

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-72324; File No. SR-CHX-2014-07)

June 5, 2014

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Create a Uniform Taxonomy for CHX Rules and to Amend Certain Cross-References

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on May 23, 2014, 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 Exchange. 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 the Substance of the Proposed Rule Change

CHX proposes to amend CHX rules to create a uniform taxonomy for CHX rules and to amend certain cross-references. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>3</sup>

The text of this proposed rule change is available on the Exchange’s Web site at [www.chx.com](http://www.chx.com) and in the Commission’s Public Reference Room.

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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> 17 CFR 240.19b-4(f)(6)(iii).

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 on the proposed rule change. 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

The Exchange proposes to adopt a uniform taxonomy for all CHX rules. Incidentally, the Exchange proposes to amend certain cross-references to rules affected by the general taxonomy amendment and to correct certain erroneous citations.

The proposed amendments will improve the logical flow of the rules and enable the rules to be referenced and cited more easily. The Exchange does not propose to substantively modify the language or operation of any of the current CHX rules.

General Taxonomy Amendment

The Exchange proposes to adopt a typographically-consistent taxonomy for all CHX rules (“proposed taxonomy”), which entails the following:

- The proposed format for each numbered rule is as follows: lowercase letter, followed by an Arabic numeral, followed by a capitalized letter, and followed by a lower case roman numeral (e.g., Article 30, Rule 1(a)(1)(A)(i)). When necessary, after this sequence has been followed, the rule will continue with a lowercase letter, and follow the same order as mentioned above;

- Each letter or numeral will be enclosed with parentheses, without any other punctuation mark, except for the following:
  - A numeral that is utilized in a manner that is not intended to be a distinct paragraph or subparagraph under a given rule, shall be marked with “-” before and after the numeral and enclosed with parentheses (e.g., “(-i)”); and
  - A numeral representing an Interpretation and Policy shall be marked with a period after the numerals and will not be enclosed with parentheses (e.g., “.01”); and
  - All interpretative paragraphs under a rule will be listed under a section entitled “Interpretations and Policies”;

Most of the current CHX rules already follow the proposed taxonomy, except for the following rules, which the Exchange now proposes to amend to comport to the proposed taxonomy:

- Article 1, Rule 1;
- Article 2, Rule 12;
- Article 3, Rules 1 and 8;
- Article 6, Rules 2, 3, 5, 11, and 12;
- Article 7, Rules 3, 3A, and 4;
- Article 8, Rules 11(b), 13, 14, and 16;
- Article 9, Rules 7, 12, 14, 17, 18(d), and 24(b);
- Article 10, Rules 1 and 3;

- Article 11, Rule 4;
- Article 12, Rules 2 and 8;
- Article 13, Rule 2;
- Article 14, Rule 2;
- Article 16, Rules 1, 2, 3, 6, 8, 9, and 10;
- Article 17, Rule 3;
- Article 20, Rules 1 – 6, 8, and 10;
- Article 21, Rules 2 and 3; and
- Article 22, Rules 1, 2, 4, 6, 8 – 16, 17A, 18 – 22, and 24 – 27.

#### Cross-Reference Amendments

In light of the foregoing general taxonomy amendments, the Exchange proposes to make the following cross-reference amendments:<sup>4</sup>

- Proposed Article 6, Rule 2(c)(1): replace cross-reference to “subparagraphs (1) through (5)” with “subparagraphs (A) through (E).”
- Proposed Article 6, Rule 2(c)(3)(C): replace cross-reference to “subparagraph (2)” with “subparagraph (B).”
- Proposed Article 6, Rule 3(b): replace cross-reference to “Rule 2(c)(i)” with “Rule 2(c)(1).”
- Proposed Article 6, Rule 11(a)(2)(C): replace cross-reference to “(i) above” and “(ii) or (iii) above” with “(A) above” and “(B) or (C) above,” respectively.

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<sup>4</sup> The following list of amendments will only refer to the proposed citation to the rule in which the proposed amendment will be made.

- Proposed Article 7, Rule 4, Interpretation and Policy .01: replace cross-reference to “paragraph (b)(ii)” with “paragraph (b)(2).”
- Proposed Article 8, Rule 14, Commentary to Item (M): replace cross-reference to “item (l), Item (m)” and “Item (u)” with “Item (L), Item (M)” and “Item (U),” respectively.
- Proposed Article 9, Rule 24(b)(2)(C): replace cross-reference to “paragraphs (b)(2)(i) or (b)(2)(ii)” with “(b)(2)(A) or (b)(2)(B).”
- Proposed Article 11, Rule 4, Interpretation and Policy .01(p): replace cross-reference to “(1)-(15)” replaced with “(a)-(o).”

#### Erroneous Citations Amendments

The Exchange also proposes the following amendments to erroneous citations:<sup>5</sup>

- Proposed Article 3, Rule 3, Interpretation and Policy .01 contains an erroneous citation to Article 3, “Rule 3(d),” which does not exist. The Exchange proposes to replace “Rule 3(d)” with “Rule 3(c),” which is the paragraph under which the “60 days’ prior notice” is required.
- Proposed Article 6, Rule 2(c)(2)(A) contains an erroneous citation to “Rule 2(i),” which does not exist. The Exchange proposes to replace “Rule 2(i)” with “Rule 2(c)(1),” which is the paragraph which contains the “definition of a Principal.”
- Proposed Article 6, Rule 2(c)(2)(B) contains an erroneous citation to “paragraph (j)(1)(A),” which does not exist. The Exchange proposes to replace “paragraph (j)(1)(A)” with “paragraph (c)(2)(A)(i),” which is the

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<sup>5</sup> Id.

paragraph under which the business activity supervised by a “Limited Principal – Proprietary Trader” is discussed.

- Proposed Article 6, Rule 11, Interpretation and Policy .03 contains an incomplete and incorrect citation to current paragraph “(a)(3)(i)-(ii),” as the correct citation is paragraph (a)(2) and current paragraph (a)(2) contains three subsections (i) – (iii). In light of the proposed taxonomy, the Exchange proposes to replace “(a)(3)(i)-(ii) with “(a)(2)(A) – (C).”
- Proposed Article 20, Rule 10(e)(5) contains an erroneous citation to “Rule 7.10(e)(1),” which does not exist. The Exchange proposes to replace “Rule 7.10(e)(1)” with “paragraph (e)(1),” which is the paragraph under which the review process for clearly erroneous transactions are described.
- Proposed Article 22, Rule 19, Interpretation and Policy .06(f) contains a few erroneous citations to “Rule 19(j).” The Exchange proposes to replace “Rule 19(j)” with “Rule 19(m),” which is the rule that discusses the shareholders requirements referred to under Interpretation and Policy .06(f).

#### Clarifying Amendment

As a final matter, the Exchange proposes to amend the following rules, all of which define different Intermarket Sweep Order modifiers, to add “Article 20” before each reference to “Rule 5,” to clarify that the respective rules refer to Article 20, Rule 5 (“Prevention of Trade-Throughs”):

- Article 1, Rule 2(b)(1)(A);
- Article 1, Rule 2(b)(1)(E); and
- Article 1, Rule 2(b)(3)(B).

## 2. Statutory Basis

The Exchange believes that its proposal to improve the overall taxonomy of the current CHX rules by replacing the current rules organization with the proposed typographically-consistent format is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>6</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>7</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system. The Exchange believes that the typographically-consistent taxonomy of its rules promotes just and equitable principles of trade in that it promotes a logical flow of the rules, and allows the rules utilized by the Exchange to be referenced and cited more easily. For the same reasons, the Exchange believes that the proposed amendments are consistent with the protection of investors and the public interest.

### 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. The proposed changes to improve the overall taxonomy of the current CHX rules by replacing the current rules organization with the proposed typographically-consistent prefix format contributes to the protection of investors and the public interest by making the CHX rules easier to understand, and reference. Since the Exchange does not propose to substantively modify the language of its rules, the proposed changes will not impose any burden on competition.

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4<sup>9</sup> thereunder.

At any time within the 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the change in the rules of the self-regulatory organization made thereby, if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in the furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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:

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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)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of 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.

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 No. SR-CHX-2014-07 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-CHX-2014-07. 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 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 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 the 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 No. SR-CHX-2014-07 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.<sup>10</sup>

Kevin M. O'Neill  
Deputy Secretary

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