

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54323; File No. SR-CHX-2006-27)

August 16, 2006

Self-Regulatory Organization; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change Relating to Retroactive Application of Participant Fees and Credits

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 August 10, 2006, 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 CHX. 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 make effective, retroactive to February 9, 2005, the trading permit fee due to the Exchange if a CHX participant’s trading permit is cancelled intra-year.

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 Changes

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

1. Purpose

The Exchange proposes to make effective, retroactive to February 9, 2005, a change to the Fee Schedule relating to the trading permit fee due to the Exchange if a CHX participant's trading permit is cancelled intra-year. This change to the Fee Schedule originally became effective on October 24, 2005,³ and provided that for trading permits cancelled intra-year, the CHX participant shall pay the Exchange the lesser of \$2,000 or the remaining balance of the annual trading permit fee. The Exchange believed that it was appropriate to amend the Fee Schedule to provide for some fee relief for CHX participants whose trading permits are cancelled intra-year. However, the Exchange also believed that it was necessary for the Exchange to have an adequate basis on which to budget and project annual revenues. Accordingly, the Exchange instituted the Fee Schedule change that it now seeks to make retroactive.

The Exchange believed that it had requested retroactive application of the Fee Schedule change at the same time that the change was originally filed with the Commission.⁴ It now appears that retroactive application was not requested at that juncture. The Exchange has, however, been reserving funds to be refunded to CHX participants once retroactive application of the Fee Schedule change is approved. The Exchange believes that its participants are entitled to such refunds on account of intra-year trading permit termination. Accordingly, the Exchange proposes retroactive application of the Fee Schedule change, dating back to February 9, 2005.⁵

2. Statutory Basis

³ See Securities Exchange Act Release No. 52815 (November 21, 2005), 70 FR 71572 (November 29, 2005) (SR-CHX-2005-31).

⁴ Id.

⁵ February 9, 2005 was the date of the Exchange's demutualization, and, correspondingly, the date upon which the Fee Schedule provision relating to trading permit fees first became effective.

The CHX believes the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange and with the requirements of Section 6(b) of the Act.⁶ The CHX believes the proposal is consistent with Section 6(b)(4) of the Act⁷ in particular in that it provides for an equitable allocation of reasonable fees and other charges among the Exchange's participants.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments Regarding the Proposed Rule Changes 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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be

disapproved.

IV. Solicitation of Comments

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4).

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal 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-2006-27 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-CHX-2006-27. 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 Web site (<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 changes 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 inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the CHX. 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-2006-27 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁸

Nancy M. Morris
Secretary

⁸ 17 CFR 200.30-3(a)(12).