

November 21, 2017

Mr. Eduardo A. Alemon
Assistant Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File No. SR-CHX-2016-20

Dear Mr. Alemon,

I am pleased to comment on the Chicago Stock Exchange's (CHX) referenced proposed rule change that pertains to an acquisition of our nation's last independent stock exchange by an opaque group led by a Chinese businessperson.

As a veteran securities industry professional since 1981 when I worked for America's first private electronic stock exchange, Instinet, I have been a long-time supporter of the CHX. Over the last 10 years, I have been very close to the CHX and have explored several strategic ownership initiatives for the CHX. Most recently prior to the Casin bid in 2015, I worked with Arthur Pacheco, a former Bear Stearns executive who had an impassioned plan to transform the CHX into a listing destination for small cap companies. Sadly, Artie's plans to acquire and change the CHX passed away with him in early 2016.

Prior to Artie, I had worked with Dick Fuld, the former CEO of Lehman Brothers, on another plan to acquire the CHX; instead we acquired the NSX, another registered national securities exchange when at the last minute the NSX was sold to us for zero dollars. Prior to this, as Chief Strategy Officer for OpenMatch Holdings (OpenMatch), a trading technology firm, I had extensive discussions exploring a merger between the CHX and OpenMatch. This would have allowed the CHX to strategically leverage OpenMatch's core trading technology assets and thereby raise capital as a revolutionary exchange. Discussions were eclipsed by the transaction with the NSX.

I am compelled to comment on the Casin proposed transaction as this is one I have had no participation in, but comes on the heels of the many that I did have direct involvement. My past discussions always dealt with concrete, strategic plans for the CHX and how such plans benefit all CHX owners and other stakeholders, including the investing public, exchange users, management and staff. The proposed new owners in my discussions were all transparent and passionate about their actionable plans to enhance the CHX's business and competitive standing. I see some of these transaction attributes lacking in Casin's bid proposal.

Having been a licensed principal with several FINRA (formerly NASD) broker-dealer firms, I have witnessed the high degree of rigor and transparency that FINRA requires for any material change of ownership and control of a FINRA broker-dealer. Pursuant to a “Rule 1017” process, the proposed new owner[s] are rigorously checked-out and sources of their funds used to purchase and/or operate the broker-dealer are also thoroughly reviewed and vetted. At a minimum, the new owner[s]’ bank statements are closely reviewed and questioned by FINRA. If funds had been recently deposited in a disclosed bank statement, the source of the deposited funds are then reviewed and traced as to the ultimate source until FINRA can reasonably ascertain that the funds are indeed owned and controlled by the new owner[s] and were not derived from organized crime/terror groups or through money laundering or other illicit activities.

It goes without saying that this level of regulatory scrutiny of bank statements and funding sources should apply to each of the proposed new owners of the CHX. This is very important because a material change in ownership of a registered national securities exchange such as the CHX has a greater impact on the securities industry and our national economy than an ownership change of a broker-dealer firm. The Commission’s request for bank statements and transparency regarding the origins of funds will disclose whether the U.S. investors holding put agreements are using their own funds to finance the contemplated transaction.

The Commission also should review the bank statement and sources of funds for the three indirect owners which dropped out of the transaction. I believe that a huge red flag was raised considering these proposed owners dropped out when the Commission started to investigate their backgrounds. A continued review here is necessary as no new investors, independent or otherwise, have been added to the transaction after this group dropped out. In this regard, only the cap table has been rejiggered to effect only the existing transaction players. It also is odd that the equity ownership of management as a group has increased almost 10 times in the rejigger (from .88% to 8.32%) when I surmise that management is not contributing cash now, nor prior to the restructure of the transaction. Why is this?

I note that some of the earlier comment letters on the CHX’s proposed rule change question the put agreements that are held by certain of the proposed U.S. owners to the transaction. I believe that such commenters raise valid and compelling issues relating to the genesis of these strange put arrangements. None of the parties in the CHX acquisition discussions in which I participated ever contemplated the existence or need for such put protections. The existence of such put agreements in the hands of the proposed U.S. owners seems to suggest this group not being long-term owners of the CHX, rather mere short-term place holders awaiting contemplated future owners that are not being disclosed at this time. The Commission must investigate the genesis of these put arrangements, and whether they were demanded by their current U.S. holders or another party to the transaction or otherwise.

I applaud the Commission's current scrutiny of the Casin-related ownership change as the CHX is a unique American gem that can be an important competitive force in the U.S. capital markets if placed in the hands of the right new strategic owners. If the Commission requests the CHX to withdraw the proposed rule change or in the alternative the Commission disapproves the proposed rule change, I am certain that the right strategic ownership group and structure will emerge to lead the CHX and benefit all the CHX's stakeholders.

Sincerely,

/s/Marc Gresack

Marc Gresack