SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-60620; File No. SR-CHX-2009-10)

September 3, 2009

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Approving Proposed Rule Change to Add the Quote@CHX and Reprice@CHX Order Types to the Brokerplex System

On July 23, 2009, Chicago Stock Exchange, Inc. ("CHX") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change to adopt the Quote@CHX and Reprice@CHX order types for the Brokerplex order entry system. The proposed rule change was published for comment in the Federal Register on August 4, 2009.[3] The Commission received no comments regarding the proposal. This order approves the proposed rule change.

The Quote@CHX order type is designed to provide CHX Institutional Brokers with an additional method to enter displayable orders into the CHX Matching System. A Quote@CHX order will be priced within Brokerplex at a defined limit price, which is one minimum price increment from the relevant side of the National Best Bid and Offer ("NBBO") at the time of order submission, before it is entered into the CHX Matching System as a limit order. The Reprice@CHX order type will enable an Institutional Broker to cancel an existing limit order residing in the CHX Matching System and replace it with an order generated in the same manner as a Quote@CHX order.

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

[3]   See Securities Exchange Act Release No. 60395 (July 28, 2008), 74 FR 38678 ("Notice").

The Quote@CHX and Reprice@CHX functionality will only be available to Institutional

Brokers entering orders into the Brokerplex system for submission to the CHX Matching System

for display and execution. The CHX Matching System itself will not be eligible to receive these

order types, but instead Brokerplex would convert the Quote@CHX and Reprice@CHX order

types into limit orders for submission to the CHX Matching System. In addition, the use of

Quote@CHX and Reprice@CHX will be optional, and entries for both order types will be rejected

if the systematically-generated price would be outside the customer's specified limit price. The

Exchange's standard validations for locked and crossed markets will apply.

The Commission has carefully reviewed the proposed rule change and finds that the

proposed rule change is consistent with the requirements of the Act and the rules and regulations

thereunder applicable to a national securities exchange[4] and, in particular, Section 6(b)(5) of the

Act,[5] which requires that an exchange have rules designed to promote just and equitable principles

of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in

securities, to remove impediments to and perfect the mechanism of a free and open market and a

national market system, and to protect investors and the public interest.

These Brokerplex order types are designed to help Institutional Brokers submit limit orders

that they wish to display on the CHX Matching System, rather than execute against displayed bids

or offers.[6] Institutional Brokers currently manually enter orders into the CHX Matching System

through Brokerplex.[7] Under the proposed rule change, an Institutional Broker using the

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[4]   In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

[5]   15 U.S.C. 78f(b)(5).

[6]   According to CHX, rapidly changing quotes in today's market environment often make it difficult to successfully post a bid or offer. See Notice, supra note 3, at 38678.

[7]   Id. at 38678 n.3.

Quote@CHX or Reprice@CHX order types would have such orders automatically priced and entered into the CHX Matching System by Brokerplex.

The Commission believes that the Quote@CHX and Reprice@CHX order types provide an additional method for Institutional Brokers to submit customer orders to the CHX Matching System for display, and to seek price improvement for those orders. Therefore, the Commission believes that the proposal is consistent with the Act.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CHX-2009-10) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Florence E. Harmon
Deputy Secretary

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[8]   17 CFR 200.30-3(a)(12).