

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of Proposed Rule Change

- (a) The Chicago Stock Exchange, Incorporated (the “CHX” or the “Exchange”), pursuant to Rule 19b-4 of the Securities Exchange Act of 1934 (as amended, the “Act”), proposes to amend its membership dues and fees schedule (the “Fee Schedule”) to (i) provide for a technology charge relating to retention of electronic communications associated with an inactive mailbox, (ii) modify the Exchange’s transaction fee cap provision to exclude certain floor broker orders and (iii) clarify a provision relating to specialist fixed fees. The text of the proposed rule change is attached as Exhibit 5.
- (b) Not applicable.
- (c) Not applicable.

Item 2. Procedures of Self-Regulatory Organization

- (a) The proposed rule change was approved by the Executive Committee of the Exchange’s Board of Governors on December 16, 2004. No further approval is required.
- (b) Questions and comments on the proposed rule change should be directed to Kathleen M. Boege, the Exchange’s Vice President & Associate General Counsel, at 312/663-2601.

Item 3. Self-Regulatory Organization’s Statement on the Purpose of, and Statutory Basis for, the Proposed Rule Change.

- (a) The Exchange proposes to amend the Fee Schedule to (i) provide for a technology charge relating to retention of electronic communications associated with an inactive mailbox, (ii) modify the Exchange’s transaction fee cap provision to exclude certain floor broker orders and (iii) clarify a provision relating to specialist fixed fees.

Technology Charges: The Fee Schedule currently contains a provision establishing a technology charge for the retention of electronic communications. Many of the Exchange’s members seek to retain electronic communications associated with inactive mailboxes, in order to satisfy their record retention obligations. Accordingly, the Exchange believes that it is appropriate to amend its Fee Schedule to impose a \$20 per month retention charge per inactive mailbox.

Transaction Fee Cap: The Fee Schedule provides for a cap on transaction fees associated with certain market maker and floor broker agency executions. The cap is available to order-sending firms that execute a specified number of orders on the Exchange per day. The Exchange is amending the Fee Schedule to clarify that this transaction fee cap is not applicable to orders that are routed to a CHX floor broker by means other than the Exchange's automated MAX® system. The Exchange believes that this limitation of the fee cap is amply warranted, because a CHX floor broker may be required to expend considerably more time and effort to execute an agency order that is received telephonically, physically or through means other than the MAX system.

Specialist Fixed Fee: Section E of The Fee Schedule was recently amended, in the case of fixed fees for firms trading NASDAQ/NM Securities, to eliminate fixed fee calculations that are contingent on the definition of "Exemption Eligible Security" that is set forth in Section D of the Fee Schedule.¹ Accordingly, the Exchange is further modifying Section E to clarify that the exception for Exemption Eligible Securities now applies only to Tape B issues (*i.e.* issues that are listed on a stock exchange other than the New York Stock Exchange).

Finally, the Exchange is amending Section F of the Fee Schedule to eliminate an obsolete reference to transactions that take place "during the E-Session." The Exchange terminated its E-Session program several years ago, rendering this reference obsolete.

- (b) The proposed rule change is consistent with Section 6(b)(4) of the Act in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

Item 4. Self-Regulatory Organization's Statement of Burden on Competition

The Exchange believes that no burden will be placed on competition as a result of the proposed rule change.

¹ See SR-CHX-2004-22, SEC Release No. 34-50616 (November 1, 2004), 69 FR 64608 (November 5, 2004).

Item 5. 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.

Item 6. Extension of the Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2) of the Act.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is to take effect pursuant to Section 19(b)(3)(A)(ii) in that it establishes or changes a due, fee or other charge imposed by the Exchange.

Item 8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of other self-regulatory organizations or of the Commission.

Item 9. Exhibits

Attached as Exhibit 5 is the text of the proposed rule change.

Attached as Exhibit 1 is the form of Notice of the Proposed Rule Change for the Federal Register.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the self-regulatory organization has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

CHICAGO STOCK EXCHANGE,
INCORPORATED

By: _____
Kathleen M. Boege
Vice President & Associate General Counsel

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-____; File No. SR-CHX-2005-02)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Chicago Stock Exchange, Incorporated Relating to Membership Dues and Fees.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice hereby is given that on January 3, 2005, the Chicago Stock Exchange, Incorporated (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. 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

The Chicago Stock Exchange, Incorporated (the “CHX” or the “Exchange”), pursuant to Rule 19b-4 of the Securities Exchange Act of 1934 (as amended, the “Act”), proposes to amend its membership dues and fees schedule (the “Fee Schedule”) to (i) provide for a technology charge relating to retention of electronic communications associated with an inactive mailbox, (ii) modify the Exchange’s transaction fee cap provision to exclude certain floor broker orders and (iii) clarify a provision relating to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

specialist fixed fees. The text of the proposed rule change is available upon request from the Office of the Secretary, the Commission or the CHX.

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 regarding the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections (A), (B) and (C) below, of the 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 the Fee Schedule to (i) provide for a technology charge relating to retention of electronic communications associated with an inactive mailbox, (ii) modify the Exchange's transaction fee cap provision to exclude certain floor broker orders and (iii) clarify a provision relating to specialist fixed fees.

Technology Charges: The Fee Schedule currently contains a provision establishing a technology charge for the retention of electronic communications. Many of the Exchange's members seek to retain electronic communications associated with inactive mailboxes, in order to satisfy their record retention obligations. Accordingly, the Exchange believes that it is appropriate to amend its Fee Schedule to impose a \$20 per month retention charge per inactive mailbox.

Transaction Fee Cap: The Fee Schedule provides for a cap on transaction fees associated with certain market maker and floor broker agency executions. The cap is available to order-sending firms that execute a specified number of orders on the Exchange per day. The Exchange is amending the Fee Schedule to clarify that this transaction fee cap is not applicable to orders that are routed to a CHX floor broker by means other than the Exchange's automated MAX® system. The Exchange believes that this limitation of the fee cap is amply warranted, because a CHX floor broker may be required to expend considerably more time and effort to execute an agency order that is received telephonically, physically or through means other than the MAX system.

Specialist Fixed Fee: Section E of The Fee Schedule was recently amended, in the case of fixed fees for firms trading NASDAQ/NM Securities, to eliminate fixed fee calculations that are contingent on the definition of "Exemption Eligible Security" that is set forth in Section D of the Fee Schedule.³ Accordingly, the Exchange is further modifying Section E to clarify that the exception for Exemption Eligible Securities now applies only to Tape B issues (*i.e.* issues that are listed on a stock exchange other than the New York Stock Exchange).

Finally, the Exchange is amending Section F of the Fee Schedule to eliminate an obsolete reference to transactions that take place "during the E-Session." The Exchange terminated its E-Session program several years ago, rendering this reference obsolete.

³ See SR-CHX-2004-22, SEC Release No. 34-50616 (November 1, 2004), 69 FR 64608 (November 5, 2004).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(4) of the Act⁴ in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.

B. Self-Regulatory Organization's Statement of Burden on Competition

The Exchange does not believe that the proposed rule change will impose any inappropriate burden on competition.

C. Self-Regulatory Organization's Statement on Comments Regarding the Proposed Rule Change 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

The foregoing rule change establishes or changes a due, fee or other charge imposed by the Exchange and therefore has become effective pursuant to Section 19(B)(3)(A) of the Act⁵ and subparagraph (f)(2) of Rule 19b-4 thereunder.⁶ At any time within 60 days of the filing of such rule change, the Commission may summarily abrogate 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 purpose of the Act.

⁴ 15 U.S.C. 78(f)(b)(4).

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(f)(2).

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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington D.C. 20549. 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 inspection and copying at the Commission's Public Reference Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-CHX-2005-02 and should be submitted by [insert date 21 days from the date of publication of *Federal Register*].

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

Margaret H. McFarland
Deputy Secretary

Dated:

Additions are underlined; deletions are [bracketed].

MEMBERSHIP DUES AND FEES

A. Membership Dues and Transfer Fees

No change to text.

B. Self-Regulatory Organization Fee

No change to text.

C. Registration Fees

No change to text.

D. Specialist Assignment Fees

No change to text.

E. Specialist Fixed Fees

Except in the case of Tape B Exemption Eligible Securities (as defined above in Section D), which shall be exempt from assessment of fixed fees, specialists will be assigned a fixed fee per assigned stock on a monthly basis, to be calculated as follows:

* * *

F. Transaction and Order Processing Fees

- | | | |
|----|--------------------------------------|--------------------|
| 1. | SEC Transaction Fees | No change to text. |
| 2. | NASD Fees on
Cleared Transactions | No change to text. |
| 3. | Order Processing Fees
Odd Lots | No change to text. |
| | Open Limit Orders | No change to text. |

The above order processing fees shall not apply to transactions in NASDAQ/NMS Securities, or to transactions in the stocks comprising the Standard & Poor's 500 Stock Price Index executed through MAX. [These order processing fees also shall not apply, through June 30, 2001, to any transaction that takes place during the E-Session.]

4. Transaction Fees

Transaction fees will be assessed on the executions of the following round-lot orders:

a-i. No change to text.

j. The transaction fees set forth in Sections F.4(d), (e) and (f), other than transaction fees for orders that are not routed to a floor broker via MAX, shall be subject to the following monthly maximums:

(i)-(iv) No change to text.

k-l. No change to text.

5. Floor Broker as Principal Fees No change to text.

G. Space Charges

No change to text.

H. Equipment, Information Services and Technology Charges

* * *

Retention of electronic communications	\$25 per month, per <u>active mailbox</u>
	<u>\$20 per month, per inactive mailbox</u>
	\$200 per disk for offline optical disk storage (5.2 GB), if requested
	\$300 per disk for offline optical disk storage (9.1GB), if requested

I. Clearing Support Fees

No change to text.

J. Listing Fees

No change to text.

K. Market Regulation and Market Surveillance Fees

No change to text.

L. Supplies and Reports

No change to text.

M. Credits

No change to text.