity to raise substantive concerns. On December 2, 2016, the Chicago Stock Exchange issued a proposed rule change in connection with the proposed transaction between CHX Holding, Inc. and the Casin Group, and since then, the Commission has taken every opportunity under the law to review the transaction. During this time, the Chicago Stock Exchange has responded to all substantive questions regarding the transaction raised by the Commission and stakeholders. In fact, the current review period, which includes a “stay” on the decision, arguably violates the Commission’s time restrictions under the Exchange Act, as amended by Sec. 916 of the Dodd-Frank Act, even after staff in the Division of Trading and Markets recommended approval.

On August 9, 2017, the Division of Trading and Markets, pursuant to delegated authority of the U.S. Securities and Exchange Commission approved the proposed rule change in connection with the acquisition of the Chicago Stock Exchange (CHX Holdings, Inc.). In its Order, the Division of Trading and Markets notes, “the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange,” and that “the Commission believes that the commenters’ concerns are adequately addressed.”² The Commission’s authority for review of the staff’s delegated authority is limited to the

¹ U.S. Securities & Exchange Commission. Proposed Rule Change Regarding the Acquisition of CHX Holdings, Inc. by North America Casin Holdings, Inc. Retrieved from <https://www.sec.gov/rules/sro/chx/2017/34-81435.pdf>

² U.S. Securities & Exchange Commission. Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by

authority provided under the Exchange Act, so it remains unclear what further objections could be raised.

Finally, the Committee for Foreign Investment in the United States has vetted this transaction. In fact, upon announcement of the transaction, CHX Holding Inc. made clear its intention to voluntarily submit the transaction for review by CFIUS. This review included consideration of any national security concerns given that a securities exchange qualifies as critical infrastructure and the transaction would result in foreign control of a U.S. entity.³ According to the staff in the Division of Trading and Markets, "CFIUS determined that there are no unresolved national security concerns with respect to the Transaction." These proceedings are confidential, but the Treasury Department regularly relies upon the expertise of other government agencies, in this case the Securities and Exchange Commission, to make such determinations.

I do not believe there are any outstanding justifications for delaying the approval of this transaction any further. If the Commission identifies justification, consistent with the Exchange Act, I expect those to be transparently communicated so they may be appropriately addressed.

Very Respectfully,



Randy Hultgren
MEMBER OF CONGRESS

Amendment No. 1, Regarding the Acquisition of CHX Holdings, Inc. by North America Casino Holdings, Inc. Retrieved from <https://www.sec.gov/rules/sro/chx/2017/34-81366.pdf>

³ Congressional Research Service: The Committee on Foreign Investment in the United States. March 31, 2017.