

NOTICE TO PARTICIPANTS

On September 15, 2017, the Chicago Stock Exchange Inc. (“CHX”) filed with the U.S. Securities and Exchange Commission (the “SEC” or the “Commission”) a proposed rule change ([SR-CHX-2017-13](#)) related to Sponsored Access.

The filing is immediately effective, but will be operative on a future date. The Exchange will notify Participants of the operative date with at least one week’s notice.

The text of the proposed rule change is set out below: New text is underlined and deletions are [bracketed].

RULES OF THE CHICAGO STOCK EXCHANGE, INC.

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ARTICLE 1. Definitions and General Information

Rule 1. Definitions

Whenever and wherever used in these Rules, unless the context requires otherwise, the following terms shall have the respective meanings ascribed to them below:

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(vv) “Sponsored Person” means a person which has entered into a sponsorship arrangement with a Sponsoring Participant pursuant to Article 5, Rule 3.

(ww) “Sponsoring Participant” means a Participant who has been designated by a Sponsored Person to execute, clear and settle transactions resulting from the Trading Facilities. The Sponsoring Participant shall be either (1) a Clearing Participant or (2) a correspondent firm with a clearing arrangement with a Clearing Participant.

(xx) “Sponsored Access” means an arrangement whereby a Sponsoring Participant permits its Sponsored Persons to enter orders into the Matching System that bypass the Sponsoring

Participant's trading system and are routed directly to the Exchange, including routing through a service bureau or other third party technology provider.

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ARTICLE 5. Access To The Exchange

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Rule 3. [Non-Participant Access to the Exchange]Sponsored Persons

(a) A [Participant (the "[Sponsoring Participant(")] may provide Sponsored Access[authorized access] to the Exchange for a Sponsored Person[non-Participant broker-dealer], through a clearing arrangement or otherwise, only if the Sponsoring Participant, the Sponsored Person[non-Participant broker-dealer] and the Exchange (as appropriate) enter into one or more written agreements ("Sponsored Access Agreements"), in a form acceptable to the Exchange, prior to any access to the Exchange, that contain all of the following terms:

(1) All orders submitted by the Sponsored Person[non-Participant broker-dealer], and any executions resulting from those orders, are binding in all respects on the Sponsoring Participant;

(2) The Sponsoring Participant is responsible for all actions taken and fees incurred in connection with any order submitted or transaction executed by the Sponsored Person[non-Participant broker-dealer] (and any person acting on behalf of the Sponsored Person[non-Participant broker-dealer]);

(3) In all matters relating to the Sponsored Person[non-Participant broker-dealer]'s access to the Exchange and its use of Exchange facilities, the Exchange shall communicate with the Sponsoring Participant and shall not be required to communicate with the Sponsored Person[non-Participant broker-dealer] at any time;

(4) The Sponsored Person[non-Participant broker-dealer] agrees that it will have reasonable procedures to maintain the physical security of the equipment used to access the Exchange to prevent improper use of, or access to, the Exchange; [and]

(5) The Sponsoring Participant agrees that it will indemnify and hold the Exchange harmless from any liability, loss, claim or expense which the Exchange may incur in connection with the agreement;[.]

(6) The Sponsoring Participant and Sponsored Person each must comply with Rule 15c3-5 under the Exchange Act;

(7) The Sponsoring Participant shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures and the Sponsored Person shall comply with the Exchange's Certificate of Incorporation, Bylaws, Rules and procedures with regard to the Exchange, as if the Sponsored Person were a Participant;

(8) The Sponsored Person shall maintain, keep current and provide to the Sponsoring Participant a list of individuals authorized to obtain Sponsored Access to the Exchange on behalf of the Sponsored Person;

(9) The Sponsored Person shall familiarize its authorized individuals with all of the Sponsored Person's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the Exchange pursuant to any Sponsored Access Agreement;

(10) The Sponsored Person may not permit anyone other than authorized individuals to use or obtain access to the Exchange pursuant to any Sponsored Access Agreement; and

(11) The Sponsored Person shall establish, maintain and enforce written supervisory procedures and a supervisory system that is reasonably designed to ensure that the use or access to the Exchange that takes place pursuant to a Sponsored Access Agreement and by any Sponsored Person or authorized individual complies with the terms of the Sponsored Access Agreement and all applicable CHX and SEC rules and regulations.

(b) The Sponsoring Participant must provide signed copies of the agreements required by section (a) to the Exchange prior to the Sponsored Person[non-participant]'s access to the Exchange through the Sponsoring Participant.

Rule 4. Denial of Access

(a) The Exchange's [Market Regulation Department]Regulatory Operations Division may deny a Participant (or a [non-participant broker-dealer]Sponsored Person) access to the Exchange for failure to comply with any of the requirements of Rules 1[-]through 3 above. If access is so denied, the Exchange shall notify the Participant (or [non-participant broker-dealer]Sponsored Person) of that decision and of the reasons for that decision.

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