

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78503; File No. SR-CHX-2016-13)

August 8, 2016

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update or Adopt Various Fees for Services provided by the Financial Industry Regulatory Authority

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4² thereunder, notice is hereby given that on August 4, 2016, 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, 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 its Schedule of Fees and Assessments (the “Fee Schedule”) to update or adopt various fees for services provided by the Financial Industry Regulatory Authority (“FINRA”). The text of this proposed rule change is available on the Exchange’s website at www.chx.com and in 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 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 amend Section J.5 of the Fee Schedule to (1) update various current fees for examinations administered by FINRA and (2) adopt the Series 57 Securities Trader Examination fee,³ so that such fees are identical to corresponding fees reflected under Section 4(c) of the Schedule A of the FINRA By-Laws. FINRA administers these programs on behalf of the exchanges and therefore the fees are payable directly to FINRA through the WebCRD.⁴ Specifically, the Exchange proposes the following amendments:

- Amend the Series 7 Examination fee from \$290 to \$305.⁵
- Amend the Series 14 Examination fee from \$335 to \$350.⁶
- Amend the Series 27 Examination fee from \$115 to \$120.⁷
- Replace reference to the “Series 56 Examination” with the “Series 57 Examination” and adopt a corresponding fee of \$120.⁸

³ The Exchange recently adopted the Securities Trader registration category and corresponding Series 57 Securities Trader Examination, which replaced the Proprietary Trader registration category and corresponding Series 56 Proprietary Examination requirement. See CHX Article 6, Rule 3(a); see also Securities Exchange Act Release No. 78445 (July 29, 2016) (SR-CHX-2016-11).

⁴ WebCRD is the central licensing and registration system for the U.S. securities industry. The CRD system enables individuals and firms seeking registration with multiple states and self-regulatory organizations to do so by submitting a single form, fingerprint card and a combined payment of fees to FINRA. Through the CRD system, FINRA maintains the qualification, employment and disciplinary histories of registered associated persons of broker-dealers.

⁵ See Section 4(c) of the Schedule A of the FINRA By-Laws.

⁶ Id.

⁷ Id.

⁸ Id.

Moreover, given that the Proprietary Trader Continuing Education program is no longer available,⁹ the Exchange proposes to eliminate reference to the “Proprietary Trader Continuing Education (S501)” and the corresponding \$60 fee.

The Exchange further proposes to add “Member Regulation” to the title of Section J of the CHX Fee Schedule, as the Exchange’s Member Regulation department is responsible for ensuring that Participants comply with the relevant WebCRD fees, and “WebCRD” to the title of Section J.5 of the CHX Fee Schedule, as all fees under Section J.5 are paid directly to FINRA through the WebCRD, as noted above.

2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act¹⁰ in general, and furthers the objectives of Section 6(b)(4) of the Act¹¹ in particular, in that it is an equitable allocation of reasonable dues, fees and other charges among Exchange members and issuers and other persons using its facilities. The Exchange believes that the proposal to adopt and update the various FINRA administered examination fees is an equitable allocation of dues, fees and other charges because the fee change applies equally to all Participants and the amended or adopted fees are identical to the corresponding fees charged by FINRA pursuant to Section 4(c) of the Schedule A of the FINRA By-Laws.

Moreover, the Exchange believes that harmonizing the FINRA administered examination fees with those of FINRA and the other national securities exchanges would further the

⁹ See CHX Article 6, Rule 11(a)(3); see also supra note 3.

¹⁰ 15 U.S.C. 78(f)(b).

¹¹ 15 U.S.C. 78(f)(b)(4).

objectives of Section 6(b)(5) of the Act¹² by removing impediments to and perfecting the mechanism of a free and open market and a national market system.

In addition, the Exchange believes that amending the title to Section J of the Fee Schedule to add the term “Member Regulation” would provide a complete description of the Exchange departments that are responsible for ensuring compliance with the fees set forth thereunder and amending the title to Section J.5 of the Fee Schedule clarifies that the fees set forth thereunder are paid directly to FINRA, which further the objectives of Section 6(b)(1) of the Act¹³ in that it further enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its Participants and persons associated with its Participants, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.

B. Self-Regulatory Organization’s Statement of 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. Given that the proposed fee change applies to all Participants and harmonizes the CHX Fee Schedule with corresponding fees charged by FINRA pursuant to Section 4(c) of the Schedule A of the FINRA By-Laws, the proposal has no effect on competition.

C. Self-Regulatory Organization’s Statement on Comments Regarding 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 Change and Timing for Commission Action

¹² 15 U.S.C. 78(f)(b)(5).

¹³ 15 U.S.C. 78f(b)(1).

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁴ and subparagraph(f)(2) of Rule 19b-4 thereunder¹⁵ because it establishes or changes a due, fee or other charge imposed by the Exchange.

At any time within 60 days of the filing of the 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. 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 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. Please include File No. SR-CHX-2016-13 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-CHX-2016-13. This file number should be included

¹⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁵ 17 CFR 240.19b-4(f)(2).

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 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 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-2016-13 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.¹⁶

Robert W. Errett
Deputy Secretary

¹⁶ 17 CFR 200.30-3(a)(12).