

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-50089; File No. SR-CHX-2004-04)

July 26, 2004

Self-Regulatory Organizations; Chicago Stock Exchange, Incorporated; Order Approving Proposed Rule Change to Revise CHX Article VI, Rule 5 to Correct a Reference to the Form Used for the Registration of New Branch Offices

On January 7, 2004, the Chicago Stock Exchange, Incorporated (“CHX” or “Exchange”) 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 update the reference to a form used by certain CHX member firms for the registration of new branch offices. The proposed rule change was published for comment in the Federal Register on April 13, 2004.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

The proposed rule change would conform the Exchange’s rules to its practice. Under the Exchange’s rules, a member firm for which the Exchange is the designated examining authority must notify the Exchange before opening a new branch office. The Exchange’s rules require that a member firm provide this notice by completing and submitting a MW-B form. The Exchange represents, however, that it currently asks its member firms to submit Schedule E to Form BD for that purpose. The proposed rule change would correct the reference to the form in CHX Article VI, Rule 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 49529 (April 6, 2004), 69 FR 19583.

The Commission 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 The Commission believes that the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5),⁶ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest. Specifically, the Commission believes that the Exchange's proposal will conform its rules to its practice.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder.

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

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-CHX-2004-04) is approved.

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

Margaret H. McFarland
Deputy Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).