

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52556; File No. SR-CHX-2005-20)

October 4, 2005

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Participant Fees and Credits

On July 17, 2005, the Chicago Stock Exchange, Inc. (“CHX”) 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 Participant Fee Schedule to eliminate, retroactive to January 1, 2005, the assignment fees for listed securities that were assigned to a specialist when other firms were not competing for the assignment. Such assignment fees have already been eliminated for securities assigned on or after May 2, 2005.³ The proposed rule change would eliminate such fees for assignments made during the period from January 1, 2005 through May 1, 2005, thus eliminating assignment fees for securities assigned without competition for all of 2005.⁴

The proposed rule change was published for comment in the Federal Register on August 9, 2005.⁵ The Commission received no comments on the proposal.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 51763 (May 31, 2005), 70 FR 33230 (June 7, 2005).

⁴ CHX has represented that these assignment fees have already been assessed and paid, and thus CHX would rebate such fees upon Commission approval of the proposed rule change. Telephone conversation between Leah Mesfin, Special Counsel, Division of Market Regulation, Commission, and Kathleen M. Boege, Vice President & Associate General Counsel, CHX, on September 26, 2005.

⁵ See Securities Exchange Act Release No. 52200 (August 3, 2005), 70 FR 46238.

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 exchange⁶ and, in particular, the requirements of Section 6 of the Act.⁷ The Commission finds specifically that the proposed rule change is consistent with Section 6(b)(4) of the Act⁸ in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members. The Commission notes that assignment fees for securities assigned without competition have already been eliminated for all such assignments effective on or after May 2, 2005. The Commission further notes that the elimination of the assignment fee on a retroactive basis would be for the period January 1, 2005 through May 1, 2005. Thus, the elimination of this fee would be applied evenhandedly during the current year. Therefore, the Commission believes that the proposed rule change is consistent with the Act.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (File No. SR-CHX-2005-20) be, and it hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Jonathan G. Katz
Secretary

⁶ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(12).