

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 Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposes to amend its Schedule of Participant Fees and Assessments (the “Fee Schedule”), effective May 3, 2010, to establish a fixed provide credit for CHX-registered institutional brokers for agency trade executions of one-sided orders entered by their customers in Tape A, B and C securities which execute within the Exchange’s Matching System. The proposal also removes certain obsolete references to the now-defunct ITS trading system in the Fee Schedule.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed change is set out below. New text is underlined and deletions are [bracketed].

PARTICIPANT FEES AND ASSESSMENTS

* * *

E. Transaction and Order Processing Fees

1. Matching System single order executions (one-sided orders of 100+ shares)

* * *

These fees are charged (and rebates paid) to the Participant [or ITS participant market] that submits the order to the Matching System, [but] with the following exceptions in connection with transactions that are subject to the agency fees set

¹ 15 U.S.C. 78s(b)(1)

² 17 CFR 240.19b-4

out in Section E.3. (Agency executions through an institutional broker (All Sessions)) below:

(a) [t]The liquidity taking fee shall not be charged to any institutional broker; [in connection with a transaction that is subject to the agency fees set out in (3) below]

(b) A provide credit of \$0.0029/share in Tape A and C securities and \$0.0032/share in Tape B securities priced \$1.00/share or more shall be paid to the institutional broker representing the Participant which originated the order (regardless of the ADV attributable to either firm); and

(c) A provide credit of 0.20% of the trade value in Tape A, B and C securities priced less than \$1.00/share shall be paid to the institutional broker representing the Participant which originated the order (regardless of the ADV attributable to either firm).

* * *

3. Agency executions through an institutional broker (All Sessions)

* * *

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

* * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of Self-Regulatory Organization

These changes to the Fee Schedule were approved by the Exchange's Board of Directors on April 15, 2010.

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

(a) Purpose

Through this filing, the Exchange would amend its Fee Schedule, effective May 3, 2010, to establish a non-variable credit for certain liquidity-providing single-sided orders submitted by CHX-registered Institutional Brokers on behalf of their customers to the Exchange's Matching System and subsequently executed there. The Exchange's Fee Schedule provides for a tiered schedule of fees and rebates for Participants for trade executions of single-sided orders in securities priced over \$1 in the event that certain volume thresholds (described as the "Average Daily Volume" or "ADV") are achieved.³ For transactions subject to the Agency Execution fee of Section E.3., the Fee Schedule states that the take fees and provide credits accruing pursuant to Section E.1. (Matching System single order executions (one-sided orders of 100+ shares)) shall be assessed against the Institutional Broker handling the transaction, and not the Participant which is a party to the transaction.⁴ Currently, the Institutional Broker is exempt from payment of the liquidity taking fee normally charged to Participants if it is handling an order subject to the Agency Execution fees.⁵

³ Section E.1 of the Fee Schedule defines ADV as follows: "'ADV' means, with respect to a Participant, the number of shares such Participant has executed as a liquidity provider in any and all trading sessions on average per trading day (excluding partial trading days) across all tapes on the trading facilities of the CHX (excluding all cross transactions and transactions in issues priced less than \$1.00/share) for the calendar month in which the executions occurred."

⁴ See, Section E.3. of the Fee Schedule. ("If the institutional broker executes the order in the Matching System or as otherwise permitted by CHX rules, the institutional broker (not its customer) will be assessed applicable Matching System fees (see (1) and (2) above).")

⁵ Section E.1. of the Fee Schedule.

Pursuant to this filing, the Exchange would modify its Fee Schedule to state that Institutional Brokers would be entitled to a fixed provide credit irrespective of its ADV for orders subject to the Agency Execution fees. A provide credit of \$0.0029/share in Tape A and C securities and \$0.0032/share in Tape B securities priced \$1.00/share or more would be paid to the Institutional Broker representing the Participant which originated the order (regardless of the ADV attributable to either firm). The filing also calls for a provide credit of 0.20% of the trade value in Tape A, B and C securities priced less than \$1.00/share to be paid to the Institutional Broker representing the Participant which originated the order (regardless of the ADV attributable to either firm).

Institutional Brokers are typically smaller firms that enter orders manually and cannot realistically achieve the higher ADV levels needed for preferential pricing.⁶ Payment of a fixed provide credit at a preferential rate to Institutional Brokers acts as an incentive to post liquidity in the CHX Matching System when those firms are considering how best to seek execution of their customer's orders. Representation of such orders within the CHX Matching System in turn benefits the Exchange by potentially increasing transaction revenue (in the form of take fees for orders which interact with posted liquidity) and market data revenue. Creating a fixed provide rate which does not vary based upon the Institutional Broker's ADV allows for a simple and consistent formula which these firms can rely upon when deciding to how to handle their customer's orders. Furthermore, any market participant may apply for registration as a CHX Institutional Broker and, if eligible, avail themselves of the fixed provide credit.

⁶ Institutional Broker firms (formerly Floor Brokers under the Exchange's old floor based trading model) are firms that primarily receive orders needing special handling and

The Exchange also proposes to remove from Section E.1. and E.3. of the Fee Schedule certain obsolete references to the Intermarket Trading System (“ITS”) and the payment obligations relating to orders transmitted to other ITS participating markets through the ITS system. The ITS system was deactivated in 2007 and is no longer in use. The removal of these obsolete references will serve to eliminate a potential source of confusion for Exchange Participants.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁷ in general, and furthers the objectives of Section 6(b)(4) of the Act⁸ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members. Among other things, the change to the Fee Schedule would provide incentives to Exchange-registered Institutional Brokers to increase the amount of liquidity provided on our trading facilities, which may contribute to an increase in trading volume on the Exchange and in the income derived therefrom. The removal of the obsolete references to the Intermarket Trading System in the Fee Schedule will serve to eliminate a potential source of confusion for Exchange Participants.

4. Self-Regulatory Organization’s Statement of Burden on Competition

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

manual entry into the CHX system. These brokers are essentially order-entry firms for which the Exchange is the designated examining authority.

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4)

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

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is to take effect pursuant to Section 19(b)(3)(A)(ii) of the Act⁹ and subparagraph (f)(2) of Rule 19b-4 thereunder¹⁰ because it establishes or changes a due, fee or other charge applicable only to a member imposed by the self-regulatory organization.

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.

⁹ 15 U.S.C. 78s(b)(3)(A)(ii)

¹⁰ 17 CFR 240.19b-4(f)(2)

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-____; File No. SR-CHX-2010-08]
SELF-REGULATORY ORGANIZATIONS

Proposed Change by The Chicago Stock Exchange, Inc. to Establish a Fixed Provide Credit for CHX –registered Institutional Brokers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 30, 2010, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. CHX has filed the proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 amend its Schedule of Participant Fees and Assessments (the “Fee Schedule”), effective May 3, 2010, to establish a fixed provide credit for CHX-registered institutional brokers for agency trade executions of one-sided orders entered by their customers in Tape A, B and C securities which execute within the Exchange’s Matching System. The proposal also removes certain obsolete references to the now-

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

defunct ITS trading system in the Fee Schedule. 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

Through this filing, the Exchange would amend its Fee Schedule, effective May 3, 2010, to establish a non-variable credit for certain liquidity-providing single-sided orders submitted by CHX-registered Institutional Brokers on behalf of their customers to the Exchange's Matching System and subsequently executed there. The Exchange's Fee Schedule provides for a tiered schedule of fees and rebates for Participants for trade executions of single-sided orders in securities priced over \$1 in the event that certain volume thresholds (described as the "Average Daily Volume" or "ADV") are achieved.⁵

⁵ Section E.1 of the Fee Schedule defines ADV as follows: "'ADV' means, with respect to a Participant, the number of shares such Participant has executed as a liquidity provider in any and all trading sessions on average per trading day (excluding partial trading days) across all tapes on the trading facilities of the CHX (excluding all cross

For transactions subject to the Agency Execution fee of Section E.3., the Fee Schedule states that the take fees and provide credits accruing pursuant to Section E.1. (Matching System single order executions (one-sided orders of 100+ shares)) shall be assessed against the Institutional Broker handling the transaction, and not the Participant which is a party to the transaction.⁶ Currently, the Institutional Broker is exempt from payment of the liquidity taking fee normally charged to Participants if it is handling an order subject to the Agency Execution fees.⁷

Pursuant to this filing, the Exchange would modify its Fee Schedule to state that Institutional Brokers would be entitled to a fixed provide credit irrespective of its ADV for orders subject to the Agency Execution fees. A provide credit of \$0.0029/share in Tape A and C securities and \$0.0032/share in Tape B securities priced \$1.00/share or more would be paid to the Institutional Broker representing the Participant which originated the order (regardless of the ADV attributable to either firm). The filing also calls for a provide credit of 0.20% of the trade value in Tape A, B and C securities priced less than \$1.00/share to be paid to the Institutional Broker representing the Participant which originated the order (regardless of the ADV attributable to either firm).

transactions and transactions in issues priced less than \$1.00/share) for the calendar month in which the executions occurred.”

⁶ See, Section E.3. of the Fee Schedule. (“If the institutional broker executes the order in the Matching System or as otherwise permitted by CHX rules, the institutional broker (not its customer) will be assessed applicable Matching System fees (see (1) and (2) above).”)

⁷ Section E.1. of the Fee Schedule.

Institutional Brokers are typically smaller firms that enter orders manually and cannot realistically achieve the higher ADV levels needed for preferential pricing.⁸ Payment of a fixed provide credit at a preferential rate to Institutional Brokers acts as an incentive to post liquidity in the CHX Matching System when those firms are considering how best to seek execution of their customer's orders. Representation of such orders within the CHX Matching System in turn benefits the Exchange by potentially increasing transaction revenue (in the form of take fees for orders which interact with posted liquidity) and market data revenue. Creating a fixed provide rate which does not vary based upon the Institutional Broker's ADV allows for a simple and consistent formula which these firms can rely upon when deciding to how to handle their customer's orders. Furthermore, any market participant may apply for registration as a CHX Institutional Broker and, if eligible, avail themselves of the fixed provide credit.

The Exchange also proposes to remove from Section E.1. and E.3. of the Fee Schedule certain obsolete references to the Intermarket Trading System ("ITS") and the payment obligations relating to orders transmitted to other ITS participating markets through the ITS system. The ITS system was deactivated in 2007 and is no longer in use. The removal of these obsolete references will serve to eliminate a potential source of confusion for Exchange Participants.

⁸ Institutional Broker firms (formerly Floor Brokers under the Exchange's old floor based trading model) are firms that primarily receive orders needing special handling and manual entry into the CHX system. These brokers are essentially order-entry firms for which the Exchange is the designated examining authority.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(4) of the Act¹⁰ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members. Among other things, the change to the Fee Schedule would provide incentives to Exchange-registered Institutional Brokers to increase the amount of liquidity provided on our trading facilities, which may contribute to an increase in trading volume on the Exchange and in the income derived therefrom. The removal of the obsolete references to the Intermarket Trading System in the Fee Schedule will serve to eliminate a potential source of confusion for Exchange Participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(B)(3)(A)(ii) of the Act¹¹ and subparagraph (f)(2) of Rule 19b-4 thereunder¹² because

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(4)

¹¹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹² 17 CFR 240.19b-4(f)(2).

it establishes or changes a due, fee, or other charge applicable only to a member imposed by the self-regulatory organization. Accordingly, the proposal is effective upon Commission receipt of the filing. At any time within 60 days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purpose of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-CHX-2010-08 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549-1090.

All submissions should refer to File No. SR-CHX-2010-08. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site

(<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, N.E., 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-2010-08 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.¹³

Florence E. Harmon
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).