

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-53181; File No. SR-CHX-2005-40)

January 26, 2006

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to a Session Fee Increase for the Regulatory Element of the Continuing Education Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 30, 2005, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the CHX. The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by CHX under Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal 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

The CHX proposes to amend its Participant Fee Schedule (the “Fee Schedule”) to incorporate the session fee for the Regulatory Element of the continuing education requirements set out in CHX rules. The text of this proposed rule change is available on the Exchange’s Web site at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm), at the CHX, and at 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> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

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 change 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. Purpose

The Exchange is proposing to incorporate, in its Fee Schedule, the session fee paid by Exchange participants for the Regulatory Element of the continuing education program required by CHX Rules. Under Exchange rules, registered persons associated with CHX participant firms are required to complete the Regulatory Element of the continuing education program on the second anniversary of their registration and every three years after that date, or as otherwise prescribed by the Exchange.<sup>5</sup> The Regulatory Element is a computer-based education program administered by the National Association of Securities Dealers ("NASD") that is designed to help ensure that registered persons are kept up-to-date on regulatory, compliance and sales practice matters in the industry. The Regulatory Element is a component of the Securities Industry Continuing Education Program (the "Program"). The Securities Industry/Regulatory Council on Continuing Education (the "Council") was organized in 1995 to facilitate cooperative industry and regulatory coordination of the administration and future development of the Program in keeping with applicable industry regulations and changing industry needs. Its roles

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<sup>5</sup> See CHX Article VI, Rule 9.

include recommending and helping develop specific content and questions for the Regulatory Element, defining minimum core curricula for the Firm Element component of the Program and developing and updating information about the Program for industry-wide dissemination.

The Exchange understands that it is the Council's responsibility to maintain the Program on a revenue neutral basis while maintaining adequate reserves for unanticipated future expenditures.<sup>6</sup> In December 2003, the Council voted to reduce the Regulatory Element session fee from \$65 to \$60, effective January 1, 2004. Although there was no change to the fee for 2005, the Council has decided to increase the Regulatory Element session fee from \$60 to \$75, effective January 1, 2006, in order to meet costs and maintain an adequate reserve in 2006.<sup>7</sup> Through this filing, the Exchange proposes to incorporate the \$75 fee into its Fee Schedule.

## 2. Statutory Basis

The Exchange believes this proposed rule change is consistent with Section 6(b)(4) of the Act<sup>8</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

## 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.

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<sup>6</sup> The Council currently consists of 20 individuals, including six representatives of self-regulatory organizations and 14 persons who are associated with NASD member firms. The Commission and the North American Securities Administrators Association have liaisons to the Council. The Exchange does not have a representative serving on the Council.

<sup>7</sup> See Securities Exchange Act Release No. 52947 (December 13, 2005), 70 FR 75517 (December 20, 2005) (SR-NASD-2005-132).

<sup>8</sup> 15 U.S.C. 78(f)(b)(4).

C. Self-Regulatory Organization's Statement on Comments on 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 Changes and Timing for Commission Action

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>9</sup> and Rule 19b-4(f)(2) thereunder,<sup>10</sup> because it establishes or changes a due, fee or other charge imposed by the Exchange. Accordingly, the proposal will take effect upon filing with the Commission. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 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](mailto:rule-comments@sec.gov). Please include File No. SR-CHX-2005-40 on the subject line.

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File No. SR-CHX-2005-40. 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 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 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-2005-40 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.<sup>11</sup>

Nancy M. Morris  
Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).