

**SEC GREEN LIGHTS SNAP<sup>SM</sup> AUCTIONS  
MARKET STRUCTURE EXPERTS CITE BENEFITS**

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**CHICAGO (October 13)** – The U.S. Securities and Exchange Commission (SEC) recently granted final regulatory approval to the Chicago Stock Exchange (CHX) for its on-demand auction product, CHX|snap<sup>SM</sup> (SNAP Auctions), which CHX plans to introduce in the coming weeks.

John Kerin, CHX President and Chief Executive Officer, said at a meeting of CHX staff, “The Exchange has overcome the most significant regulatory hurdle to introduce SNAP<sup>SM</sup> Auctions. With SEC approval of SNAP Auction rules in hand, we now plan to implement SNAP Auctions shortly after Regulation SCI goes into effect next month.”

“In recent weeks, CHX Participants, other broker-dealers including dark pool operators and aggregators, and independent service providers have requested technical documents related to SNAP Auctions and are starting to test with CHX. Four CHX Participant firms already have certified access to SNAP Auctions. Others are expected to test in the next few weeks. As soon as system changes are in place for Regulation SCI, we will finalize implementation plans for SNAP Auctions.”

The SNAP Auctions product has attracted support from a variety of market structure experts.

The Federal Reserve Bank of Chicago recently concluded in its Chicago Fed Letter 343 that “an analysis of the design and operation of SNAP Auctions in equity markets suggests that they may have the potential to improve market stability and performance by facilitating large trades placed by institutional traders without having those trades ‘telegraphed’ to the market before execution.”

Professor James Angel of Georgetown University, a recognized expert in U.S. equity market structure, stated, "SNAP Auctions provide a new tool for buy side desks to find liquidity without leaking information."

Haim Bodek, a vocal advocate for fairness in the U.S. equities market, said, “CHX’s SNAP Auction is an impressive addition to the new wave of products that aim to create an investor-friendly marketplace. SNAP is designed primarily as a liquidity concentrator. SNAP is available on-demand and integrates seamlessly with our high speed marketplace, including a process to sweep liquidity on competing exchanges. I encourage institutions to contact CHX to learn how SNAP can fit into their best execution strategy.”

Steven Givot, CHX Senior Vice President for Strategy and Product Management responded, “The Chicago Fed Letter correctly concludes that two potential benefits of SNAP Auctions are focusing competition on price rather than speed and reducing ‘gaming’ opportunities. Professor Angel recognizes that SNAP Auctions provide a mechanism to locate liquidity with minimal information leakage. Mr. Bodek, an outspoken investor advocate, joins other experts from government, academia, and the industry who recognize that SNAP Auctions are a major step forward to provide an effective method for liquidity aggregation with minimal information leakage while leveling

the playing field between institutional investors, individual investors, and professional traders.”

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References:

Additional information regarding SNAP Auctions can be found at:

<http://www.chx.com/snap/>

The Chicago Fed Letter 343 can be found at:

<https://www.chicagofed.org/publications/chicago-fed-letter/2015/343>

The SEC approval order for SNAP Auctions can be found at:

<https://www.sec.gov/rules/sro/chx/2015/34-76087.pdf>

## **ABOUT CHX**

CHX is a full-service national securities exchange with robust, high-performance technology. CHX offers trading in more than 8,300 listed securities and offers a compact set of order types designed to provide a level playing field for all order senders.