

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68620; File No. SR-CHX-2012-20)

January 10, 2013

Self Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Alter Exchange Rules and Fee Schedule Relating to Annual Listing Maintenance Fees

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 31, 2012, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III 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 Substance of the Proposed Rule Change

CHX proposes to amend Exchange Rules and its Schedule of Participant Fees and Assessments (the “Fee Schedule”) to alter fees relating to listings. The Exchange proposes to implement the fee change on January 1, 2013. The text of this proposed rule change is available on the Exchange’s website at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its listings rules and Fee Schedule to revise its existing annual listing maintenance fee. The Exchange proposes to make the fee change operative on January 1, 2013 as its listing maintenance fee is assessed annually on that date. Should the proposed fee changes take effect after January 1, 2013, the Exchange notes that it will fail to benefit from significant revenue associated with the proposed fee change.

Currently, the Exchange imposes an annual listing maintenance fee of \$1 per 20,000 shares to maintain listings. Under the existing rules, the Exchange imposes a minimum annual maintenance fee of \$1,250 but also caps the fee at a maximum annual maintenance fee of \$3,000. The Exchange proposes to keep its current minimum annual maintenance fee at \$1,250 but to increase its maximum annual maintenance fee to \$5,000. The change is proposed to increase revenue to the Exchange<sup>3</sup> and to defray the costs associated with supporting the listing program. The Exchange proposes increasing the maximum annual maintenance fee to better compensate the Exchange for those listings that incur greater costs.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act<sup>5</sup> in

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<sup>3</sup> The Commission notes that the Exchange has represented that the increased revenue from the fee change will defray costs associated with supporting its listing program. See "Statutory Basis" infra.

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

particular because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, or broker dealers.

The Exchange believes that the change is reasonable because the increased revenue from the fee change will defray costs associated with supporting its listing program. Further, the Exchange believes that increasing the cap on the annual listing maintenance fee is a reasonable and equitable solution as many of the costs associated with the listing program are associated with the maintenance of currently listed companies. Furthermore, while the Exchange believes that the minimum annual listing maintenance fee of \$1,250 compensates it, at this time, for the fixed costs associated with maintaining any listing, the variable costs associated with larger or additional listings can be much higher and, as such, the Exchange believes it is reasonable to raise the annual maintenance fee cap. The Exchange notes that the fee change is reasonable in comparison to continuing annual listing fees at certain other U.S. Equities exchanges.<sup>6</sup>

The Exchange also believes that the proposed change is not unfairly discriminatory because the proposed fee changes are directly related to those current CHX listings that incur additional costs to the Exchange. For example, a large CHX listing incurs additional costs to the Exchange's listing department though it may qualify for the maximum annual maintenance fee cap. The Exchange believes that raising the annual maintenance fee cap is an equitable and non-discriminatory way to directly recuperate the increased ongoing costs associated with those listings that are primarily responsible for such costs. In raising its maximum annual listing maintenance fee, the Exchange will receive revenue from continuing listings and thereby directly aid in supporting its listing program.

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<sup>5</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>6</sup> See NYSE Arca, Nasdaq, and BATS listing fees for differing calculations.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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 rule change is designed to raise the annual maintenance fee cap as an equitable and non-discriminatory way to directly recuperate the increased ongoing costs associated with those listings that are primarily responsible for such costs. As those listings incur additional costs to the Exchange, the Exchange believes that the proposed rule change more fairly allocates costs associated with this activity. The Exchange therefore believes that the rule change does not impose a disparate burden on competition either among or between classes of market participants. As stated above, the proposed change will raise revenue to the Exchange and defray costs associated with continuing to support its listing program. Further, supporting a listing program on an exchange benefits competition in the industry as market participants have choices, including the option to list on that exchange. In addition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change promotes a competitive environment.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>7</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>8</sup> thereunder, because it establishes a due, fee, or other charge imposed by CHX.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend 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 proposed rule change 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 Number SR-CHX-2012-20 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CHX-2012-20. 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 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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549-1090, on official business days between 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the CHX's principal office and on its Internet website at [www.chx.com](http://www.chx.com). 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 Number SR-CHX-2012-20 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>9</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).