

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

Initial <input type="checkbox"/>	Amendment <input checked="" 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"/>		Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<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	<input type="text" value="Ellen"/>	Last Name	<input type="text" value="Neely"/>
Title	<input type="text" value="President and General Counsel"/>		
E-mail	<input type="text" value="eneely@chx.com"/>		
Telephone	<input type="text" value="(312) 663-2496"/>	Fax	<input type="text" value="(312) 663-2231"/>

**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  (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.

## Partial Amendment #2 of CHX-2005-01

The Chicago Stock Exchange (the “CHX” or the “Exchange”) seeks to amend this filing to change the text of the proposed rule as set out in Exhibit 4 to ensure that all of the changes from the originally-proposed rule text, including those that are made to the text as a result of separately approved rule changes – are reflected in the markings in Exhibit 4. Exhibit 4 should be replaced in its entirety with the following language:

Additions to the original text are double-underlined; deletions from that text are shown with ~~strike-through formatting~~

### Article XXX Specialists

\* \* \*

#### Precedence to Orders in Book

RULE 2. a. The specialist, co-specialist and relief specialist shall at all times give precedence to orders in the book for purchase or sale of securities over the orders which originate with him or it as a dealer~~s~~, provided~~2~~, his or its orders and those of his or its customer are market orders~~2~~, or limited orders at the same price. Notwithstanding the foregoing, whenever a specialist, co-specialist or relief specialist elects to accept a professional order for the book which is not required to be accepted by ~~the~~ such specialist, co-specialist or relief specialist pursuant to the rules and policies of the Exchange, such specialist, co-specialist or relief specialist is not required to relinquish precedence to such order over the orders which originate with him or it as a dealer, provided (a) his or its orders and those of his or its customer are limited orders at the same price~~2~~, and (b) the specialist, co-specialist or relief specialist is displaying his or its order, including its size, through the quotation system. ~~No specialist, co-specialist or relief specialist may charge a Participant a commission in any transaction in which he or it is a principal.~~

b. Use of any and all exchange-provided order match functionality is mandatory, except in cases of systems problems with such functionality. “Order match functionality” is defined to mean any automated process by which a proposed specialist execution on a principal basis is replaced by the execution of an eligible customer order resident on the specialist’s book.

• • • *Interpretations and Policies*

.005 No change to text.

.01 No change to text.

.02 No change to text.

.03 No change to text.

.04. No change to text.

.05 No change to text.

.06 No change to text.

.07 If (1) a specialist seeks liquidity in a specialty stock in another market with respect to one or more orders in the book; and (2) while waiting for an execution report from the other market, the specialist executes the order(s) in the book as principal pursuant to the preopening order guarantee set out in the Exchange's rules; and (3) the specialist then receives the execution report(s) from the other market at a price equal to the execution(s) given the orders pursuant to the preopening order guarantee, the specialist shall not be required to fill any other customer order(s) in his or its book as a result of having received the execution report from the other market.

.08 Nothing in this rule requires a specialist to use order match functionality associated with the automated matching of ITS commitments where either (1) an inbound ITS execution is received in satisfaction of another market center's trade-through of the CHX's bid or offer (and the specialist has already filled the customer order(s) that constituted the bid or offer and were traded through); or (2) an inbound ITS execution is received in satisfaction of a complaint lodged by a CHX specialist against another market center. In these situations, a specialist shall not be required to fill any other customer order(s) in his or its book as a result of having received the "satisfying" ITS execution.