

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-64850; File No. SR-CHX-2011-16)

July 11, 2011

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Alter its Fee Schedule to Increase its SRO, DEA and Off-Exchange Trader Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 30, 2011, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. CHX has filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The CHX proposes to amend its Schedule of Participant Fees and Assessments (the “Fee Schedule”), effective July 1, 2011, to alter its schedule of fees for Participants relating to its SRO, Off-Exchange trader and DEA fees. The text of this proposed rule change is available on the Exchange’s website at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm) and in the Commission’s Public Reference Room, 100 F Street, N.E., Washington, DC 20549.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the CHX included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Through this filing, the Exchange proposes to amend its Schedule of Participant Fees and Assessments (the "Fee Schedule"), effective July 1, 2011, to amend its existing SRO, Off-Exchange trader and DEA fees. These fee changes are being proposed in response to the increased importance and expense of the Exchange's regulatory efforts and competitive pricing pressures.

The Exchange proposes to increase both its SRO and DEA fees to reflect increased current and planned expenses related to the Exchange's regulatory responsibilities. Currently, the Exchange's SRO fee is \$500 per month for each Participant firm and its DEA fee is \$800 per month for each firm for which the Exchange is its DEA. Through this filing, the Exchange proposes increasing the SRO fee to \$600 per month for each Participant firm and the DEA fee to \$1,000 per month.

Additionally, the Exchange currently charges each off-Exchange Participant firm, that is solely involved in proprietary securities trading and for which the CHX is DEA, a \$500 annual fee for each trader. Through this filing, the Exchange proposes to amend its Fee Schedule to

allow off-Exchange Participant firms to register two traders at no charge while capping the total annual trader fees payable by each off-Exchange Participant firm at \$70,000. The Exchange is proposing this amendment to lower total registration fees for off-Exchange traders to respond to competitive pressures. The Exchange believes that these changes will further encourage firms of all sizes to utilize its facilities and services.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>5</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>6</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. Among other things, these changes to the fee schedule would equitably allocate fees among Participants by increasing fees overall to reflect higher regulatory costs among all Participants as well as allocating the increased costs associated with the Exchange's DEA service among those Participants which utilize the service. In addition, the proposed changes to the Off-Exchange trader registration fee will allow the Exchange to respond to competitive pressures by lowering trader fees for all off-Exchange proprietary trading firms for which CHX is DEA while encouraging firms of all sizes to utilize the Exchange's facilities and services.<sup>7</sup>

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> See email from James G. Ongena, Vice President and Associate General Counsel, Exchange, to Christopher W. Chow, Special Counsel, Commission, dated July 8, 2011.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder<sup>9</sup> because it establishes or changes a due, fee or other charge applicable to the Exchange's members and non-members, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CHX-2011-16 on the subject line.

Paper Comments:

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii)

<sup>9</sup> 17 CFR 240.19b-4(f)(2)

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CHX-2011-16. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro/shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-CHX-2011-16 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

Cathy H. Ahn  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).