

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55549; File No. SR-CHX-2007-02)

March 28, 2007

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Accelerated Approval of a Proposed Rule Change to Amend the CHX Fee Schedule on a Retroactive Basis to Clarify the Application of a Credit Against Specialist Fixed Fees

I. Introduction

On February 12, 2007, the Chicago Stock Exchange, Inc. (“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 amend its Schedule of Participant Fees and Credits (“Schedule”) on a retroactive basis to clarify application of a monthly specialist fixed fee credit. The proposed rule change was published for comment in the Federal Register on March 12, 2007 for a 15-day comment period.³ The comment period ended on March 27, 2007. The Commission received no comments on the proposal. This order grants accelerated approval of the proposed rule change.

II. Description of the Proposal

The Exchange proposes to amend its Schedule on a retroactive basis to clarify application of a monthly specialist fixed fee credit. Beginning November 2006, the Exchange instituted a monthly specialist fixed fee credit of \$25,000, to be applied while the Exchange completed implementation of its new trading model and issues were transitioned from being traded by CHX

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 55408 (March 6, 2007), 72 FR 11068.

specialists to a market maker model.⁴ This proposal clarifies that the Exchange intended that the credit would be applied on a cumulative basis for November and December of 2006, so that the November credit would be \$25,000 and the December credit would be \$50,000. In addition, the Exchange intended that the credit for January would be reduced to \$25,000. Because SR-CHX-2006-37 did not clearly indicate that the credit would be applied on a cumulative basis for the months of November and December and subsequently reduced for the month of January, the CHX submitted the instant proposed rule change to clarify the total amount of the specialist fixed fee credit available for each month: \$25,000 for November 2006; \$50,000 for December 2006; and \$25,000 for January 2007.

III. Discussion and Commission Findings

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.⁵ Specifically, the Commission believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,⁶ which requires that the rules of an exchange provide for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facilities or system which it operates or controls.

This proposed rule change would clarify the application of a specialist fixed fee credit that the CHX is offering as an incentive for CHX specialists while the CHX completed its

⁴ See Securities Exchange Act Release No. 55070 (January 9, 2007), 72 FR 2049 (January 17, 2007) (SR-CHX-2006-37).

⁵ In approving the 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).

⁶ 15 U.S.C. 78f(b)(4).

transition to a new market maker trading model. The proposed rule change would reconcile the discrepancy between the manner in which the CHX intended to apply the credit and the description of the credit in SR-CHX-2006-37. The proposal would also clarify that the credit was reduced to \$25,000 for the month of January 2007.

The Commission finds good cause for approving the proposed rule change prior to the 30th day of the date of publication of the notice thereof in the Federal Register. The proposed rule change clarifies ambiguity about the application of the specialist fixed fee credit. The Commission believes accelerated approval will provide clarity without delay. Therefore, the Commission finds that there is good cause, consistent with Section 19(b)(2) of the Act, to approve the proposed rule change on an accelerated basis.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CHX-2007-02) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Florence E. Harmon
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).