

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 &amp; 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 officer.

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 No. 2 to SR-CHX-2007-24**

Through this partial amendment, the Exchange seeks to change the text of the proposed rule change to clarify the determinations from which a participant may appeal.

Specifically, in Article 20, Rule 10(d), the Exchange seeks to add the text that is shown in ***bold italics and double-underlined*** below (and delete the text that is shown in ***~~bold italics and double strike through markings.~~***)

The complete text of the rule change is set out below, marked to show all of the changes that are being proposed.

**ARTICLE 2**

**COMMITTEES**

\* \* \*

**Committee on Exchange Procedure**

**RULE 5.**

\* \* \*

Notwithstanding the foregoing and Rule 10 of this Article, and except as otherwise provided under Article VIII, Rule 23, the Committee if it so determines may act through a subcommittee to perform any of its duties pursuant to the Rules of the Exchange or otherwise. A subcommittee shall be composed of not less than three (3) Participants of the Exchange appointed by the Chairman of the Committee, a majority of whom shall constitute a quorum. The Chairman of each subcommittee shall be a member of the full Exchange Procedure Committee. Except as provided in Article 20, Rule 10(d), a[A]ny Participant adversely affected by a determination of a subcommittee regarding any matter may appeal to the full Committee within five days of receiving notice of its determination by making a written request therefore specifically stating the action complained of, the specific reasons why exception is taken thereto, and the relief sought. Any determination made by a subcommittee which is not specifically appealed as set forth herein shall be final. Except with respect to a subcommittee determination pursuant to such authority as set forth under Article XII, Rule 3, the determination of the Exchange Procedure Committee on appeal shall be final. Except as provided in Article 20, Rule 10(d), a[A]ny action appealed shall be stayed until the appeal is decided.

## ARTICLE 20

### OPERATION OF THE CHX MATCHING SYSTEM

\* \* \*

#### Handling of Clearly Erroneous Transactions

RULE 10. The Exchange will respond to requests for review of clearly erroneous transactions using the following procedures:

(a) No change to text.

(b) Any participant may request a review of an execution received through the Matching System when the participant believes that the terms of the transaction were clearly erroneous when submitted[.] and, for trades for regular-way settlement during the regular trading session, if the transaction that is the subject of the request is considered eligible for review. A transaction is considered eligible for review if the price of the transaction is away from the midpoint of the NBBO by at least the percentage set out below:

Share Price of Transaction	NBBO price offset
<\$1.00	20%
≥\$1.00	10%

(1) The participant must make a written request for review [by telephone immediately after the execution and also must provide a written request], by facsimile or by e-mail, within [15] 30 minutes after the execution.

(2)-(4) No change to text.

(c) No change to text.

(d) Either party may appeal **the Exchange's determination that a transaction is or is not eligible for review or its determination that a transaction is or is not clearly erroneous** ~~[this determination]~~ to a subcommittee of the Exchange's Committee on Exchange Procedure by submitting an appeal to the Exchange's Secretary, by facsimile or in writing, within 30 minutes after receiving the Exchange's written decision or, if the Exchange notifies parties of its decision after 3:00 p.m., by 8:30 a.m., the next trading day. Once an appeal is received, the Exchange shall notify the counterparty to the trade and both parties and the Exchange itself will be permitted to submit any additional supporting written materials up to the time that the subcommittee considers the appeal. Either party to a disputed trade may request, and the Exchange shall provide, the written documentation presented to the subcommittee by the other party or by the Exchange. An appeal does not operate as a stay on the decision being appealed. After consideration of any written materials provided by the parties or by the Exchange,

and after any hearings that the subcommittee may hold, the subcommittee, using the standards set out in this rule, shall affirm, modify or reverse the original decision. The decision of this subcommittee shall be the final Exchange action on the matter. Any decision by an Exchange officer under section (c) above or by a subcommittee of the Committee on Exchange Procedure under this section (d) shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration between themselves.

[(e) Either party to the trade may appeal the subcommittee's decision on a matter to the full Committee on Exchange Procedure by submitting an appeal to the Exchange's Secretary, by facsimile or in writing, within five days after receiving the subcommittee's written decision. Once an appeal is received, the Exchange shall notify the counterparty to the trade and both parties and the Exchange itself will be permitted to submit any additional supporting written materials up to the time that the Committee considers the appeal. Either party to a disputed trade may request, and the Exchange shall provide, the written documentation presented to the subcommittee by the other party or by the Exchange. An appeal does not operate as a stay on the decision being appealed. After consideration of any written materials provided by the parties or by the Exchange, and after any hearings that the Committee may hold, the Committee, using the standards set out in this rule, shall affirm, modify or reverse the original decision. The decision of the Exchange's Committee on Exchange Procedure shall be the final Exchange action on the matter. Any decision by an Exchange officer under section (c) above or by the Committee on Exchange Procedure or any of its subcommittees under section (d) above or this section (e) shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration between themselves.]

(f) No change to text.

### **System Disruptions and Malfunctions**

RULE 11. If there is any disruption or malfunction in the use or operation of the Exchange's Matching System, or the communications systems associated with the Exchange's Matching System, or when extraordinary market conditions or other circumstances exist in which the nullification or modification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest, the Chief Executive Officer, or another officer designated by the Chief Executive Officer, may declare any transaction arising out of the use of the Exchange's Matching System during the period of the disruption, malfunction or other conditions null and void or may modify the terms of these transactions. In making this decision, the Chief Executive Officer, or any designee, must find that the transactions were clearly erroneous or that the actions are necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest. Absent extraordinary circumstances, any action by the Chief Executive Officer or other designee shall be taken within 30 minutes of detection of the erroneous transaction, but in no event later than 2:00 p.m. on the trading day following the date of the trade at issue. The

Exchange shall notify each participant involved in the transaction as soon as practicable following the decision, [and] A[a]ny party to the transaction may appeal that decision by following the procedures set out above in Rule 10(d) above, unless the Chief Executive Officer or his designee determines that the number of affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest.

\* \* \*