

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” or the “Exchange Act”), proposes to amend its rules to change the definition of Qualified Contingent Trade in a manner consistent with a recent Commission exemptive order. The text of the proposed rule change is set out below:

Additions are underlined; deletions are [bracketed]

ARTICLE 1

Definitions and General Information

Order Types and Conditions

RULE 2. Unless otherwise specifically defined elsewhere in the CHX Rules, the following terms shall have the respective meanings ascribed to them, for purposes of all CHX Rules. Additional information about order types and conditions can be found in Article 20.

* * *

bb. "Qualified contingent trade": a transaction consisting of two or more component orders, executed as agent or principal, where:

- (1) at least one component order is in an NMS stock;
- (2) all components are effected with a product or price contingency that either has been agreed to by the respective counterparties or arranged for by a broker-dealer as principal or agent;
- (3) the execution of one component is contingent upon the execution of all other components at or near the same time;
- (4) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined at the time the contingent order is placed;

(5) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or since cancelled;
and

(6) the Exempted NMS Stock Transaction is fully hedged (without regard to any prior existing position) as a result of the other component of the contingent trade[]; and

(7) the Exempted NMS Stock Transaction that is part of a contingent trade involves at least 10,000 shares or has a market value of at least \$200,000].

For purposes of this definition, (i) "NMS stock" means any security or class of securities, other than an option, for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan; and (ii) "Exempted NMS Stock Transaction" means any trade-through caused by the execution of an order involving one or more NMS stocks that are components of a qualified contingent trade. [(This provision shall become effective with the implementation of Rule 611 of Reg NMS).]

* * *

ARTICLE 20

Operation of the CHX Matching System

Prevention of Trade-throughs

RULE 5. (a) no changes
(b) no changes

Interpretations and Policies .01:

* * *

h. Qualified Contingent Trades. In determining whether a contingent trade would create an improper trade-through or qualifies for an exemption from Rule 611 of Reg NMS, the Exchange shall use the criteria set forth in Article 1, Rule [1]2(bb).

- (b) Not applicable.
- (c) Not applicable.

2. Procedures of Self-Regulatory Organization

The Exchange's Board of Directors unanimously approved these proposed rule changes at a meeting on April 17, 2008.

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

(a) The Exchange's rules currently define the term "Qualified Contingent Trade" according to the definition included in an exemptive order issued by the U.S. Securities and Exchange Commission ("Commission") on August 31, 2006 ("exemptive order").¹ Pursuant to the exemptive order, Qualified Contingent Trades are exempt from the trade-through restrictions of Regulation NMS ("Reg NMS"). The Exchange has incorporated an identical definition of Qualified Contingent Trades in order that such trades could also be exempted from Exchange rules restricting intermarket trade thoughts.

On April 4, 2008, the Commission issued a revised exemptive order eliminating one of the elements of the original Qualified Contingent Trade definition.² Based upon a request from the Chicago Board Options Exchange ("CBOE"), the revised exemptive order deleted the minimum size restrictions of 10,000 shares or \$200,000 in transaction value which were part of the original definition. The Exchange proposes to eliminate the size and value restrictions from its own definition of Qualified Contingent Trade in order to operate its marketplace in a manner consistent with Commission directives. Through this filing, the Exchange would change its rules to eliminate any minimum size or value restrictions in its definition of the term Qualified Contingent Trade. The Exchange also proposes to eliminate an obsolete reference in the rule to the prospective application of Reg NMS and to correct an erroneous citation in Article 20, Rule 5 to the Qualified Contingent Trade definition..

(b) 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). The Exchange believes that 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 CHX to amend its rules to reflect the recently-

¹ Order Granting an Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934, Release No. 34-54389 (August 31, 2006).

² Order Modifying the Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934, Release No. 34-57620 (April 4, 2008).

modified Commission exemptive order defining the term Qualified Contingent Order.

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 Exchange believes that the proposed rule change (A) does not significantly affect the protection of investors or the public interest; and (B) does not impose any significant burden on competition because it allows the Exchange to change its rules to reflect the recently-modified Commission exemptive order defining the term Qualified Contingent Order. The Exchange provided the Commission with a draft of this proposed rule change on April 22, 2008 and has asked the Commission to waive the 30-day operative period requirement, to permit this rule to be changed immediately. As a result, the Exchange believes that this submission is non-controversial and should be designated to take effect pursuant to Section 19(b)(3)(A)(vi).

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 2-5: Not applicable.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

**(Release No. 34-____; File No. SR-CHX-2008-06)
SELF-REGULATORY ORGANIZATIONS**

Proposed Rule Change By The Chicago Stock Exchange, Inc. Regarding Definition of Qualified Contingent Trade

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 May 1, 2008, the Chicago Stock Exchange, Inc. (the “CHX” or the “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

Through this filing, the Exchange proposes to amend its rules to delete from the definition of Qualified Contingent Trade the former requirement that such transactions be for a minimum size of either 10,000 shares or \$200,000 in transaction value. 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, N.E., 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

The Exchange's rules currently define the term "Qualified Contingent Trade" according to the definition included in an exemptive order issued by the U.S. Securities and Exchange Commission ("Commission") on August 31, 2006 ("exemptive order").¹ Pursuant to the exemptive order, Qualified Contingent Trades are exempt from the trade-through restrictions of Regulation NMS ("Reg NMS"). The Exchange has incorporated an identical definition of Qualified Contingent Trades in order that such trades could also be exempted from Exchange rules restricting intermarket trade thoughts.

On April 4, 2008, the Commission issued a revised exemptive order eliminating one of the elements of the original Qualified Contingent Trade definition.² Based upon a

¹ Order Granting an Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934, Release No. 34-54389 (August 31, 2006).

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request from the Chicago Board Options Exchange (“CBOE”), the revised exemptive order deleted the minimum size restrictions of 10,000 shares or \$200,000 in transaction value which were part of the original definition. The Exchange proposes to eliminate the size and value restrictions from its own definition of Qualified Contingent Trade in order to operate its marketplace in a manner consistent with Commission directives. Through this filing, the Exchange would change its rules to eliminate any minimum size or value restrictions in its definition of the term Qualified Contingent Trade. The Exchange also proposes to eliminate an obsolete reference in the rule to the prospective application of Reg NMS and to correct an erroneous citation in Article 20, Rule 5 to the Qualified Contingent Trade definition.

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).³ The Exchange believes that 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 CHX to amend its rules to reflect the recently-modified Commission exemptive order defining the term Qualified Contingent Order.

³ 15 U.S.C. 78(f)(b).

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

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

C. Self-Regulatory Organization's Statement on Comments Regarding the Proposed Rule Changes Received from Members, Participants or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Changes and Timing for Commission Action

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate,

it has become effective pursuant to Section 19(b)(3)(A) of the Act⁴ and Rule 19b-4(f)(6) thereunder.⁵ At any time within 60 days of the filing of the proposed 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 purposes of the Act.

The Exchange has requested that the Commission waive the 30-day operative period. The Commission finds good cause to designate the proposal to become operative immediately in order to permit the Exchange to conform its rules to the recently-modified Commission exemptive order defining the term Qualified Contingent Order because such

⁴ 15 U.S.C. 78s(b)(3)(A).

⁵ 17 CFR 240.19b-4(f)(6).

designation is consistent with the protection of investors and the public interest. For these reasons, the Commission finds good cause to designate that the proposal is both effective and operative upon filing with the Commission.⁶

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-2008-06 on the subject line.

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-2008-06. 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

⁶ For purposes only of waiving the 30-day operative period for of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

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-2008-06 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Nancy M. Morris
Secretary

⁷ 17 CFR 200.30-3(a)(12).