

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 checked="" type="checkbox"/>	Section 19(b)(3)(A) <input 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"/>			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
Date Expires <input type="text"/>			<input 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).

**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 to trade, pursuant to unlisted trading privileges, the Shares, which are units of fractional undivided beneficial interest in, and ownership of, the streetTRACKS® Gold Trust (the “Trust”).<sup>1</sup> The text of the proposed rule change is set out below.

## ARTICLE XXX

### Specialists

\* \* \*

### Trading in Equity Gold Shares

RULE 24. (a) The member organization acting as specialist in equity gold shares is obligated to conduct all trading in equity gold shares in its specialist account, subject only to the ability to have one or more investment accounts, all of which must be reported to the Exchange. In addition, the member organization acting as specialist in equity gold shares must file with the Exchange, in a manner prescribed by the Exchange, and keep current, a list identifying all accounts for trading physical gold, gold futures, options on gold futures or any other gold derivative, which the member organization acting as specialist may have or over which it may exercise investment discretion. No member organization acting as specialist in equity gold shares shall trade in physical gold, gold futures, option on gold futures or any other gold derivative, in an account in which a member organization acting as specialist, directly or indirectly, controls trading activities or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this rule.

(b) No member or member organization acting as a specialist, co-specialist or relief specialist and no partner, officer or director of such member organization shall act as a market maker or function in any capacity involving market making responsibilities in physical gold, gold futures, options on gold futures or any other gold derivative.

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<sup>1</sup> streetTRACKS is a registered service mark of State Street Corporation.

(c) In addition to the existing obligations under Exchange rules regarding the production of books and records, the member organization acting as specialist in equity gold shares shall make available to the Exchange such books, records or other information pertaining to transactions by the specialist firm, the co-specialist, the relief specialist or any partner, officer or director in the specialist firm for its or their own accounts in physical gold, gold futures, options on gold futures or any other gold derivative, as may be requested by the Exchange.

(d) In connection with trading physical gold, gold futures, options on gold futures or any other gold derivative (including equity gold shares), the member organization acting as specialist in equity gold shares shall not use any material nonpublic information received from any person associated with a member or any employee of such person regarding trading by that person in physical gold, gold futures, options on gold futures or any other gold derivative.

\* \* \*

(b) Not applicable.

(c) Not applicable.

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

The Executive Committee of the Exchange's Board of Governors unanimously approved these proposed changes as of December 3, 2004.

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

(a) The Exchange proposes to trade the Shares pursuant to unlisted trading privileges. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust. The Trust holds gold as an asset. Its investment objective is for the Shares to reflect the performance of the price of gold bullion, less the Trust's expenses. The Trust's Sponsor, World Gold Trust Services, LLC, believes that, for many investors, the Shares will represent a cost-effective investment in gold.

Throughout this submission, in describing information about the Shares and the gold market, the Exchange incorporates information contained in the Prospectus relating to the Shares, dated November 16, 2004 (the "Prospectus"), and in the Commission's approval order relating to the

listing and trading of the Shares by the New York Stock Exchange (“NYSE”)(the “Approval Order”).<sup>2</sup>

## 1. The Gold Market.

As described in the Prospectus and the Approval Order, the global trade in gold consists of over-the-counter (“OTC”) transactions in spot, forwards and options and other derivatives, together with exchange-traded futures and options.

The OTC market trades on a 24-hour per day continuous basis and accounts for most global gold trading. This market has no formal structure and no open-outcry meeting place.<sup>3</sup> Liquidity in this market can vary from time to time during the course of the 24-hour trading day. As noted in the Prospectus, fluctuations in liquidity are reflected in adjustments to dealing spreads – the differential between a dealer’s “buy” and “sell” prices. The period of greatest liquidity in the gold market generally occurs at the time of day when trading in the European time zones overlaps with trading in the United States, which is when OTC market trading in London, New York and other centers coincides with trading on the COMEX division of the New York Mercantile Exchange (“NYMEX”). This period lasts for approximately four hours each New York business day morning.

According to the Approval Order, the most significant futures exchanges that trade gold are the COMEX division of NYME and the Tokyo Commodity Exchange (“TOCOM”). Trading on these exchanges is based on fixed delivery dates and transaction sizes for the futures and options contracts traded. Both exchanges permit trading on margin. COMEX operates through a central clearance system; TOCOM has a similar clearing system. In each case, the exchange acts as a counterparty for each member for clearing purposes.<sup>4</sup>

## 2. Trust Management and Structure.

The Exchange proposes to amend its rules to permit the trading pursuant to unlisted trading privileges of Shares, which represent units of fractional undivided beneficial interest in, and ownership of, the Trust. As noted above, the purpose of the Trust is to hold gold bullion. The investment

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<sup>2</sup> See Release No. 34-50603 (October 28, 2004), 69 FR 64614 (November 15, 2004).

<sup>3</sup> The main centers of the OTC market are London, New York and Zurich. Bullion dealers have offices around the world and most of the world’s major bullion dealers are either members or associated members of the London Bullion Market Association (“LBMA”).

<sup>4</sup> The regulation of the gold market is described in the Approval Order at pages 5-6.

objective of the Trust is for the Shares to reflect the performance of the price of gold bullion, less the expenses of the Trust's operations.

The Trust is an investment trust and is not managed like a corporation or an active investment vehicle. The Trust is not a registered investment company under the Investment Company Act and, according to the Prospectus, is not required to register as an investment company under the Act. The Trust has no board of directors or officers or persons acting in a similar capacity.

World Gold Trust Services, LLC, a wholly-owned limited liability company of the World Gold Council, is the Sponsor of the Trust.<sup>5</sup> The Bank of New York is the trustee of the Trust ("Trustee"), HSBC Bank USA, an indirect, wholly-owned subsidiary of HSBC Holdings plc, is the custodian of the Trust ("Custodian") and State Street Global Markets LLC, a wholly-owned subsidiary of State Street Corporation, is the marketing agent of the Trust ("Marketing Agent"). The Marketing Agent and the Custodian are registered broker-dealers. UBS Securities LLC is to be the initial purchaser of the Shares ("Initial Purchaser"), as described below.

### 3. Trust Expenses and Management Fees.

Generally, the assets of the Trust will be sold to pay Trust expenses and management fees. These expenses and fees will reduce the value of an investor's Share as gold bullion is sold to pay such costs. Ordinary operating expenses of the Trust include (1) fees paid to the Sponsor; (2) fees paid to the Trustee; (3) fees paid to the Custodian; (4) fees paid to the Marketing agent; and (5) various Trust administration fees, including printing and mailing costs, legal and audit fees, registration fees and NYSE listing fees. The Trust's estimated ordinary operating expenses are accrued daily and reflected in the NAV of the Trust.

### 4. Description and Characteristics of the Shares

#### a. Liquidity.

The Shares currently will trade on the Exchange, and on one or more other national securities exchanges, until 3:15 p.m., Central Time. Trading on the COMEX ends at 12:30 p.m., Central Time, at which time the liquidity in the OTC market for gold will be reduced. During this time, trading spreads and the resulting premium or discount on the Shares may widen as a result of the reduced liquidity in the OTC gold market.

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<sup>5</sup> The World Gold Council is a not-for-profit association registered under Swiss law.

Because of the potential for arbitrage inherent in the structure of the Trust, the Sponsor believes that the Shares will not trade at a material discount or premium to the underlying gold held by the Trust.

b. Creation and Redemption of Trust Shares.

The Trust will create Shares on a continuous basis only in aggregations of 100,000 Shares (a “Basket”).<sup>6</sup> Authorized Participants are the only persons that may place orders to create and redeem Baskets. According to the Prospectus, Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, which are not required to register as broker-dealers to engage in securities transactions and (2) participants in the Depository Trust Company. To become an Authorized Participant, a person must enter into a Participant Agreement with the Sponsor and the Trustee.

To purchase a Basket, an Authorized Participant must agree to deposit gold with the Trust, or a combination of gold and cash.<sup>7</sup> The total deposit required to create each Basket (the “Creation Basket Deposit”) will be an amount of gold and cash, if any, that is in the same proportion to the total assets of the Trust (net of estimated accrued but unpaid fees, expenses and other liabilities) on the date the order to purchase is properly received as the number of Shares to be created under the purchase order is in proportion to the total number of Shares outstanding on the date the order is received. The Sponsor has stated that it believes that, in the ordinary course of the Trust’s operations, a cash deposit will not be required for the creation of Baskets.

The procedures by which an Authorized Participant can redeem one or more Baskets will mirror the procedures for the creation of Baskets. To redeem a Basket, an Authorized Participant agrees to deliver the Baskets to be redeemed through DTC’s book-entry system to the Trust. The redemption distribution from the Trust will consist of a credit to the

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<sup>6</sup> The Trust will impose transaction fees in connection with each creation and redemption transaction.

<sup>7</sup> The amount of the required gold deposit is determined by dividing the number of ounces of gold held by the Trust by the number of Baskets outstanding, as adjusted for certain estimated accrued, but unpaid fees and expenses. The amount of any cash deposit is determined as follows: (1) the fees, expenses and liabilities of the Trust will be subtracted from any cash held or receivable by the Trust as of the date an Authorized Participant places an order to purchase one or more Baskets (a “Purchase Order”); (2) the remaining amount will be divided by the number of Baskets outstanding and then multiplied by the number of Baskets being created pursuant to the Purchase Order. If the resulting amount is positive, that amount will be the required cash deposit. If the resulting amount is negative, the amount of the required gold deposit will be reduced by a number of fine ounces of gold equal in value to that resulting amount, determined by reference to the price of gold used in calculating the NAV of the Trust on the Purchase Order date. Fractions of an ounce of gold of less than .001 of an ounce included in the gold deposit will be disregarded.

redeeming Authorized Participant's account representing the amount of the gold held by the Trust evidenced by the Shares being redeemed plus or minus a cash redemption amount.<sup>8</sup>

The Trustee will determine the net asset value ("NAV") and daily adjusted NAV ("ANAV") of the Trust on each day that the New York Stock Exchange ("NYSE") is open for trading, at the earlier of the London PM Fix for that day or 12:00 PM New York time. The NAV of the Trust is the aggregate value of the Trust's assets less its estimated accrued, but unpaid, liabilities. In determining the Trust's NAV, the Trustee will value the gold held by the Trust based on the London PM Fix price for an ounce of gold. Once the value of the gold has been determined, the Trustee will determine the ANAV by subtracting all estimated accrued, but unpaid, fees (other than the fees to be computed by reference to the ANVA or custody fees based on the value of the gold held by the Trust), expenses and other liabilities of the Trust from the total value of the gold and all other assets of the Trust (other than any amounts credited to the Trust's reserve account, if established). The ANAV is used to compute the fees paid to the Trustee, the Sponsor and the Marketing Agent.

To determine the Trust's NAV, the Trustee will subtract, from the ANAV, the amount of estimated accrued, but unpaid, fees computed by reference to the ANAV of the Trust and to the value of the gold held by the Trust. The Trustee will determine the NAV per Share by dividing the Trust's NAV by the number of Shares outstanding as of the close of trading on the New York Stock Exchange ("NYSE").

The Exchange understands that UBS Securities LLC, the Purchaser, was expected to purchase the Underwritten Shares and one or more Seed Baskets, subject to certain conditions. Total proceeds to the Trust from the sale of the Underwritten Baskets were to be a specified amount of gold. In connection with the offering and sale of the Underwritten Shares, the Purchaser will be paid a fee by the Sponsor and may also receive other fees from the Sponsor (to be paid in the sole discretion of the Sponsor, depending on the success of the Trust) or from investors, through their commission/fee-based brokerage accounts.

c. Information About Underlying Gold Holdings.

The last sale price for the Shares will be disseminated over the Consolidated Tape by each market trading the Shares. The Exchange understands that there is a considerable amount of gold price and gold market information available on public websites and through various

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<sup>8</sup> The cash redemption amount is equal to the value of all assets of the Trust other than gold less all estimated accrued, but unpaid, expenses and other liabilities, divided by the number of Baskets outstanding and multiplied by the number of Baskets included in the Authorized Participant's redemption order.

services. Real-time information is most often only available for a fee.<sup>9</sup> In addition, the Exchange, via a link to the Trust's website, will provide at no charge continuously updated bids and offers indicative of the spot price of gold. The Exchange understands that the Trust's website will provide a calculation of the estimated NAV (also known as the Intraday Indicative Value or IIV) of a Share as calculated by multiplying the indicative spot price of gold by the quantity of gold backing each Share. Comparing the IIV with the last sale price of the Shares may help an investor determine whether, and to what extent, Shares may be selling at a premium or a discount to NAV. The Exchange understands that the indicative spot price and IIV per Share will be provided on an essentially real-time basis.<sup>10</sup> The Exchange also understands that the Trust website will also provide the NAV of the Trust as calculated each business day by the Sponsor, as well as other information.<sup>11</sup>

## 5. Initial Share Issuance and Continued Listing

The Exchange understands that a minimum of three Baskets was outstanding at the commencement of trading on the NYSE. The number of Shares per Basket is 100,000.

The Exchange will cease trading the Shares if (a) the value of gold is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the Sponsor, the Trust, the Custodian, the Marketing Agent or the Exchange or the Exchange stops providing the hyperlink on the Exchange's website to any such unaffiliated gold value; (b) the IIV is no longer made available on at least a 15-second delayed basis; or (c) any other event occurs or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.<sup>12</sup> In addition, the Exchange will remove the Shares from

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<sup>9</sup> See Approval Order at 11-12.

<sup>10</sup> The Exchange understands that the Trust's website will disseminate an indicative spot price of gold and the IIV and indicate that these values are subject to an average delay of 5 to 10 seconds.

<sup>11</sup> The Exchange understands that the Trust's website will contain the following information on a per-Share basis, for the Trust: (a) the IIV as of the close of the prior business day and the mid-point of the bid-ask price in relation to such IIV (the "Bid-Ask Price") and a calculation of the premium or discount of the price against the IIV; and (b) data, in chart format, displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the IIV, within specific ranges, for each of the four previous calendar quarters. (The Bid-Ask Price is determined using the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day IIV). The Trust's website also will provide the Trust's Prospectus, as well as the two most recent reports to stockholders and the last sale price of the Shares as traded in the United States market, subject to a 20-minute delay.

<sup>12</sup> If the Exchange were the listing market for the Shares, the Exchange would consider the removal from listing of the Shares if there are fewer than 50 record and/or beneficial holders of the shares for 30 or more consecutive trading days.

trading upon termination of the Trust or upon the termination of listing of the Shares on their listing market.

## 6. Exchange Trading Rules and Policies

Unless the context otherwise requires, the provisions of the Exchange's constitution and all other rules and policies of the Board of Governors are applicable to the trading on the Exchange of the Shares. The Shares are included within the definition of "security" or "securities" as those terms are used in the constitution and rules of the Exchange

The Exchange is proposing new Rule 24, in Article XXX, to set out new obligations with respect to a specialist's trading of the Shares. First, the member organization acting as specialist in the Shares is obligated to conduct all trading in the Shares in its specialist account, subject only to the ability to have one or more investment accounts, all of which must be reported to the Exchange. In addition, the member organization acting as specialist in the Shares must file with the Exchange, in a manner prescribed by the Exchange, and keep current, a list identifying all accounts for trading physical gold, gold futures, options on gold futures or any other gold derivative, which the member organization acting as specialist may have or over which it may exercise investment discretion. Under the proposed rule, no member organization acting as specialist in the Shares may trade in physical gold, gold futures, option on gold futures or any other gold derivative, in an account in which a member organization acting as specialist, directly or indirectly, controls trading activities or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange.

Additionally, the proposed rule would provide that no member or member organization acting as a specialist, co-specialist or relief specialist in the Shares and no partner, officer or director of such member organization may act as a market maker or function in any capacity involving market making responsibilities in physical gold, gold futures, options on gold futures or any other gold derivative.

Further, in addition to the existing obligations under Exchange rules regarding the production of books and records, the proposed rule would require the member organization acting as specialist in the Shares to make available to the Exchange such books, records or other information pertaining to transactions by the specialist firm, the co-specialist, the relief specialist or any partner, officer or director in the specialist firm for its or their own accounts in physical gold, gold futures, options on gold futures or any other gold derivative, as may be requested by the Exchange.

Finally, the proposed rule would provide that, in connection with trading physical gold, gold futures, options on gold futures or any other gold derivative (including equity gold shares), the member organization acting as specialist in the Shares must not use any material nonpublic information received from any person associated with a member or any employee of such person regarding trading by that person in physical gold, gold futures, options on gold futures or any other gold derivative.

The Shares are subject to the Exchange's rule relating to trading halts due to extraordinary market volatility (Article IX, Rule 10A) and the Exchange's rule which allows Exchange officials to halt trading in specific securities, under certain circumstances (Article IX, Rule 10(b)). In exercising the discretion described in Article IX, Rule 10(b), appropriate Exchange officials may consider a variety of factors, including the extent to which trading is not occurring in gold or whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

Trading in the Shares on the Exchange will normally occur until 3:15 p.m. each business day. The minimum trading increment for Shares on the Exchange will be \$.01.

#### 7. Surveillance

The Exchange's surveillance procedures for reviewing trading that occurs in the Shares will be comparable to the procedures used for reviewing trading in other securities on the Exchange. In addition, for intermarket surveillance purposes, the Exchange has entered into a memorandum of understanding with NYMEX, of which the COMEX is a division, that permits the sharing of information relating to products based, in whole or in part, upon an interest in, or the performance of the market for, gold. The rules described above that relate to the obligations of the specialist assigned to trade the Shares, particularly the rules that require the specialist to provide information to the Exchange will aid in the Exchange's ability to review the conduct of the specialist.

#### 8. Suitability

Under Article VIII, Rule 25 of the Exchange's rules, in recommending to a customer the purchase, sale or exchange of the Shares, the member must have reasonable grounds for believing that the recommendation is suitable for the customer.

## 9. Information Circular

The Exchange will issue a Notice to Members in connection with the trading of the Shares. The notice will describe the characteristics of the Shares and the risks of trading this type of security. Specifically, the notice, among other things, will discuss what the Shares are; how a Basket is created and redeemed; any requirement that members and member firms deliver a prospectus to investors purchasing the Shares prior to, or concurrently with, the confirmation of a transaction; applicable Exchange rules; dissemination of information regarding the indicative price of gold and IIV; trading information; the applicability of Article VIII, Rule 25 regarding suitability; and any relief granted by the Commission or the staff from any rules under the Act.<sup>13</sup> The notice will also explain that the Trust is subject to various fees and expenses described in the Registration Statement and Prospectus and that the number of ounces of gold required to create a Basket or to be delivered by the Trust upon the redemption of a Basket will gradually decrease over time because the Shares comprising a Basket will represent a decreasing amount of gold due to the sale of the Trust's gold to pay the Trust's expenses. The notice will also note the fact that there is no regulated source of last sale information regarding physical gold and that the Commission has no jurisdiction over the trading of gold as a physical commodity. Finally, the notice will disclose that the NAV for the Shares will be calculated as of the earlier of the London PM Fix for that day or 12:00 PM New York time each day that the NYSE is open for trading.

- (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). In particular, the proposed changes are consistent with Section 6(b)(5) of the Act, because they would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest by allowing the Exchange to trade securities that are listed and/or traded by other markets, while at the same time putting in place trading rules that allow the Exchange to conduct required surveillance of the trading that occurs.

## 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.

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<sup>13</sup> In describing the procedures for creating and redeeming a Basket, the notice will state that Shares are not individually redeemable but are redeemable only in Basket-size aggregations.

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 Exchange requests that the Commission find that there is good cause to accelerate approval and effectiveness of this filing pursuant to Section 19(b)(2) of the Act. The CHX believes that good cause exists for such relief because this proposal will allow the Exchange to trade securities that are listed and/or traded by other markets, while at the same time putting in place trading rules that are similar to those used by other markets and that allow the Exchange to conduct required surveillance of the trading that occurs.

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

The proposed rule change is substantially similar to rules adopted by the New York Stock Exchange for the trading of the Shares. *See* Release No. 34-50603 (October 28, 2004), 69 FR 64614 (November 5, 2004).

9. **Exhibits**

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

Exhibits 2-5: Not applicable.

**Exhibit 1**

**SECURITIES AND EXCHANGE COMMISSION**

**(Release No. 34-\_\_\_\_; File No. SR-CHX-2004-41)  
SELF-REGULATORY ORGANIZATIONS**

**Proposed Rule Change By The Chicago Stock Exchange, Incorporated Relating to  
Trading of Equity Gold Shares**

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 December 20, 2004, 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 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 trade, pursuant to unlisted trading privileges, the Shares, which are units of fractional undivided beneficial interest in, and ownership of, the streetTRACKS® Gold Trust (the “Trust”).<sup>1</sup>

**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

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<sup>1</sup> streetTRACKS is a registered service mark of State Street Corporation.

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 proposes to trade the Shares pursuant to unlisted trading privileges. The Shares represent units of fractional undivided beneficial interest in, and ownership of, the Trust. The Trust holds gold as an asset. Its investment objective is for the Shares to reflect the performance of the price of gold bullion, less the Trust's expenses. The Trust's Sponsor, World Gold Trust Services, LLC, believes that, for many investors, the Shares will represent a cost-effective investment in gold.

Throughout this submission, in describing information about the Shares and the gold market, the Exchange incorporates information contained in the Prospectus relating to the Shares, dated November 16, 2004 (the "Prospectus"), and in the Commission's approval order relating to the listing and trading of the Shares by the New York Stock Exchange ("NYSE")(the "Approval Order").<sup>2</sup>

a. The Gold Market.

As described in the Prospectus and the Approval Order, the global trade in gold consists of over-the-counter ("OTC") transactions in spot, forwards and options and other derivatives, together with exchange-traded futures and options.

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<sup>2</sup> See Release No. 34-50603 (October 28, 2004), 69 FR 64614 (November 15, 2004).

The OTC market trades on a 24-hour per day continuous basis and accounts for most global gold trading. This market has no formal structure and no open-outcry meeting place.<sup>3</sup> Liquidity in this market can vary from time to time during the course of the 24-hour trading day. As noted in the Prospectus, fluctuations in liquidity are reflected in adjustments to dealing spreads – the differential between a dealer’s “buy” and “sell” prices. The period of greatest liquidity in the gold market generally occurs at the time of day when trading in the European time zones overlaps with trading in the United States, which is when OTC market trading in London, New York and other centers coincides with trading on the COMEX division of the New York Mercantile Exchange (“NYMEX”). This period lasts for approximately four hours each New York business day morning.

According to the Approval Order, the most significant futures exchanges that trade gold are the COMEX division of NYME and the Tokyo Commodity Exchange (“TOCOM”). Trading on these exchanges is based on fixed delivery dates and transaction sizes for the futures and options contracts traded. Both exchanges permit trading on margin. COMEX operates through a central clearance system; TOCOM has a similar clearing system. In each case, the exchange acts as a counterparty for each member for clearing purposes.<sup>4</sup>

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<sup>3</sup> The main centers of the OTC market are London, New York and Zurich. Bullion dealers have offices around the world and most of the world’s major bullion dealers are either members or associated members of the London Bullion Market Association (“LBMA”).

<sup>4</sup> The regulation of the gold market is described in the Approval Order at pages 5-6.

b. Trust Management and Structure.

The Exchange proposes to amend its rules to permit the trading pursuant to unlisted trading privileges, of Shares, which represent units of fractional undivided beneficial interest in, and ownership of, the Trust. As noted above, the purpose of the Trust is to hold gold bullion. The investment objective of the Trust is for the Shares to reflect the performance of the price of gold bullion, less the expenses of the Trust's operations.

The Trust is an investment trust and is not managed like a corporation or an active investment vehicle. The Trust is not a registered investment company under the Investment Company Act and, according to the Prospectus, is not required to register as an investment company under the Act. The Trust has no board of directors or officers or persons acting in a similar capacity.

World Gold Trust Services, LLC, a wholly-owned limited liability company of the World Gold Council, is the Sponsor of the Trust.<sup>5</sup> The Bank of New York is the trustee of the Trust ("Trustee"), HSBC Bank USA, an indirect, wholly-owned subsidiary of HSBC Holdings plc, is the custodian of the Trust ("Custodian") and State Street Global Markets LLC, a wholly-owned subsidiary of State Street Corporation, is the marketing agent of the Trust ("Marketing Agent"). The Marketing Agent and the Custodian are registered broker-dealers. UBS Securities LLC is to be the initial purchaser of the Shares ("Initial Purchaser"), as described below.

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<sup>5</sup> The World Gold Council is a not-for-profit association registered under Swiss law.

c. Trust Expenses and Management Fees.

Generally, the assets of the Trust will be sold to pay Trust expenses and management fees. These expenses and fees will reduce the value of an investor's Share as gold bullion is sold to pay such costs. Ordinary operating expenses of the Trust include (1) fees paid to the Sponsor; (2) fees paid to the Trustee; (3) fees paid to the Custodian; (4) fees paid to the Marketing agent; and (5) various Trust administration fees, including printing and mailing costs, legal and audit fees, registration fees and NYSE listing fees. The Trust's estimated ordinary operating expenses are accrued daily and reflected in the NAV of the Trust.

d. Description and Characteristics of the Shares

(1) Liquidity.

The Shares currently will trade on the Exchange, and on one or more other national securities exchanges, until 3:15 p.m., Central Time. Trading on the COMEX ends at 12:30 p.m., Central Time, at which time the liquidity in the OTC market for gold will be reduced. During this time, trading spreads and the resulting premium or discount on the Shares may widen as a result of the reduced liquidity in the OTC gold market. Because of the potential for arbitrage inherent in the structure of the Trust, the Sponsor believes that the Shares will not trade at a material discount or premium to the underlying gold held by the Trust.

(2) Creation and Redemption of Trust Shares.

The Trust will create Shares on a continuous basis only in aggregations of 100,000 Shares (a “Basket”).<sup>6</sup> Authorized Participants are the only persons that may place orders to create and redeem Baskets. According to the Prospectus, Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, which are not required to register as broker-dealers to engage in securities transactions and (2) participants in the Depository Trust Company. To become an Authorized Participant, a person must enter into a Participant Agreement with the Sponsor and the Trustee.

To purchase a Basket, an Authorized Participant must agree to deposit gold with the Trust, or a combination of gold and cash.<sup>7</sup> The total deposit required to create each Basket (the “Creation Basket Deposit”) will be an amount of gold and cash, if any, that is in the same proportion to the total assets of the Trust (net of estimated accrued but unpaid fees, expenses and other liabilities) on the date the order to purchase is properly received

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<sup>6</sup> The Trust will impose transaction fees in connection with each creation and redemption transaction.

<sup>7</sup> The amount of the required gold deposit is determined by dividing the number of ounces of gold held by the Trust by the number of Baskets outstanding, as adjusted for certain estimated accrued, but unpaid fees and expenses. The amount of any cash deposit is determined as follows: (1) the fees, expenses and liabilities of the Trust will be subtracted from any cash held or receivable by the Trust as of the date an Authorized Participant places an order to purchase one or more Baskets (a “Purchase Order”); (2) the remaining amount will be divided by the number of Baskets outstanding and then multiplied by the number of Baskets being created pursuant to the Purchase Order. If the resulting amount is positive, that amount will be the required cash deposit. If the resulting amount is negative, the amount of the required gold deposit will be reduced by a number of fine ounces of gold equal in value to that resulting amount, determined by reference to the price of gold used in calculating the NAV of the Trust on the Purchase Order date. Fractions of an ounce of gold of less than .001 of an ounce included in the gold deposit will be disregarded.

as the number of Shares to be created under the purchase order is in proportion to the total number of Shares outstanding on the date the order is received. The Sponsor has stated that it believes that, in the ordinary course of the Trust's operations, a cash deposit will not be required for the creation of Baskets.

The procedures by which an Authorized Participant can redeem one or more Baskets will mirror the procedures for the creation of Baskets. To redeem a Basket, an Authorized Participant agrees to deliver the Baskets to be redeemed through DTC's book-entry system to the Trust. The redemption distribution from the Trust will consist of a credit to the redeeming Authorized Participant's account representing the amount of the gold held by the Trust evidenced by the Shares being redeemed plus or minus a cash redemption amount.<sup>8</sup>

The Trustee will determine the net asset value ("NAV") and daily adjusted NAV ("ANAV") of the Trust on each day that the New York Stock Exchange ("NYSE") is open for trading, at the earlier of the London PM Fix for that day or 12:00 PM New York time. The NAV of the Trust is the aggregate value of the Trust's assets less its estimated accrued, but unpaid, liabilities. In determining the Trust's NAV, the Trustee will value the gold held by the Trust based on the London PM Fix price for an ounce of gold. Once the value of the gold has been determined, the Trustee will determine the ANAV by subtracting all estimated accrued, but unpaid, fees (other than the fees to be computed by reference to the ANVA or custody fees based on the value of the gold held by the Trust),

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<sup>8</sup> The cash redemption amount is equal to the value of all assets of the Trust other than gold less all estimated accrued, but unpaid, expenses and other liabilities, divided by the number of Baskets outstanding and multiplied by the number of Baskets included in the Authorized Participant's redemption order.

expenses and other liabilities of the Trust from the total value of the gold and all other assets of the Trust (other than any amounts credited to the Trust's reserve account, if established). The ANAV is used to compute the fees paid to the Trustee, the Sponsor and the Marketing Agent.

To determine the Trust's NAV, the Trustee will subtract, from the ANAV, the amount of estimated accrued, but unpaid, fees computed by reference to the ANAV of the Trust and to the value of the gold held by the Trust. The Trustee will determine the NAV per Share by dividing the Trust's NAV by the number of Shares outstanding as of the close of trading on the New York Stock Exchange ("NYSE").

The Exchange understands that UBS Securities LLC, the Purchaser, was expected to purchase the Underwritten Shares and one or more Seed Baskets, subject to certain conditions. Total proceeds to the Trust from the sale of the Underwritten Baskets were to be a specified amount of gold. In connection with the offering and sale of the Underwritten Shares, the Purchaser will be paid a fee by the Sponsor and may also receive other fees from the Sponsor (to be paid in the sole discretion of the Sponsor, depending on the success of the Trust) or from investors, through their commission/fee-based brokerage accounts.

### (3) Information About Underlying Gold Holdings.

The last sale price for the Shares will be disseminated over the Consolidated Tape by each market trading the Shares. The Exchange understands that there is a considerable amount of gold price and gold market information available on public websites and through various services. Real-time information is most often only

available for a fee.<sup>9</sup> In addition, the Exchange, via a link to the Trust's website, will provide at no charge continuously updated bids and offers indicative of the spot price of gold. The Exchange understands that the Trust's website will provide a calculation of the estimated NAV (also known as the Intraday Indicative Value or IIV) of a Share as calculated by multiplying the indicative spot price of gold by the quantity of gold backing each Share. Comparing the IIV with the last sale price of the Shares may help an investor determine whether, and to what extent, Shares may be selling at a premium or a discount to NAV. The Exchange understands that the indicative spot price and IIV per Share will be provided on an essentially real-time basis.<sup>10</sup> The Exchange also understands that the Trust website will also provide the NAV of the Trust as calculated each business day by the Sponsor, as well as other information.<sup>11</sup>

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<sup>9</sup> See Approval Order at 11-12.

<sup>10</sup> The Exchange understands that the Trust's website will disseminate an indicative spot price of gold and the IIV and indicate that these values are subject to an average delay of 5 to 10 seconds.

<sup>11</sup> The Exchange understands that the Trust's website will contain the following information on a per-Share basis, for the Trust: (a) the IIV as of the close of the prior business day and the mid-point of the bid-ask price in relation to such IIV (the "Bid-Ask Price") and a calculation of the premium or discount of the price against the IIV; and (b) data, in chart format, displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the IIV, within specific ranges, for each of the four previous calendar quarters. (The Bid-Ask Price is determined using the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day IIV). The Trust's website also will provide the Trust's Prospectus, as well as the two most recent reports to stockholders and the last sale price of the Shares as traded in the United States market, subject to a 20-minute delay.

e. Initial Share Issuance and Continued Trading

The Exchange understands that a minimum of three Baskets was outstanding at the commencement of trading on the NYSE. The number of Shares per Basket is 100,000.

The Exchange will cease trading the Shares if (a) the value of gold is no longer calculated or available on at least a 15-second delayed basis from a source unaffiliated with the Sponsor, the Trust, the Custodian, the Marketing Agent or the Exchange or the Exchange stops providing the hyperlink on the Exchange's website to any such unaffiliated gold value; (b) the IIV is no longer made available on at least a 15-second delayed basis; or (c) any other event occurs or condition exists which, in the opinion of the Exchange, makes further dealings on the Exchange inadvisable.<sup>12</sup> In addition, the Exchange will remove the Shares from trading upon termination of the Trust or upon the termination of listing of the Shares on their listing market.

f. Exchange Trading Rules and Policies

Unless the context otherwise requires, the provisions of the Exchange's constitution and all other rules and policies of the Board of Governors are applicable to the trading on the Exchange of the Shares. The Shares are included within the definition of "security" or "securities" as those terms are used in the constitution and rules of the Exchange

The Exchange is proposing new Rule 24, in Article XXX, to set out new obligations with respect to a specialist's trading of the Shares. First, the member

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<sup>12</sup> If the Exchange were the listing market for the Shares, the Exchange would consider the removal from listing of the Shares if there are fewer than 50 record and/or beneficial holders of the shares for 30 or more consecutive trading days.

organization acting as specialist in the Shares is obligated to conduct all trading in the Shares in its specialist account, subject only to the ability to have one or more investment accounts, all of which must be reported to the Exchange. In addition, the member organization acting as specialist in the Shares must file with the Exchange, in a manner prescribed by the Exchange, and keep current, a list identifying all accounts for trading physical gold, gold futures, options on gold futures or any other gold derivative, which the member organization acting as specialist may have or over which it may exercise investment discretion. Under the proposed rule, no member organization acting as specialist in the Shares may trade in physical gold, gold futures, option on gold futures or any other gold derivative, in an account in which a member organization acting as specialist, directly or indirectly, controls trading activities or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange.

Additionally, the proposed rule would provide that no member or member organization acting as a specialist, co-specialist or relief specialist in the Shares and no partner, officer or director of such member organization may act as a market maker or function in any capacity involving market making responsibilities in physical gold, gold futures, options on gold futures or any other gold derivative.

Further, in addition to the existing obligations under Exchange rules regarding the production of books and records, the proposed rule would require the member organization acting as specialist in the Shares to make available to the Exchange such books, records or other information pertaining to transactions by the specialist firm, the co-specialist, the relief specialist or any partner, officer or director in the specialist firm

for its or their own accounts in physical gold, gold futures, options on gold futures or any other gold derivative, as may be requested by the Exchange.

Finally, the proposed rule would provide that, in connection with trading physical gold, gold futures, options on gold futures or any other gold derivative (including equity gold shares), the member organization acting as specialist in the Shares must not use any material nonpublic information received from any person associated with a member or any employee of such person regarding trading by that person in physical gold, gold futures, options on gold futures or any other gold derivative.

The Shares are subject to the Exchange's rule relating to trading halts due to extraordinary market volatility (Article IX, Rule 10A) and the Exchange's rule which allows Exchange officials to halt trading in specific securities, under certain circumstances (Article IX, Rule 10(b)). In exercising the discretion described in Article IX, Rule 10(b), appropriate Exchange officials may consider a variety of factors, including the extent to which trading is not occurring in gold or whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

Trading in the Shares on the Exchange will normally occur until 3:15 p.m. each business day. The minimum trading increment for Shares on the Exchange will be \$.01.

g. Surveillance

The Exchange's surveillance procedures for reviewing trading that occurs in the Shares will be comparable to the procedures used for reviewing trading in other securities on the Exchange. In addition, for intermarket surveillance purposes, the Exchange has entered into a memorandum of understanding with NYMEX, of which the COMEX is a

division, that permits the sharing of information relating to products based, in whole or in part, upon an interest in, or the performance of the market for, gold. The rules described above that relate to the obligations of the specialist assigned to trade the Shares, particularly the rules that require the specialist to provide information to the Exchange will aid in the Exchange's ability to review the conduct of the specialist.

#### h. Suitability

Under Article VIII, Rule 25 of the Exchange's rules, in recommending to a customer the purchase, sale or exchange of the Shares, the member must have reasonable grounds for believing that the recommendation is suitable for the customer.

#### i. Information Circular

The Exchange will issue a Notice to Members in connection with the trading of the Shares. The notice will describe the characteristics of the Shares and the risks of trading this type of security. Specifically, the notice, among other things, will discuss what the Shares are; how a Basket is created and redeemed; any requirement that members and member firms deliver a prospectus to investors purchasing the Shares prior to, or concurrently with, the confirmation of a transaction; applicable Exchange rules; dissemination of information regarding the indicative price of gold and IIV; trading information; the applicability of Article VIII, Rule 25 regarding suitability; and any relief granted by the Commission or the staff from any rules under the Act.<sup>13</sup> The notice will also explain that the Trust is subject to various fees and expenses described in the Registration Statement and Prospectus and that the number of ounces of gold required to

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<sup>13</sup> In describing the procedures for creating and redeeming a Basket, the notice will state that Shares are not individually redeemable but are redeemable only in Basket-size aggregations.

create a Basket or to be delivered by the Trust upon the redemption of a Basket will gradually decrease over time because the Shares comprising a Basket will represent a decreasing amount of gold due to the sale of the Trust's gold to pay the Trust's expenses. The notice will also note the fact that there is no regulated source of last sale information regarding physical gold and that the Commission has no jurisdiction over the trading of gold as a physical commodity. Finally, the notice will disclose that the NAV for the Shares will be calculated as of the earlier of the London PM Fix for that day or 12:00 PM New York time each day that the NYSE is open for trading.

## 2. Statutory Basis

The CHX believes the proposal 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).<sup>14</sup> In particular, the proposed changes are consistent with Section 6(b)(5) of the Act, because they would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest by allowing the Exchange to trade securities that are listed and traded by other markets, while at the same time putting in place trading rules that allow the Exchange to conduct required surveillance of the trading that occurs.

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

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

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<sup>14</sup> 15 U.S.C. 78(f)(b).

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**

Within 35 days of the date of publication of this notice in the Federal Register or within such other period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve the proposed rule changes, or

(B) institute proceedings to determine whether the proposed rule changes should be disapproved.

**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](mailto:rule-comments@sec.gov). Please include File No. SR-CHX-2004-26 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File No. SR-CHX-2004-41. 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, 450 Fifth Street, NW, 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-2004-41 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.<sup>15</sup>

Margaret H. McFarland  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).