

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.

Form 19b-4 Information

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 (the “Act”), proposes to amend its Participant Fee Schedule (the “Fee Schedule”) to confirm the assignment fees that apply when the Exchange’s Committee on Specialist Assignment and Evaluation assigns a group of securities to a specialist firm in competition with other specialist firms. The purpose of this Amendment No. 2, which supersedes Amendment No. 1 in its entirety, is to make minor changes to some terminology in the proposed rule text and corresponding discussion. The text of the proposed rule change is set out below:

PARTICIPANT FEES AND CREDITS

* * *

D. Specialist Assignment Fees

Specialist Application Fee No change to text

Assignment of Dual Trading System Securities Once the Committee on Specialist Assignment and Evaluation approves a Participant to act as specialist in a security (or a group of securities), that Participant must pay the following fee:

* * *

\$1,000 If the security (or group of securities) was assigned in competition with at least one other Participant and up to one-third of all Participants that trade Dual Trading System Securities

	\$4,000	If the security (<u>or group of securities</u>) was assigned in competition with more than one-third of all Participants that trade Dual Trading System Securities
Assignment of Nasdaq/NM Securities		Beginning on September 1, 2004, once the Committee on Specialist Assignment and Evaluation approves a Participant to act as specialist in a security (<u>or a group of securities</u>), that Participant must pay the following fee:
	*	*
	*	*
	\$1,000	If the security (<u>or group of securities</u>) was assigned in competition with one other Participant that trades Nasdaq/NM Securities
	\$4,000	If the security (<u>or group of securities</u>) was assigned in competition with two or more [member firms] <u>Participants</u> that trade Nasdaq/NM Securities
	*	*
	*	*

2. **Procedures of Self-Regulatory Organization**

The Exchange's Board of Directors unanimously approved these proposed rule changes on August 25, 2005.

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

(a) The Exchange's Committee on Specialist Assignment and Evaluation (the "CSAE") is responsible for assigning securities to be traded by specialist firms.¹ Although the CSAE ordinarily assigns securities on a one-by-one basis, the CSAE could choose to assign securities in groups consisting of more than one security.

Through this submission, the Exchange proposes to modify its Fee Schedule to confirm the assignment fees that apply when the CSAE assigns a group of securities to a specialist firm in competition with other specialist firms. Specifically, the Exchange proposes to charge, for the assignment of a group of listed securities, (a) a fee of \$1,000 per group, if the group was assigned in competition with at least one other participant and up to one-third of all participants trading listed securities and (b) a fee of \$4,000 per group, if the group was assigned in competition with more than one-third of the participants trading listed securities.² Similarly, the Exchange proposes to charge, for the assignment of a group of Nasdaq/NM securities, (x) a fee of \$1,000 per group if the group was assigned in competition with at least one other participant and (y) a fee of \$4,000 per group, if the group was assigned in competition with more than one other participant that trades Nasdaq/NM securities.

These changes to the Fee Schedule are submitted in connection with SR-CHX-2005-23, which proposed a change to CHX Article XX, Rule 1 that would establish an allocation process available to the CSAE, in special circumstances involving the allocation of more than 100 stocks at a time. If the CSAE determines that it will allocate a large number of stocks by posting designated groups of stocks at the beginning of the application and assignment process, then these changes to the Fee Schedule would govern the applicable assignment fees.³

With this change, the fees associated with the assignment of securities in competition would be the same for a single security and for a group of securities. The Exchange believes that these charges are appropriate because, among other things, the Exchange's work associated with the assignment of securities in competition is not measurably different based on the number of securities that are being assigned at a particular time. In each instance, Exchange staff gathers data relating to each applicant's demonstrated ability, experience and financial

¹ See Article XXX, Rule 1.

² "Dual trading system securities" are securities listed on the New York Stock Exchange, the American Stock Exchange or any other stock exchange that are also listed or traded on the Chicago Stock Exchange.

³ Assignment fees are assessed upon permanent assignment of the subject issues.

responsibility and the CSAE meets to review the data, to hear presentations from applicants and to determine the appropriate assignment decision.

(b) Approval of the rule changes proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(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.

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 changes.

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.

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.

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.

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

Not applicable.

9. Exhibits

Exhibit 1: The Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibit 4: This exhibit reflects changes to the proposed rule text since Amendment No. 1.

Exhibits 2-3 and 5: Not applicable.

SECURITIES AND EXCHANGE COMMISSION

**(Release No. 34-_____ ; File No. SR-CHX-2005-25)
SELF-REGULATORY ORGANIZATIONS**

Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Chicago Stock Exchange, Inc. Relating to Participant Fees and Credits.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), 15 U.S.C. 78s(b)(1), notice is hereby given that on September 15, 2005, the Chicago Stock Exchange, Inc. (“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 CHX. On September 30, 2005, the Exchange filed Amendment No. 1 with the Commission. On October 12, 2005, the Exchange filed Amendment No. 2 with the Commission. 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 CHX proposes to amend its Participant Fee Schedule (the “Fee Schedule”) to confirm the assignment fees that apply when the Exchange’s Committee on Specialist Assignment and Evaluation assigns a group of securities to a specialist firm in competition with other specialist firms.

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 regarding the proposal. 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 most significant aspects of such statements.

A. *Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes*

1. Purpose

The Exchange's Committee on Specialist Assignment and Evaluation (the "CSAE") is responsible for assigning securities to be traded by specialist firms.¹ Although the CSAE ordinarily assigns securities on a one-by-one basis, the CSAE could choose to assign securities in groups consisting of more than one security.

Through this submission, the Exchange proposes to modify its Fee Schedule to confirm the assignment fees that apply when the CSAE assigns a group of securities to a specialist firm in competition with other specialist firms. Specifically, the Exchange proposes to charge, for the assignment of a group of listed securities, (a) a fee of \$1,000 per group, if the group was assigned in competition with at least one other participant and up to one-third of all participants trading listed securities and (b) a fee of \$4,000 per group, if the group was assigned in competition with more than one-third of the participants trading listed securities.² Similarly, the Exchange proposes to charge, for the assignment of a group of Nasdaq/NM securities, (x) a fee of \$1,000 per group if the group was assigned in competition with at least one other participant and (y) a fee of

¹ See Article XXX, Rule 1.

² "Dual trading system securities" are securities listed on the New York Stock Exchange, the American Stock Exchange or any other stock exchange that are also listed or traded on the Chicago Stock Exchange.

\$4,000 per group, if the group was assigned in competition with more than one other participant that trades Nasdaq/NM securities.

These changes to the Fee Schedule are submitted in connection with SR-CHX-2005-23, which proposed a change to CHX Article XXX, Rule 1 that would establish an allocation process available to the CSAE, in special circumstances involving the allocation of more than 100 stocks at a time. If the CSAE determines that it will allocate a large number of stocks by posting groups of stocks at the beginning of the application and assignment process, then these changes to the Fee Schedule would govern the applicable assignment fees.³

With this change, the fees associated with the assignment of securities in competition would be the same for a single security and for a group of securities. The Exchange believes that these charges are appropriate because, among other things, the Exchange's work associated with the assignment of securities in competition is not measurably different based on the number of securities that are being assigned at a particular time. In each instance, Exchange staff gathers data relating to each applicant's demonstrated ability, experience and financial responsibility and the CSAE meets to review the data, to hear presentations from applicants and to determine the appropriate assignment decision.

³ Assignment fees are assessed upon permanent assignment of the subject issue.

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 changes will impose any burden 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 Changes 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 proposal 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-2005-25 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File No. SR-CHX-2005-25. This file number should be included 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 Web site (<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 changes 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 in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549. Copies of such filing will also 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-2005-25 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).

Changes from original filing are marked in **bold**.
Additions are **underlined in bold**; deletions [*bracketed in bold and italics*].

PARTICIPANT FEES AND CREDITS

* * *

D. Specialist Assignment Fees

Specialist Application Fee No change to text

Assignment of Dual Trading System Securities
Once the Committee on Specialist Assignment and Evaluation approves a Participant to act as specialist in a security (or a **group [bucket]** of securities), that Participant must pay the following fee:

* * *

\$1,000 If the security (or **group [bucket]** of securities) was assigned in competition with at least one other Participant and up to one-third of all Participants that trade Dual Trading System Securities[.]

\$4,000 If the security (or **group [bucket]** of securities) was assigned in competition with more than one-third of all Participants that

trade Dual Trading
System Securities[.]

Assignment of Nasdaq/NM
Securities

Beginning on September 1, 2004,
once the Committee on Specialist
Assignment and Evaluation approves
a Participant to act as specialist in a
security (or a **group [bucket]** of
securities), that Participant must pay
the following fee:

* * *

\$1,000 If the security (or
group [bucket] of
securities was
assigned in
competition with one
other Participant that
trades Nasdaq/NM
Securities

\$4,000 If the security (or
group [bucket] of
securities
was assigned in
competition with two
or more [member
firms] Participants
that trade Nasdaq/NM
Securities

**[A "bucket" is a group of at least
two securities, which is allocated by
the CSAE. The component
securities of a bucket may be
determined by the CSAE.]**