

NORTH AMERICA CASIN HOLDINGS, INC.

December 13, 2017

Eduardo A. Aleman
Assistant Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. SR-CHX-2016-20; Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Amendment No. 2 to Proposed Rule Change in Connection with the Proposed Transaction involving CHX Holdings, Inc. and North America Casin Holdings, Inc. (Release No. 34-82077; File No. SR-CHX-2016-20)

Dear Mr. Aleman:

North America Casin Holdings, Inc. (“NACH”) submits this letter regarding Amendment No. 2 to the proposed rule change by The Chicago Stock Exchange, Inc. (the “Exchange” or “CHX”) in connection with the proposed transaction (“Proposed Transaction”) involving CHX Holdings, Inc. (“CHX Holdings”) and NACH.

The Securities and Exchange Commission (the “Commission”) issued its Notice of Filing of Amendment No. 2 to the Proposed Rule Change in Connection with the Proposed Transaction involving CHX Holdings, Inc. and North America Casin Holdings, Inc. (File No. SR-CHX-2016-20) on November 14, 2017 (“Amendment 2”), and ordered that by December 15, 2017, any party or other person may file any additional statement. We submit the following additional statement for the consideration of the SEC to confirm that various irresponsible, uninformed and in some cases anonymous statements made in recently-filed comment letters are in fact incorrect, and to reaffirm the facts contained in the detailed filings provided by CHX in connection with the proposed rule change.

1. Updated Ownership Structure

The comment letters’ claims that the various investors are in some fashion not “real” investors or that the new ownership structure is “fake” are unfounded and patently false. In fact, the investors constituting the consortium are all very well-known participants in the U.S. securities industry.

The updated ownership structure of NACH is clearly described in Amendment 2, and as no new investors have been added to the investor consortium, the identities, management and sources of funds for the stockholders have been completely and thoroughly disclosed in the filings made by CHX with the Commission in connection with the rule change filings. The arrangements among the investors are the result of arms-length negotiations among the parties.

2. Withdrawal of Investors

NACH previously notified the Commission that three members of the initial investor consortium – Chongqing Jintian Industrial Co., Ltd., Chongqing Longshang Decoration Co., Ltd. and Xian Tong Enterprises Inc. – have terminated their Subscription Agreements with NACH and have withdrawn from the Proposed Transaction. Some of the comment letters question why these investors withdrew. These investors cited a number of factors as responsible for their withdrawal, including the extraordinary delays to which the transaction has been subjected and the fact that the funds necessary for the investment were tied up and unavailable for use in alternative investment opportunities.

Prior to their withdrawal these investors diligently provided all information requested by the Commission and the Staff, as well as all information requested by the Committee on Foreign Investments in the United States (“CFIUS”) and the Financial Industry Regulatory Authority (“FINRA”).

These entities are independent, privately-owned operating companies who joined the investor consortium for investment purposes. Each withdrawal from the consortium by each of these investors was the result of each such investor’s own independent decision.

3. Put Agreements and Ownership and Voting Limitations

Several of the comment letters claim incorrectly that provisions of the Put Agreements entered into between NACH and certain of the remaining U.S. investors (the “U.S. Investors”) permit Casin Group to force the sale of the U.S. Investors’ shares to unknown third parties, and that these unknown third parties might be affiliated with foreign entities or with Casin Group. The comment letters argue that this effectively vests over 90% of control of CHX in Casin Group. These claims evidence either (i) a fundamental misreading of the Put Agreements and a fundamental misunderstanding of the voting and ownership limitation set forth in the proposed Second Amended and Restated Certificate of Incorporation (“Certificate”) of CHX Holdings, or (ii) a purposeful misrepresentation by the commenters with respect to the Put Agreements.

The Certificate is virtually indistinguishable from those of exchange applications previously approved by the Commission, and imposes a 40% ownership limitation and 20% voting limitation on any person or group of Related Persons (as such term is defined in the Exchange Act). These limitations restrict Related Persons, such as North

America Casin Group (“NA Casin Group”) and Castle Yac Enterprises (“Castle Yac”), from collectively controlling more than 40% of CHX Holdings’ equity or 20% of CHX Holdings’ voting power. The majority of voting power following the closing of the proposed merger will be with the independent U.S. Investors and the management investors. Any sale of the U.S. Investors’ shares would be subject to the limitations of the Certificate.

The Put Agreements themselves are between NACH and the U.S. Investors, not Casin Group and the U.S. Investors. NA Casin Group and Castle Yac (and any other Related Persons) will collectively have 20% of the voting rights of NACH, and thus are unable to require NACH to take any particular action. Further, the provisions of the Put Agreements referenced in the comment letters permit NACH to find a third party purchaser of the U.S. Investors’ shares only after the respective U.S. Investor has exercised its put option, and NACH may not force the sale of any U.S. Investors’ shares. The purpose of this provision is to permit NACH to find a substitute stockholder for the holders exercising their put rights in circumstances under which NACH may elect not to purchase back the shares themselves. NACH has no right to unilaterally require that the shares be sold to a third party. In the event a put option is triggered and NACH elects to identify a third party purchaser, such party would remain subject to the limitations set forth in the Certificate. NACH would pay the difference between the Put Price and the eventual third party sale price so that the party exercising the put is not disadvantaged by NACH electing not to purchase the shares itself. NACH would not be assuming all risks or liabilities of the investor’s investment and the investors would not have “zero risk”, as some of the comment letters suggest.

Suggestions that the U.S. Investors are not long-term owners are unfounded. It is extremely common for private equity firms and other investors in private companies to require a contractual path to liquidity for their investments. The Put Agreements are one form of such a liquidity mechanism and provide a window of opportunity for certain investors to exit their investment during a brief window two years after the closing. There are no corresponding call rights for NACH or any other persons. Therefore the Put Agreements do not provide Casin Group or anyone else the right to require any investor to sell their stock. As the Commission is fully aware, other privately held exchanges also provide put rights to their equity holders.

4. Statements Related to Jay Lu Control

Jay Lu controls Castle Yac as its sole member, and is one of two officers and directors of NA Casin Group, which is wholly owned by Casin Group. Jay Lu does not independently control either NA Casin Group or Casin Group. Further, and as evidenced by the submissions to the Commission to-date, the U.S. Investors are independent and unaffiliated with any other investor. The statements in the comment letters suggesting that Jay Lu or Casin Group will somehow control 90% of the shares of NACH are preposterous, and the other inaccuracies and false statements contained in some of the comment letters both with regard to Jay Lu and to Casin Group do not warrant rebuttal.

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As we have outlined above, while we respect the opinions of those concerned persons who have provided responsible, truthful comments on the proposed rule change, we believe it was necessary to correct some of the many false and unfounded statements that have been contained in a few of the comment letters that have been submitted.

We look forward to hearing the Commission's decision regarding whether to affirm the decision of the Commission Staff approving the CHX rule application. We hope that by correcting the many misstatements contained in other comment letters, we have helped provide the truthful and factual record necessary for you to make your decision.

Respectfully submitted,

NORTH AMERICA CASIN HOLDINGS, INC.

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