

Proposed Rule Change by Chicago Stock Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

The CHX proposes a revised Schedule of Participant Fees and Credits, which would replace the existing fee schedule in its entirety, to provide for fees, charges and credits contemplated by the CHX's new trading model, which will be implemented this fall.

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Last Name
 Title
 E-mail
 Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date
 By Vice President & Associate General Counsel
 (Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

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 a revised Schedule of Participant Fees and Credits (the “Fee Schedule”), which would replace the existing CHX fee schedule in its entirety to provide for fees, charges and credits contemplated by the new trading model being implemented by the CHX this fall. The text of the proposed rule change is set out in Exhibit 5.
- (b) Not applicable.
- (c) Not applicable.

2. Procedures of Self-Regulatory Organization

The Exchange’s Board of Directors unanimously approved this proposed Fee Schedule at a meeting on September 20, 2006.

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

- (a) Throughout 2006, the Exchange has been working on the design and development of a new trading model centered around a core matching system that will provide for fully automated electronic matching of orders, as well as corresponding rules and regulatory initiatives. The Exchange believes that its proposed rules relating to the new trading model¹ will soon be approved by the Commission, at which point the Exchange anticipates making the transition to the new trading model commencing in early October.

As further detailed in SR-CHX-2006-05, the Exchange’s new trading model differs from the current CHX structure in several notable ways. First, the CHX will no longer operate from a traditional physical exchange floor, but rather will operate as an entirely electronic facility. Second, the CHX will no longer maintain a specialist program, in which specialists

¹ See SR-CHX-2006-05, as amended.

maintain books of orders in designated issues.² Finally, as noted above, orders will be matched by a fully automated matching system.

This fundamental shift in the Exchange's trading model necessitates equally fundamental changes in the Exchange's business model, including the fees, charges and credits that it assesses its participants. After significant deliberation, including a comprehensive review of other self-regulatory organizations and their respective billing structures, the Exchange has formulated a revised Fee Schedule that is intended to supplant the existing schedule.

Summarized below are the principal components of the Fee Schedule that will change significantly from the current version. To facilitate an orderly transition to the new trading model, the Fee Schedule in general contemplates charging participants under current rates, with new rates to be implemented as issues are transitioned to the new trading model and become eligible for trading in the matching system. The Fee Schedule clearly delineates which fees will be "phased out" during and after the transition to the new trading model.

Transaction and Order Routing Fees

Transaction fees will be modified in several ways as the Exchange transitions to its new trading model. *See* Section E of the Fee Schedule.

- **Matching System:** Section E sets forth the transaction fees that will be charged for executions in the CHX Matching System once it is operative, including Matching System routing fees. This section also contains an odd-lot Matching System transaction fee, which is charged to the Participant that submits the odd-lot order to the Matching System. To facilitate an orderly transition, Section E.7 sets forth the current fee structure, which will continue to provide the basis for transaction and order processing fees if an issue is not yet traded in the Matching System, but will no longer be applicable once an issue transitions to the new trading model and is available for trading in the Matching System.
- **Institutional Broker Agency Fees:** Section E.3 outlines the fees that will be charged to the Participant Firm that executes an order through an Institutional Broker, if the broker facilitates the execution of the order on the Exchange or in another market over ITS or any later linkage plan.

² In the new trading model, participants may register as either market makers or institutional brokers (formerly known as floor brokers), or may simply operate as an unregistered order-sending firms that route orders to the CHX for execution.

Credits

The Exchange's credit structure has been revised to adjust for the new trading model as well as Regulation NMS, which impacts allocation and payment of market data fees. *See* Section F. of the Fee Schedule.

- **Institutional Brokers:** In lieu of the previous formula, which incorporated significant variables including market data fees, each institutional broker will be eligible for a monthly transaction fee credit equal to 18% of the transaction fees received by the Exchange each month for agency trades executed through the institutional broker.
- **Specialist Credits:** These credits will continue to be available to specialists in issues that they trade as specialist during the transition to the new trading model. As an issue moves into the Matching System for trading, these credits will be pro-rated or eliminated for that issue, based on the date that the issue becomes eligible for trading in the Matching System. Specialists who elect to register as market makers in the new trading model may then earn market data rebates for trades executed in the Matching System.
- **Market Data Rebates for Matching System Trades:** Each Participant Firm³ will be eligible for a tape credit, applied on a quarterly basis, equal to 50% of monthly tape revenue from the Consolidated Tape Association (less all direct CTA costs) generated by liquidity-providing trades or crosses submitted to the Matching System by a Participant Firm in a particular Tape A or Tape B security.

Participant Services & Registration

- **Permit Fees:** Each Participant Firm will be required to hold only one Trading Permit per firm, regardless of the number of its registered representatives. The annual fee for each Trading Permit will increase to \$7,200 for each Trading Permit purchased or renewed after October 1, 2006. The Trading Permit cancellation fee will increase to the lesser of \$2,400 or \$600 for the remainder of the one-year term of the permit, effective with the renewal of each Trading Permit after October 1, 2006. *See* Section A. of the Fee Schedule.

³ Institutional brokers are not eligible to receive tape credits; they are instead eligible for transaction fee credits.

- **SRO Fee:** This fee will increase nominally, from \$100/month to \$250/month. This fee is assessed per Trading Permit. *See* Section B. of the Fee Schedule.
- **DEA Fee:** The DEA examination fee will be \$1,000 per month for each Participant Firm. *See* Section J. of the Fee Schedule for applicable Market Regulation and Market Surveillance Fees.
- **Off-Exchange Trader:** There will be a \$500 annual fee for each trader who is engaged in proprietary securities trading for an off-Exchange Participant Firm that is solely a CHX Participant and for which the CHX is DEA. This fee will be pro-rated in the first year of a trader's registration, based on the quarter in which that registration occurs.⁴ *See* Section C of the Fee Schedule.

Technology/Connectivity/Space and Other Charges

- **Port Charge:** A port charge of \$400 per month will be assessed for each Participant give-up that has access through any Participant to the Matching System. A separate port charge will be assessed for each main and backup logical connection. Port charges will not be assessed for connection to the Matching System via Brokerplex. *See* Section D. of the Fee Schedule.
- **Broker Connectivity Charge/Credit:** All network and connectivity charges will be rebilled monthly to institutional brokers that access the network, based on the proportion of each firm's use of the network during the month. *See* Section M of the Fee Schedule. Until completion of the new trading model rollout, institutional brokers will be eligible for a monthly network/connectivity fee credit, equal to a total monthly credit of \$15,000, allocated among institutional broker firms based on each firm's respective percentage of total monthly transaction fee credits. *See* Section E.2. of the Fee Schedule.
- **Brokerplex Report Charge:** There will be a charge of \$50 per month to provide reports of Participant Firm activity, by trader. *See* Section N.3. of the Fee Schedule.

⁴ This provision formerly provided for a \$500 initial registration fee and \$500 annual fee (with no proration for partial years) for each off-floor trader who was engaged in proprietary securities trading for a Participant Firm for which the CHX is DEA.

- **Space Charges:** The rule changes relating to the new trading model provide that the Exchange will no longer be considered to have a physical trading floor from a regulatory perspective, although the current trading floor space will remain available for leasing by CHX participants (and ultimately perhaps by non-CHX participants). During the transitional period this fall, the existing billing structure for booth space, post space and electrical or structural modifications to such space will remain in place, through December 31, 2006. After that date, any applicable space charges will be incorporated into separate lease agreements between the Exchange and entities that lease space on the Exchange's former trading floor. *See* Section L. of the Fee Schedule. The Exchange is in the process of finalizing its comprehensive space plan for the former trading floor, including the terms under which it will offer space for lease to CHX participants. These terms, and corresponding lease documentation, will be available for consideration by CHX participants later this fall.

Discontinued Fees, Charges & Credits

The Fee Schedule will no longer include MAX connectivity fees, retail fees or specialist credits. Specialists fixed fees will also be discontinued, prorated to adjust for the transition to the Exchange's new trading model.

- (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 and is consistent with the allocation of dues, fees and other charges utilized by other self-regulatory organizations that have implemented trading platforms similar to the New Trading Model.

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.

Exhibits 2-4: Not applicable.

Exhibit 5: The complete text of the proposed rule change.⁵

⁵ Given the extent of the changes to the existing provisions, the Exchange believes that it could be confusing to mark the changes throughout the existing text. Accordingly, Exhibit 5 reflects the text of the proposed new Fee Schedule in its entirety, underlined to reflect addition of the entire revised Fee Schedule, and then indicates that the current fee schedule is to be [deleted] in its entirety, to be replaced by the underlined text.

SECURITIES AND EXCHANGE COMMISSION

**(Release No. 34-_____ ; File No. SR-CHX-2006-29)
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 28, 2006, 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. 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 revise its Schedule of Participant Fees and Credits (the “Fee Schedule”) to provide for fees, charges and credits contemplated by the new trading model (the “New Trading Model”) being implemented by the CHX this fall. The text of this proposed rule change is available on the Exchange’s website at http://www.chx.com/rules/proposed_rules.htm and in the Commission’s Public Reference Room, 100 F Street, NE, Washington, DC 20549.

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

Throughout 2006, the Exchange has been working on the design and development of a new trading model centered around a core matching system that will provide for fully automated electronic matching of orders, as well as corresponding rules and regulatory initiatives. The Exchange believes that its proposed rules relating to the new trading model¹ will soon be approved by the Commission, at which point the Exchange anticipates making the transition to the new trading model commencing in early October.

As further detailed in SR-CHX-2006-05, the Exchange's new trading model differs from the current CHX structure in several notable ways. First, the CHX will no longer operate from a traditional physical exchange floor, but rather will operate as an entirely electronic facility. Second, the CHX will no longer maintain a specialist program, in which specialists maintain books of orders in designated issues.² Finally, as noted above, orders will be matched by a fully automated matching system.

This fundamental shift in the Exchange's trading model necessitates equally fundamental changes in the Exchange's business model, including the fees, charges and credits that it assesses its participants. After significant deliberation, including a comprehensive review of other self-regulatory organizations and their respective billing

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² In the new trading model, participants may register as either market makers or institutional brokers (formerly known as floor brokers), or may simply operate as an unregistered order-sending firms that route orders to the CHX for execution.

structures, the Exchange has formulated a revised Fee Schedule that is intended to supplant the existing schedule.

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- **Institutional Broker Agency Fees:** Section E.3 outlines the fees that will be charged to the Participant Firm that executes an order through an Institutional Broker,

if the broker facilitates the execution of the order on the Exchange or in another market over ITS or any later linkage plan.

Credits

The Exchange's credit structure has been revised to adjust for the new trading model as well as Regulation NMS, which impacts allocation and payment of market data fees. *See* Section F. of the Fee Schedule.

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generated by liquidity-providing trades or crosses submitted to the Matching System by a Participant Firm in a particular Tape A or Tape B security.

Participant Services & Registration

- **Permit Fees:** Each Participant Firm will be required to hold only one Trading Permit per firm, regardless of the number of its registered representatives. The annual fee for each Trading Permit will increase to \$7,200 for each Trading Permit purchased or renewed after October 1, 2006. The Trading Permit cancellation fee will increase to the lesser of \$2,400 or \$600 for the remainder of the one-year term of the permit, effective with the renewal of each Trading Permit after October 1, 2006. *See* Section A. of the Fee Schedule.

- **SRO Fee:** This fee will increase nominally, from \$100/month to \$250/month. This fee is assessed per Trading Permit. *See* Section B. of the Fee Schedule.

- **DEA Fee:** The DEA examination fee will be \$1,000 per month for each Participant Firm. *See* Section J. of the Fee Schedule for applicable Market Regulation and Market Surveillance Fees.

- **Off-Exchange Trader:** There will be a \$500 annual fee for each trader who is engaged in proprietary securities trading for an off-Exchange Participant Firm that is solely a CHX Participant and for which the CHX is DEA. This fee will be pro-rated in the first year of a trader's registration, based on the quarter in which that registration occurs.⁴ *See* Section C of the Fee Schedule.

Technology/Connectivity/Space and Other Charges

- **Port Charge:** A port charge of \$400 per month will be assessed for each Participant give-up that has access through any Participant to the Matching System. A separate port charge will be assessed for each main and backup logical connection. Port charges will not be assessed for connection to the Matching System via Brokerplex. *See* Section D. of the Fee Schedule.
- **Broker Connectivity Charge/Credit:** All network and connectivity charges will be rebilled monthly to institutional brokers that access the network, based on the proportion of each firm's use of the network during the month. *See* Section M of the Fee Schedule. Until completion of the new trading model rollout, institutional brokers will be eligible for a monthly network/connectivity fee credit, equal to a total monthly credit of \$15,000, allocated among institutional broker firms based on each firm's respective percentage of total monthly transaction fee credits. *See* Section E.2. of the Fee Schedule.
- **Brokerplex Report Charge:** There will be a charge of \$50 per month to provide reports of Participant Firm activity, by trader. *See* Section N.3. of the Fee Schedule.
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booth space, post space and electrical or structural modifications to such space will remain in place, through December 31, 2006. After that date, any applicable space charges will be incorporated into separate lease agreements between the Exchange and entities that lease space on the Exchange's former trading floor. See Section L. of the Fee Schedule. The Exchange is in the process of finalizing its comprehensive space plan for the former trading floor, including the terms under which it will offer space for lease to CHX participants. These terms, and corresponding lease documentation, will be available for consideration by CHX participants later this fall.

Discontinued Fees, Charges & Credits

The Fee Schedule will no longer include MAX connectivity fees, retail fees or specialist credits. Specialists fixed fees will also be discontinued, prorated to adjust for the transition to the Exchange's new trading model.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(4) of the Act⁵ in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members and is in line with other self-regulatory organizations that have implemented trading platforms similar to the New Trading Model.

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.

⁵ 15 U.S.C. 78(f)(b)(4).

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 Act⁶ and subparagraph (f)(2) of Rule 19b-4 thereunder.⁷ 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.

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-2006-29 on the subject line.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(2).

Paper Comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-CHX-2006-29. 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-2006-29 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.⁸

Nancy M. Morris
Secretary

⁸ 17 CFR 200.30-3(a)(12).

Additions are underlined; deletions [bracketed].

PARTICIPANT FEES AND CREDITS

(Effective October 1, 2006, unless otherwise noted)

A. Trading Permit Fees

<u>Application fee</u>	<u>\$200/Trading Permit</u>
<u>Annual fee</u>	<u>\$6,000/Trading Permit/year,</u> <u>payable monthly in equal installments.</u> <u>(For annual trading permits in effect before</u> <u>October 1, 2006)</u>
	<u>\$7,200/Trading Permit/year,</u> <u>payable monthly in equal installments.</u> <u>(Effective with the purchase or renewal of each</u> <u>trading permit after October 1, 2006)</u>
<u>Trading Permit cancellation fee</u>	<u>\$2,400 or, if less, \$600/month for the remainder of</u> <u>the one-year term (Effective with the renewal of</u> <u>each trading permit after October 1, 2006).</u>

B. SRO Fee

\$250/Participant Firm/month

C. Registration Fees

<u>New Participant Firm registration</u>	<u>\$200</u>
<u>Change in business form</u>	<u>\$200</u>
<u>Off-Exchange traders</u>	<u>\$500 annual fee for each trader who is engaged in</u> <u>proprietary securities trading for an off-Exchange</u> <u>Participant Firm that is solely a CHX Participant</u> <u>and for which the CHX is DEA. This fee will be</u> <u>pro-rated in the first year of a trader's registration,</u> <u>based on the quarter in which that registration</u> <u>occurs.</u>
<u>Processing fees</u>	<u>Fingerprints</u> \$35 <u>Background checks</u> \$35 <u>Badge for access to</u> <u>CHX facilities</u> \$15

D. Matching System Port Charges

A port charge is assessed for each Participant give-up that has access through any Participant connection to the Matching System. (A separate port charge is assessed for each main and back-up connection). Port charges are not assessed for connections to the Matching System through Brokerplex.

Port charge

\$400/month

E. Transaction and Order Processing Fees**1. Matching System single order executions
(one-sided orders of 100+ shares)**

	<u>Fee if liquidity is taken from the Matching System</u>	<u>Rebate if liquidity is provided to the Matching System</u>
<u>Tape A issues</u>	<u>\$0.0028/share</u>	<u>\$0.0023/share</u>
<u>Tape B issues</u>	<u>\$0.0028/share</u>	<u>\$0.0025/share</u>
<u>Tape C issues</u>	<u>\$0.0028/share</u>	<u>\$0.0025/share</u>

These fees are charged (and rebates paid) to the Participant or ITS participant market that submits the order to the Matching System.

**2. Matching System crosses
(two-sided orders of any number of shares)**

<u>Tape A issues</u>	<u>No charge</u>
<u>Tape B issues</u>	<u>No charge</u>
<u>Tape C issues</u>	<u>No charge</u>
<u>A cross in any issue (Tape A, B or C) where an institutional broker is trading on a proprietary basis</u>	<u>\$.0007/share, charged to the institutional broker on the shares that the institutional broker is trading on a proprietary basis</u>

These fees apply to cross orders executed in the Matching System, as well as to any orders executed by institutional brokers outside of the Matching System as permitted by CHX rules.

3. Agency executions through an institutional broker

<u>Tape A issues</u>	<u>\$.0035/share, up to a maximum of \$100 per side</u>
<u>Tape B issues</u>	<u>\$.0035/share, up to a maximum of \$100 per side</u>
<u>Tape C issues</u>	<u>\$.0025/share, up to a maximum of \$100 per side</u>

These fees are charged to the Participant Firm that executes an order through an institutional broker (if the broker facilitates the execution of the order on the Exchange or in another market over ITS or any later linkage plan). If the institutional broker executes the order in the Matching System or as otherwise permitted by CHX rules, the institutional broker (not its customer) will be assessed applicable Matching System fees (see (1) and (2) above). If the institutional broker

executes the order over ITS, the broker (not its customer) will be assessed applicable outbound ITS charges.

4. Odd-lot Matching System fee
(single-sided orders of less than 100 shares)

<u>Tape A issues</u>	<u>\$.0040/share</u>
<u>Tape B issues</u>	<u>\$.0040/share</u>
<u>Tape C issues</u>	<u>\$.0040/share</u>

These fees are charged to the Participant that submits the order to the Matching System.

5. Fees assessed on the Exchange
pursuant to Section 31 of Act

<u>All issues</u>	<u>Rebilled at cost</u>
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6. Matching System routing fees

<u>Tape A issues routed to the NYSE through ITS or any linkage plan that supersedes ITS</u>	<u>\$.0003/share (for executed orders)</u>
<u>Tape B issues and Tape A issues routed to any market other than NYSE through ITS or any linkage plan that supersedes ITS</u>	<u>\$.0030/share (for executed orders)</u>
<u>All issues routed through the order routing service used by the Exchange</u>	<u>\$.0010/share, plus fees charges by other market centers (for executed orders)</u>

These fees are assessed for routing from the Matching System to another market when the execution of an order would (a) improperly trade through another market; (b) improperly lock or cross another market; or (c) is requested as part of a cross with satisfy or outbound ISO. These fees are charged to the Participant that sends the order to the Matching System.

7. Transaction and Order Processing Fees Associated with Securities Not Yet Traded in the Matching System

These fees will continue to be charged as the Exchange transitions to its new trading model, but will be eliminated as each issue transitions to the new trading model.

<u>NASD fees on cleared transactions</u>		<u>Rebilled at cost</u>
<u>Order processing fees</u>		
	<u>Odd lots</u>	<u>\$.30 per trade; \$800 maximum monthly fee</u>
	<u>Open limit orders</u>	<u>\$.25 per trade; assessed on execution</u>
<u>These order processing fees shall not apply to transactions, except for odd-lot transactions, in the stocks comprising the Standard & Poor's 500 Stock Price Index executed through MAX.</u>		
<u>Transaction fees</u>		
a.	<u>Market orders sent via MAX, except agency orders executed through floor brokers</u>	<u>No charge</u>
b.	<u>All orders sent via MAX in Tape B eligible issues or in the stocks comprising the Standard & Poor's Stock Price Index, except agency orders executed through floor brokers</u>	<u>No charge</u>
c.	<u>Executions by market makers</u>	<u>\$.0050 per share (up to a maximum of \$100 per side), subject to the fee reduction and fee cap described below.</u>
d.	<u>In Tape C securities, agency executions executed through a floor broker</u>	<u>\$.0025 per share (up to a maximum of \$100 per side), subject to the fee reduction and fee cap described below.</u>
e.	<u>In Tape A and Tape B issues, agency executions executed through a floor broker</u>	<u>\$.0035 per share (up to a maximum of \$100 per side), subject to the fee reduction and fee cap described below.</u>
f.	<u>All other MAX orders, except agency orders executed through floor brokers</u>	<u>First 500 shares: \$.00 Next 2,000 shares: \$.0075 Next 7,500 shares: \$.005 Remaining shares: \$.004 (up to a maximum of \$100 per side)</u>
g.	<u>The monthly maximum for transaction fees for orders sent via MAX, except agency orders executed through floor brokers is \$12,500 or, if less, \$.40 per 100 average monthly gross round lot shares.</u>	
h.	<u>The per-share fees described in (c), (d) and (e) above will be reduced on shares traded above a total monthly charge of \$150,000 (within each section) as follows:</u>	

	<p><u>Fees are reduced by 25% on additional shares traded that would otherwise generate a total monthly charge above \$150,000 and below \$200,000; Fees are reduced by 50% on additional shares traded that would otherwise generate a total monthly charge at or above \$200,000 and below \$250,000; and</u></p> <p><u>Fees are reduced by 75% on additional shares traded that would otherwise generate a total monthly charge at or above \$250,000.</u></p>
<p>i.</p>	<p><u>The transaction fees set forth in (c), (d) and (e) shall be subject to the following monthly maximums:</u></p> <p><u>If the order-sending firm has routed an average of 7,000-9,999 executed round lot orders per day in a given month to the Exchange via the MAX system, a maximum of \$40,000 for that month;</u></p> <p><u>If the order-sending firm has routed an average of 10,000-12,499 executed round lot orders per day in a given month to the Exchange via the MAX system, a maximum of \$35,000 for that month;</u></p> <p><u>If the order-sending firm has routed an average of 12,500-15,000 executed round lot orders per day in a given month to the Exchange via the MAX system, a maximum of \$30,000 for that month;</u></p> <p><u>If the order-sending firm has routed an average of more than 15,000 executed round lot orders per day in a given month to the Exchange via the MAX system, a maximum of \$25,000 for that month.</u></p>
<p>i.</p>	<p><u>An order-sending firm will not be eligible for any of the transaction fee caps or reductions set forth above if the number of orders cancelled during the subject month by the order-sending firm exceeds 50% of the order-sending firm's total CHX executions for the month.</u></p>
<p><u>Floor Broker as Principal Fees</u></p>	
<p><u>Floor Brokers acting as principal in a transaction shall pay a fee as follows for each order executed in such capacity:</u></p>	<p><u>First 500 shares: \$.00</u> <u>Next 2,000 shares: \$.0015</u> <u>Next 7,500 shares: \$.001</u> <u>Remaining shares: \$.0008</u> <u>(up to a maximum of \$20 per side)</u></p>
<p><u>Outbound ITS or linkage plan orders</u></p>	<p><u>\$.0030/share (for executed orders in Tape A securities routed to any market other than NYSE & Tape B securities)</u></p> <p><u>\$.0003/share (for executed orders in Tape A securities routed to NYSE)</u></p>

F. Credits**1. Market data rebates for trades in the Matching System**

Total fees owed by a Participant Firm to the Exchange will be reduced (and Participants will be paid for any unused credits) by the application of a tape credit.

“Tape credit” means 50% of monthly tape revenue from the Consolidated Tape Association (less all direct CTA costs) generated by liquidity-providing trades or Crosses submitted to the Matching System by the Participant Firm in a particular Tape A or Tape B security.

Tape credits will be applied on a quarterly basis, after the Exchange receives its payments from the reporting plans. To the extent that CHX tape revenue is subject to a year-end adjustment, tape credits may be adjusted accordingly.

Because institutional brokers receive the transaction fee credits set out below, no tape credits are available to institutional brokers.

2. Institutional broker credits

Total monthly fees owed by an institutional broker to the Exchange will be reduced (and institutional brokers will be paid for any unused credits) by the application of a transaction fee credit. In addition, until the completion of the new trading model rollout, total monthly fees owed by an institutional broker to the Exchange will be reduced (and institutional brokers will be paid for any unused credits) by the application of a network/connectivity fee credit.

“Transaction fee credit” means 18% of the transaction fees received by the Exchange each month for agency trades executed through the institutional broker.

“Network/connectivity fee credit” means a total monthly credit of \$15,000, allocated among institutional brokerage firms based on each firm’s respective percentage of total monthly transaction fee credits.

3. Specialist Credits

These credits will continue to be available to specialists in issues that they trade as specialist during the transition to the new trading model. As an issue moves into the Matching System for trading, these credits will be pro-rated or eliminated for that issue, based on the date that the issue makes its transition to the Matching System.

Total monthly fees owed by a specialist to the Exchange will be reduced (and specialists will be paid each month for any unused credits) by the application of a Transaction Credit.

“Transaction Credit” means 50% of monthly tape revenue from the Consolidated Tape Association (less all direct CTA costs) generated by a particular Tape A or Tape B security, with the exception of tape revenue generated by a particular institutional broker. To the extent that CHX tape revenue is subject to a year-end adjustment, specialist credits may be adjusted accordingly.

“Tape A security” is any security reported on Tape A of the Consolidated Tape Association. “Tape B security” is any security reported on Tape B of the Consolidated Tape Association.

4. Two-Sided Quote Providers

Through October 31, 2006, total monthly fees owed by a Two-Sided Quote Provider will be reduced (and these participants will be paid each month for any unused credits) by a credit of \$3,000 per month.

5. Credits Not Available if Exchange Bill Not Paid

Notwithstanding the provisions of Sections 1 and 2 above, a Participant Firm shall not be eligible to earn credits under this Section F for any month when payment of the Participant’s Exchange bill (from one or more previous months) is more than 60 days past due. If a Participant Firm has not paid an Exchange bill because it is contesting one or more Exchange charges, and if the Participant Firm pays all uncontested charges, the Exchange shall separately identify any credits that might be available to the Participant under sections 1-4 above and (a) if the Participant Firm ultimately prevails in its contest of Exchange charges, the credits will be credited to the Participant’s account; and (b) if the Participant Firm does not ultimately prevail in its contest of Exchange charges, the credits will be forfeited.

G. Co-location Fees

These fees are assessed for equipment owned by Participants and by other service providers (including marketplaces) that is stored on Exchange premises for any use, including sending orders to the Exchange.

Space

<u>Shelf (1U)</u>	<u>\$150 (one-time fee); \$45/month</u>
<u>Shelf (2U)</u>	<u>\$150 (one-time fee); \$80/month</u>

<u>Rack mount (1U)</u>	<u>\$150 (one-time fee); \$45/month</u>
<u>Each additional 1U of cabinet space up to 4U</u>	<u>\$20 (one-time fee); \$35/month</u>
<u>Rack mount (4U)</u>	<u>\$200 (one-time fee); \$140/month</u>
<u>Quarter cabinet (10U)</u>	<u>\$250 (one-time fee); \$180/month</u>
<u>Half cabinet (21 U)</u>	<u>\$275 (one-time fee); \$300/month</u>
<u>Full cabinet (42U)</u>	<u>\$300 (one-time fee); \$500/month</u>

Data connections

<u>POTS line (2-wire) x-connect</u>	<u>\$50 (one-time fee); \$10/month</u>
<u>ISDN line (2-wire) x-connect</u>	<u>\$50 (one-time fee); \$10/month</u>
<u>T1 (4-wire) x-connect</u>	<u>\$75 (one-time fee); \$20/month</u>
<u>Ethernet network cable</u>	<u>\$125 (one-time fee); \$25/month</u>
<u>CHX network connection</u>	<u>\$150 (one-time fee); \$50/month</u>

H. Clearing Support Fees

These fees are charged to Participant Firms for which the Exchange provides back-office clearing services. The minimum clearing support fee is \$600/month.

1. Account fees

<u>First master account fee</u>	<u>\$500/month</u>
<u>Add'l master account fee</u>	<u>\$300/account/month</u>
<u>Sub-account fee</u>	<u>\$100/account/month</u>

2. Trade processing fees \$.0015/share, up to \$100 per side

These fees are charged for transactions that are executed by an institutional broker in securities that are not listed or traded UTP on the Exchange but are processed by the Exchange's clearing systems.

I. Listing Fees

<u>1. Original listings</u>	<u>\$15,000 per issue of common stock</u>
	<u>\$2,500 per issue of preferred stock</u>
	<u>\$15,000 per warrant, if issued alone</u>
	<u>\$2,500 per warrant, if issued in addition to common stock</u>

	<u>\$2,500 per issue of Purchase Rights Plans</u>
2. <u>Annual maintenance</u>	<u>\$.05/thousand shares to maintain listing; applicable in the year following original listing. The minimum annual maintenance fee is \$1,250 per issue; the maximum annual maintenance fee is \$3,000 per issue.</u>
3. <u>Supplemental listing</u>	<u>\$.005/share. There is a \$7,500 maximum and a \$250 minimum charge per application, with a \$15,000 maximum per twelve month period.</u>
4. <u>Miscellaneous</u>	<u>\$2,500 for name changes, changes in the state of incorporation and situations considered to be technical original listings.</u>

J. Market Regulation and Market Surveillance Fees

1. <u>Fines</u>	<u>Assessed for rule violations</u>
2. <u>Financial reports (Article 7, Rule 4)</u>	<u>\$30/report for professional fees</u>
3. <u>Field examinations (more than one/year)</u>	<u>\$85/day for professional fees, plus actual living expenses up to a maximum of \$35/day, plus actual travel expenses.</u>
4. <u>DEA examination fees</u>	<u>\$1,000/Participant Firm/month</u>
5. <u>Fees for NASD-provided services (paid directly to NASD)</u>	
<u>Continuing Education</u>	
<u>Regulatory Element</u>	<u>\$75.00</u>
<u>Series 7 Examination</u>	<u>\$250.00</u>
<u>Series 7A Examination (includes NYSE development fee)</u>	<u>\$250.00</u>
<u>Series 27 Examination</u>	<u>\$85.00</u>

K. Specialist Fixed Fees

These fees will continue to be charged on securities traded by specialists as the Exchange transitions to its new trading model. To determine the amount of the fixed fee during each month of this transition period, the Exchange will calculate the aggregate fixed fees for the month based on the total number of issues traded by specialists as of the day before the Exchange begins to trade the first specialist-traded security in the new model. The Exchange then will only charge a specialist firm the fixed fees associated with the securities that it traded as specialist during each month, prorating the fee based on the date that an issue makes its transition to the Matching System for trading, as applicable.

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:

$$\text{Fixed Fee Per Dual Trading System Security} = \frac{\$450,000 \times \text{Percent of Fixed Costs Per Tier} \times (\text{CTA Trade Volume Per Security} / \text{CTA Trade Volume Per Tier})}{1}$$

The base fee due from a specialist firm shall be increased by \$.0024 per share for all MAX-executed shares above 20 million shares, subject to a maximum increase of \$30,000 per specialist firm.

"Percent of Fixed Costs Per Tier" is taken from the following table:

<u>Tier</u>	<u>Description of Tier</u>	<u>Percent of Fixed Costs Per Tier</u>
<u>1</u>	<u>1-25 Most Active Securities</u>	<u>17%</u>
<u>2</u>	<u>26-100</u>	<u>18%</u>
<u>3</u>	<u>101-200</u>	<u>15%</u>
<u>4</u>	<u>201+</u>	<u>50%</u>

Classification of a particular security for a particular Tier is based on the total number of trades reported to the Consolidated Tape Association in such security for a specific month.

"CTA Trade Volume Per Security" means the total number of trades reported to the Consolidated Tape Association in a specific security for a specific month.

"CTA Trade Volume Per Tier" means the total number of trades reported to the Consolidated Tape Association in all securities classified in a particular Tier for a specific month.

"Tape B Exemption Eligible Security" is any Tape B issue which averages fewer than 400 trades per day in the national market system on an average daily basis during the applicable three-

month measuring period. The CHX shall make a semi-annual determination of a security's eligibility based on the most recent available data for the three-month period preceding the determination date. Any Tape B issue which has been traded in the national market system for less than three months (or for which three months' data is unavailable) is expressly excluded from this definition.

These fixed fees shall not be assessed to a firm with respect to securities that are temporarily assigned.

L. Space Charges

These fees shall remain in place through December 31, 2006, when any applicable fees will be part of separate agreements between the Exchange and entities that lease space on the Exchange's former trading floor.

<u>Booth Space</u>	<u>The expense to the Exchange of leasing the space occupied by the booths shall be allocated pro rata based on usage among all floor Participants on a monthly basis. Each Participant's portion shall be determined based on the percentage of actual square footage of floor booth space occupied by each Participant.</u>
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<u>Post Space</u>	<u>The expense to the Exchange of leasing the post space shall be allocated pro rata based on usage among all floor Participants on a monthly basis. Each Participant's portion shall be determined based on the percentage of actual square footage of the post space occupied by each Participant.</u>
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Electrical or structural modifications will be rebilled at cost.

M. Equipment, Information Services and Technology Charges

These fees shall remain in place through December 31, 2006, when any applicable fees either will be part of separate agreements between the Exchange and entities that lease space on the Exchange's former trading floor or will be reflected in other sections of this Schedule.

<u>Technical Equipment</u> <u>(per month)</u>	<u>PC (with 1-2 monitor connections)</u>	<u>\$100</u>
	<u>PC (with 3+ monitor connections)</u>	<u>\$125</u>
	<u>Pentium 450 PC</u>	<u>\$70</u>
	<u>Laptop</u>	<u>\$150</u>
	<u>15" flat-panel monitor</u>	<u>\$15</u>
	<u>17" flat-panel monitor</u>	<u>\$24</u>
	<u>18/19" flat-panel monitors</u>	<u>\$32</u>
	<u>17" CRT monitor</u>	<u>\$10</u>
	<u>21" CRT monitor</u>	<u>\$15</u>

<u>Ticket printer</u>	<u>\$49.95</u>
<u>New laser printer</u>	<u>\$57</u>
<u>Voice recording of telephone conversations</u>	<u>\$20/phone</u>

CHX-ProvidedConnectivity

(per month)

<u>CHX network (dual-port)</u>	<u>\$60</u>
<u>FIS</u>	<u>\$30</u>
<u>Chaos</u>	<u>\$30</u>

Telephone Charges Rebilled at costTime clocks \$15/monthCable TV Rebilled at costCME/SPY Rebilled at costAccess and connection to financial information services or research & analytics providers Rebilled at cost

<u>Trader Accounting System</u>	<u>CPU time:</u>	<u>\$.02240/second</u>
	<u>Elapsed time:</u>	<u>\$.0031/second</u>
	<u>Disk space used:</u>	<u>\$.00011/block</u>
		<u>\$50/hour after 4 hours of support/month</u>

Recap reports delivered through RJE transmission \$300/monthExecution quality reports prepared by third parties Rebilled at cost

MAX connection charges If the Exchange incurs direct costs relating to a Participant's connection to the MAX System, including costs associated with installation of equipment, telecommunication lines, telecommunication services and maintenance charges, such costs will be rebilled to the Participant at cost, provided, however, that the Exchange will not seek reimbursement of those connection-related costs deemed reasonable and necessary by the Exchange if the Participant to which the costs are allocable has routed an average of not less than

	<u>100,000 trades per month to the Exchange via the MAX System, during the 6 months preceding the billing date.</u>
<u>MAX access charge</u>	<u>\$3,000 per access point, allocated pro rata among the firms that gain access to the Exchange's MAX system through that access point.</u>
<u>Retention of electronic communications</u>	<u>\$25/month/active mailbox</u> <u>\$20/month/inactive mailbox</u>
	<u>\$200 per disk for offline optical disk storage (5.2GB), if requested</u>
	<u>\$300 per disk for offline optical disk storage (9.1GB), if requested</u>
<u>Institutional broker network & connectivity charges</u>	<u>All network and connectivity charges will be re-billed monthly to institutional brokers that access the network, based on the proportion of each firm's use of the network during the month. See F.2. regarding available network/connectivity credits.</u>

N. Supplies, Rulebooks and Reports

<u>1. Trading forms</u>	<u>Rebilled based on usage</u>
<u>2. CCH Rulebook</u>	<u>Rebilled per subscription</u>
<u>3. Brokerplex reports</u>	<u>\$50/month fee to provide reports of Participant Firm activity by trader</u>
<u>4. Trade and order data</u>	<u>Rebilled at cost</u>

O. Late Fees

A charge of 1½%/month (equivalent to an annual rate of 18%) on the outstanding balance will be assessed on past due accounts. This fee will be assessed 10 days from the due date of the fees, dues or assessments in arrears.

[Note: Entire text of current Fee Schedule (Sections A-M) is deleted in its entirety, to be replaced by text underlined above.]