

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65342; File No. SR-CHX-2011-28)

September 14, 2011

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Retroactively Waive its Order Cancellation Fee for the Period of September 1 to September 9, 2011 (Inclusive)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on September 12, 2011, the Chicago Stock Exchange, Inc. (“CHX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the CHX. CHX has filed this proposal pursuant to Exchange Act Rule 19b-4(f)(6)³ which is 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

CHX proposes to amend its Fee Schedule to retroactively waive its order cancellation fee for a limited duration. The text of this proposed rule change is available on the Exchange’s website at (www.chx.com) and in the Commission’s Public Reference Room.

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

¹ 15 U.S.C.78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

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 proposal, the Exchange seeks to retroactively waive the order cancellation fees as provided in Section E.8. of its Schedule of Fees and Assessments (“Fee Schedule”) for the period of September 1 to September 9, 2011, inclusive. On August 25, 2011, the Exchange filed a proposal to amend its Fee Schedule to replace the prior order cancellation fee with a new version, effective September 1, 2011.⁴

The Exchange submitted a filing to the Commission on August 25, 2011 to make these changes with a proposed effective date of September 1, 2011. The Exchange posted a Legal Notice dated August 26, 2011 detailing the proposed changes to the cancellation fee and posted it to its public website.⁵ The Exchange also included the Legal Notice in its Weekly Bulletin to Participants dated September 2, 2011 which is also posted to its website.⁶ Finally, the Exchange posted the rule filing requesting the change to its website.

The Commission published the Notice of Filing and Immediate Effectiveness of the proposed cancellation fee change on its public website on September 6, 2011. Pursuant to Commission rules, the Exchange updated the Fee Schedule to reflect the changes in the calculation of the order cancellation fee on its website on September 8, 2011. Since the Fee Schedule was not updated until after the September 1st effective date, however, the Exchange

⁴ Securities Exchange Act Rel. No. 34-65268 (Aug. 25, 2011), 76 FR 56246 (SR-CHX-2011-25).

⁵ Legal Notice L-2011-26 (Aug. 26, 2011).

⁶ CHX Weekly Bulletin, Issue 2011-35 (Sept. 2, 2011).

believes that certain Participants may not have received actual notice of the changes.⁷ Such Participants may have incurred cancellation fee charges which they otherwise may have avoided by, for example, limiting the number of cancellation requests. Given the potential that Participants might have incurred charges which they did not anticipate, the Exchange seeks to waive the cancellation fees as to all Participants through the close of business on Friday, September 9, 2011. Beginning on Monday, September 12, 2011, order and cancellation activity would give rise to cancellation fees if the criteria defined in the Fee Schedule are met. The Exchange believes that this proposal recognizes that certain Participants may not have received actual notice of the cancellation fee changes or fully understood and appreciated the potential impact and magnitude of those changes to their firms.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general,⁸ and furthers the objectives of Section 6(b)(5) in particular,⁹ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transaction in securities, to remove impediments and perfect the mechanisms of a free and open market, and, in general, to protect investors and the public interest by retroactively waiving the Exchange's order cancellation fee for a limited period of time to ensure that all Participants effectively received actual notice of the recent changes to those fees. Depending on the nature of the order and cancellation request activity of a Participant, the proposed changes could significantly increase the cancellation fees imposed upon

⁷ The Exchange also believes that disruptions to Participants and their personnel as a result of the recent Hurricane Irene may have contributed to the failure to effectively communicate the impact of the cancellation fee changes to some Participants.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

Participants such that a limited waiver is appropriate under these particular circumstances.

The Exchange also believes that the proposed rule change is consistent with Section 6(b) of the Act¹⁰ in general, and furthers the objectives of Section 6(b)(4) of the Act¹¹ 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. The proposed waiver is fair and non-discriminatory since it would apply equally to all Participants and negates the imposition of fees (as opposed to imposing a fee) for prior activity where some Participants may not have fully appreciated the substantial nature of the changes to the order cancellation fees.

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.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(4).

Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³

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. Please include File Number SR-CHX-2011-28 on the subject line.

Paper Comments:

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

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

All submissions should refer to File Number SR-CHX-2011-28. 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 also will 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 Number SR-CHX-2011-28 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Elizabeth M. Murphy
Secretary

¹⁴ 17 CFR 200.30-3(a)(12).