

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 checked="" 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 officer.

Date   
 By  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 (“CHX” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> proposes to amend its rules relating to clearly erroneous transactions.

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

**RULES OF THE CHICAGO STOCK EXCHANGE INC.****Article 20****Operation of the CHX Matching System**

\* \* \*

**Rule 10. Handling of Clearly Erroneous Transactions**

(a) – (b) Unchanged.

(c) *Thresholds.* Determinations of a clearly erroneous execution will be made as follows [based on all relevant factors on a case by case basis including, but not limited to, the following]:

(1) *Numerical Guidelines.* Subject to the provisions of paragraph (c)(3) below, a [A] transaction executed during any of the Early, Regular, Late Trading or Late Crossing Sessions shall [may] be found to be clearly erroneous [only] if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below. The execution time of the transaction

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

under review determines whether the [guidance] threshold is the Early, Regular, Late Trading or Late Crossing Session. The Reference Price will be equal to the consolidated last sale immediately prior to the execution(s) under review except for: (A) Multi-Stock Events involving twenty or more securities, [in Unusual Circumstances] as described in paragraph (c)(2) below; (B) transactions not involving a Multi-Stock Event as described in paragraph (c)(2) that trigger a trading pause and subsequent transactions, as described in paragraph (c)(4) below, in which case the Reference Price shall be determined in accordance with that paragraph (c)(4); and (C) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.

<b>Reference Price[: Consolidated Last Sale] Circumstance or Product</b>	<b>Regular Trading Session Numerical Guidelines (Subject transaction's % difference from the [Consolidated Last Sale]Reference Price):</b>	<b>Early, Late Trading and Late Crossing Session Numerical Guidelines (Subject transaction's % difference from the [Consolidated Last Sale]Reference Price):</b>
Greater than \$0.00 up to and including \$25.00	10%	20%
Greater than \$25.00 up to and including \$50.00	5%	10%
Greater than \$50.00	3%	6%
Multi-Stock Event – Filings involving five or more, <u>but less than twenty, securities whose executions occurred within a period of five minutes or less [by the same Member will be aggregated into a single filing]</u>	10%	10%
Multi-Stock Event – Filings involving <u>twenty or more securities whose executions occurred within a period of five minutes or less</u>	<u>30%, subject to the terms of paragraph (c)(2) below</u>	<u>30%, subject to the terms of paragraph (c)(2) below</u>

Leveraged ETF/ETN securities	Regular Trading Session Numerical Guidelines multiplied by the leverage multiplier ( <i>i.e.</i> , 2x)	Regular Trading Session Numerical Guidelines multiplied by the leverage multiplier ( <i>i.e.</i> , 2x)
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(2) [*Unusual Circumstances and Joint Market Rulings.* In Unusual Circumstances, which may include periods of extreme market volatility, sustained illiquidity, or widespread system issues, the Exchange may, in its discretion and with a view toward maintaining a fair and orderly market and the protection of investors and the public interest, use a Reference Price other than the consolidated last sale. Other Reference Prices may include the consolidated inside price, the consolidated opening price, the consolidated prior close, or the consolidated last sale prior to a series of executions. It may also be necessary to use a higher Numerical Guideline if, after market participants have been alerted to the existence of erroneous activity, the price of the security returns toward its prior trading range but continues to trade beyond the price at which trades would normally be broken. The Exchange also may use a different Reference Price and/or higher Numerical Guideline in events that involve other markets in an effort to coordinate a Reference Price and/or Numerical Guideline that is consistent across markets. In order to achieve consistent results across markets, when a ruling is made in conjunction with another market center it may be determined that] *Multi-Stock Events Involving Twenty or More Securities.* During Multi-Stock Events involving twenty or more securities the number of affected transactions [is] may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, the Exchange may use a Reference Price other than consolidated last sale. With the exception of those securities under review that are subject to an individual stock trading pause as described in paragraph (c)(4) below, and to ensure consistent application across market centers when this paragraph is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with this paragraph.

(3) *Additional Factors.* Except in the context of a Multi-Stock Event involving five or more securities, and individual stock trading pauses as described in paragraph (c)(4) below an [An] Officer may also consider additional factors to determine whether an execution is clearly erroneous, including but not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in

the security was recently halted/resumed, whether the security is an IPO, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, Late Session executions, validity of the consolidated tapes trades and quotes, consideration of primary market indications, and executions inconsistent with the trading pattern in the stock. Each additional factor shall be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

[(4) *Numerical Guidelines Applicable to Volatile Market Opens.* The Exchange may expand the Numerical Guidelines applicable to transactions occurring between 8:30 a.m. and 9:00 a.m. based on the disseminated value of the S & P 500 Futures at 8:15 a.m.

(A) When the S & P 500 Futures are up or down from 3% up to but not including 5% at 8:15 a.m. the Numerical Guidelines (calculated pursuant to Section (c)(1) above) are doubled for executions occurring between 8:30 a.m. and 9:00 am.

(B) When the S & P 500 Futures are up or down 5% or greater at 8:15 a.m. the Numerical Guidelines (calculated pursuant to Section (c)(1) above) are tripled for executions occurring between 8:30 a.m. and 9:00 am.]

(4) *Individual Stock Trading Pauses.* For purposes of this paragraph, the phrase “Trading Pause Trigger Price” shall mean the price that triggered a trading pause in any Circuit Breaker Securities as defined in Interpretation and Policy .06 of Rule 2. The Trading Pause Trigger Price reflects a price calculated by the primary listing market over a rolling five-minute period and may differ from the execution price of a transaction that triggered a trading pause. In the event a primary listing market issues an individual stock trading pause in any Circuit Breaker Securities, and regardless of whether the security at issue is part of a Multi-Stock Event involving five or more securities as described in paragraphs (c)(1) and (c)(2) above, the Exchange shall utilize the Trading Pause Trigger Price as the Reference Price for any transactions that trigger a trading pause and subsequent transactions occurring before the trading pause is in effect on the Exchange. The Exchange will rely on the primary listing market that issued an individual stock trading pause to determine and communicate the Trading Pause Trigger Price for such stock. Notwithstanding the discretion otherwise provided by the first sentence of paragraph (g) below, the Exchange shall review, on its own motion pursuant to paragraph (g), all transactions that trigger a trading pause and subsequent transactions occurring before the trading pause is in effect on the Exchange. In connection with the review of transactions pursuant to this paragraph, the Exchange will apply the Numerical Guidelines set forth in paragraph (c)(1) above other than the Numerical Guidelines applicable to Multi-Stock Events. In conducting this review, and notwithstanding anything to the contrary contained in paragraph (c)(1), where a trading pause was triggered by

a price decline (rise), the Exchange will limit its review to transactions that executed at a price lower (higher) than the Trading Pause Trigger Price.

(d) Unchanged

(e) Review Procedures.

(1) Determination by Official. Unless both parties to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute shall be reviewed, and a determination shall be rendered by the Official. If the Official determines that the transaction is not clearly erroneous, the Official shall decline to take any action in connection with the completed trade. In the event that the Official determines that the transaction in dispute is clearly erroneous, the Official shall declare the transaction null and void. A determination shall be made generally within thirty (30) minutes of receipt of the complaint, but in no case later than the start of Regular Trading Hours on the following day. The parties shall be promptly notified of the determination.

(2) Appeals. If a Member affected by a determination made under this Rule so requests within the time permitted below, the Clearly Erroneous Execution Panel (“CEE Panel”) will review decisions made by the Official under this Rule, including whether a clearly erroneous execution occurred and whether the correct determination was made; provided however that the CEE Panel will not review decisions made by an Officer under paragraph (f) of this Rule if such Officer also determines under paragraph (f) of this Rule that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made by the Exchange in conjunction with one or more additional market centers, the number of affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable.

(f) *System Disruption [and] or Malfunctions.* In the event of any disruption or a malfunction in the [use or] operation of any electronic communications and trading facilities of the Exchange[, or extraordinary market conditions or other circumstances] in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, the Officer (or such other senior level employee designee of the Exchange), on his or her own motion, may review such transactions and declare such transactions arising out of the [use or] operation of such facilities during such period null and void. In such events, the Officer (or such other senior level employee designee) of the Exchange will rely on the provisions of Section (c)(1)–(3) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Officer (or such other senior level employee designee of the Exchange)

pursuant to this subsection (f) shall be taken within thirty (30) minutes of detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer (or such other senior level employee designee of the Exchange) must be taken by no later than the start of Regular Trading on the day following the date of execution(s) under review. Each Participant involved in the transaction shall be notified as soon as practicable, and the Participant aggrieved by the action may appeal such action in accordance with the provisions of [subsection] paragraph (e)(2)-(4) above.

(g) *Officer Acting On Own Motion.* An Officer (or such other senior level employee designee of the Exchange), acting on his or her own motion, may review potentially erroneous executions and declare trades null and void or shall decline to take any action in connection with the completed trade(s). In such events, the Officer (or such other senior level employee designee) of the Exchange will rely on the provisions of Section (c)(1)-(4)[(3)] of this Rule[, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest]. Absent extraordinary circumstances, any such action of the Officer (or such other senior level employee designee of the Exchange) shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer (or such other senior level employee designee of the Exchange) must be taken by no later than the start of Regular Trading Session on trading day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of [subsection] paragraph (e)(2)-(4) above.

(h) *Trade Nullification for UTP Securities that are Subject of Initial Public Offerings ("IPOs").* Pursuant to SEC Rule 12f-2, as amended, the Exchange may extend unlisted trading privileges to a security that is the subject of an initial public offering when at least one transaction in the subject security has been effected on the national securities exchange or association upon which the security is listed and the transaction has been reported pursuant to an effective transaction reporting plan. A clearly erroneous error may be deemed to have occurred in the opening transaction of the subject security if the execution price of the opening transaction on the Exchange is the lesser of \$1.00 or 10% away from the opening price on the listing exchange or association. In such circumstances, the Officer (or such other senior level employee designee of the Exchange) shall declare the opening transaction null and void or shall decline to take action in connection with the completed trade(s). Clearly erroneous executions of subsequent transactions of the subject security will be reviewed in the same manner as the procedure set forth in (e)(1). Absent extraordinary circumstances, any such action of the Officer (or such other senior level employee designee of the Exchange) pursuant to this subsection (h) shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer (or such other senior level employee designee of the Exchange) must be taken by no later than the start of Regular Trading on the day following the date of execution(s) under review. Each party involved in the transaction

shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of [subsection] paragraph (e)(2)[- (4)] above.

• • • Interpretations and Policies:

.01 The provisions of paragraphs (c), (e)(2), (f), and (g) of this Rule, as amended on [insert date of approval order], shall be in effect during a pilot period set to end on December 10, 2010. If the pilot is not either extended or approved permanently by December 10, 2010, the prior versions of paragraphs (c), (e)(2), (f), and (g) shall be in effect.

\* \* \*

(b) Not applicable.

(c) Not applicable.

2. Procedures of Self-Regulatory Organization

This proposal was approved by the unanimous written consent of the Exchange's Board of Directors on June 16, 2010.

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

(a) Purpose

The CHX is proposing to amend Article 20, Rule 10 regarding its handling of clearly erroneous trade executions. First, the Exchange proposes replacing existing paragraph (c)(2) of Rule 10, entitled "Unusual Circumstances and Joint Market Rulings" with a new paragraph, entitled "Multi-Stock Events Involving Twenty or More Securities." Second, the Exchange is replacing existing paragraph (c)(4) of Rule 10, entitled "Numerical Guidelines Applicable to Volatile Market Opens" with a new paragraph, entitled "Individual Stock Trading Pauses." Third, the Exchange is proposing changes to existing paragraphs (f) and (g) of Rule 10 to eliminate the ability of the

Exchange to deviate from the Numerical Guidelines contained in paragraph (c)(1) (other than under limited circumstances set forth in paragraph (f)) when deciding which transactions will be reviewed by the Exchange as potentially clearly erroneous. Finally, the Exchange proposes modifications to paragraphs (c)(1), (c)(3) and (e) of Rule 10 consistent with the proposed changes to paragraphs (c)(2) and (c)(4). As proposed, the provisions of paragraphs (c), (e)(2), (f), and (g) of Rule 11.17, as amended pursuant to this filing, would be in effect during a pilot period set to end on December 10, 2010. If the pilot is not either extended or approved permanent by December 10, 2010, the prior versions of paragraphs (c), (e)(2), (f), and (g) of Rule 11.17 would be in effect.

The Exchange is proposing the rule changes described below in consultation with other markets and Commission staff to provide for uniform treatment: (1) of clearly erroneous execution reviews in Multi-Stock Events involving twenty or more securities; and (2) in the event transactions occur that result in the issuance of an individual stock trading pause by the primary market and subsequent transactions that occur before the trading pause is in effect on the Exchange. The Exchange has also proposed additional changes to Rule 10 that reduce the ability of the Exchange to deviate from the objective standards set forth in the Rule. The proposed changes are described in further detail below.

Revised Paragraph (c)(2) Related to Multi-Stock Events Involving Twenty or More Securities

The Exchange proposes to eliminate the majority of existing paragraph (c)(2), which provides flexibility to the Exchange to use different Numerical Guidelines or Reference Prices in various “Unusual Circumstances.” The Exchange proposes to replace this paragraph with new language that would apply to Multi-Stock Events

involving twenty or more securities whose executions occurred within a period of five minutes or less. The revised paragraph would retain language making clear that during Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, in such circumstances, decisions made by the Exchange in consultation with other markets could not be appealed. Further, as proposed, in connection with reviews of Multi-Stock Events involving twenty or more securities, the Exchange may use a Reference Price other than consolidated last sale in its review of potentially clearly erroneous executions. With the exception of those securities under review that are subject to an individual stock trading pause as described in proposed paragraph (c)(4), and to ensure consistent application across market centers when proposed paragraph (c)(2) is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of proposed paragraph (c)(2), as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with the proposed paragraph (c)(2).

Because the Exchange and other market centers are adopting a different threshold and standards to handle large-scale market events, which would include events occurring

during times of high volatility at the beginning of regular trading hours, the Exchange proposes deletion of paragraph (c)(4) (“Numerical Guidelines Applicable to Volatile Market Opens”) of the existing rule. The Exchange believes that this provision is no longer necessary, and if maintained, could result in extremely high Numerical Guidelines (up to 90%) in certain circumstances.

Revised Paragraph (c)(4) Related to Individual Stock Trading Pauses

The primary listing markets for U.S. stocks recently amended their rules so that they may, from time to time, issue a trading pause for an individual security if the price of such security moves 10% or more from a sale in a preceding five-minute period. In this regard, the Exchange recently amended its rules to pause trading in an individual stock when the primary listing market for such stock issues a trading pause in any Circuit Breaker Securities, as defined in Interpretation and Policy .06 of Rule 2 of Article 20.<sup>3</sup> As described above, the Exchange is proposing to eliminate existing paragraph (c)(4) (“Numerical Guidelines Applicable to Volatile Market Opens”). The Exchange proposes adopting a rule, numbered as (c)(4) following such elimination, which will provide for uniform treatment of clearly erroneous execution reviews in the event transactions occur that result in the issuance of an individual stock trading pause by the primary listing market and subsequent transactions that occur before the trading pause is in effect on the Exchange. The proposed rule change is necessary to provide greater certainty of the clearly erroneous Reference Price for transactions that trigger a trading pause (the “Trigger Trade”) and subsequent transactions occurring between the time of the Trigger Trade and the time the trading pause message is received by the Exchange from the

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<sup>3</sup> See, CHX Article 20, Rule 2; see also Securities Exchange Act Release No. 62252 (June 10, 2010), (SR-CHX-2010-10).

single plan processor responsible for consolidation and dissemination of information for the security and put into effect on the Exchange, especially under highly volatile and active market conditions.

The Exchange proposes to revise paragraph (c)(4) of Rule 10 to allow the Exchange to use the price that triggered a trading pause in an individual stock (the “Trading Pause Trigger Price”) as the Reference Price for clearly erroneous execution reviews of a Trigger Trade and transactions that occur immediately after a Trigger Trade but before a trading pause is in effect on the Exchange. As proposed, the phrase “Trading Pause Trigger Price” shall mean the price that triggered a trading pause in any Circuit Breaker Securities as defined in Interpretation and Policy .06 of Rule 2 of Article 20. The Trading Pause Trigger Price reflects a price calculated by the primary listing market over a rolling five-minute period and may differ from the execution price of a transaction that triggered a trading pause. The Exchange will rely on the primary listing market that issued an individual stock trading pause to determine and communicate the Trading Pause Trigger Price for such stock. The Exchange proposes to make clear in the text that the proposed standards in paragraph (c)(4) apply regardless of whether the security at issue is part of a Multi-Stock Event involving five or more securities as described in proposed paragraphs (c)(1) and (c)(2).

As proposed, the Numerical Guidelines set forth in Rule 10(c)(1), other than those Numerical Guidelines applicable to Multi-Stock Events, would apply to reviews of Trigger Trades and subsequent transactions. The Exchange proposes to review, on its own motion pursuant to paragraph (g) of the Rule, all transactions that trigger a trading pause and subsequent transactions occurring before the trading pause is in effect on the

Exchange. The Exchange has proposed to limit such reviews to reviews of transactions that executed at a price lower than the Trading Pause Trigger Price in the event of a price decline and higher than the Trading Pause Trigger Price in the event of a price rise. Because the proposed rules for trading pauses would only apply within the Regular Trading Session,<sup>4</sup> an execution would be reviewed and nullified as clearly erroneous if it exceeds the following thresholds:

Reference Price or Product	Numerical Guidelines (Subject transaction's % difference from the Trading Pause Trigger Price):
Greater than \$0.00 up to and including \$25.00	10%
Greater than \$25.00 up to and including \$50.00	5%
Greater than \$50.00	3%
Leveraged ETF/ETN securities	Regular Trading Session Numerical Guidelines multiplied by the leverage multiplier ( <i>i.e.</i> , 2x)

#### Revisions to Paragraphs (f) and (g)

Consistent with other proposals made in this filing, the Exchange proposes modifying paragraphs (f) and (g) to eliminate the ability of an Exchange official to deviate from the Numerical Guidelines contained in the Rule other than under very limited circumstances set forth in paragraph (f).

Current paragraph (f) provides an officer of the Exchange or other senior level employee designee the ability on his or her own motion, to review and rule on executions that result from “any disruption or a malfunction in the use or operation of any electronic

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<sup>4</sup> The Regular Trading Session operates from 8:30 a.m. CT to 3:00 p.m. CT. Article 20, Rule 1(b). According to rules of the primary listing markets, an individual stock trading pause can be issued based on a Trigger Trade that occurs at any time between 8:45 a.m. and 2:35 p.m. CT. *See*, NASDAQ Rule 4120(a)(11), NYSE Rule 80C, and NYSE Arca Rule 7.11

communications and trading facilities of the Exchange, or extraordinary market conditions or other circumstances in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist.” Without modification, the language “extraordinary market conditions or other circumstances...” would leave the Exchange with broad discretion to deviate from the Numerical Guidelines set forth in paragraph (c)(1). Thus, the Exchange proposes narrowing the scope of paragraph (f) so that it only permits the Exchange to nullify transactions consistent with that paragraph (including at a lower Numerical Guideline) if there is a disruption or malfunction in the operation of the Exchange’s system. For the same reason, the Exchange proposes eliminating the words “use or” from the language in paragraph (f) to make clear that the provision only applies to a disruption or malfunction of the Exchange’s system (and not of an Exchange user’s systems).

Paragraph (g) gives an officer of the Exchange or other senior level employee designee the ability on his or her own motion to review transactions as potentially clearly erroneous. Consistent with the goal of achieving more objective and standard results, the Exchange proposes deleting language in existing paragraph (g) that would allow the Exchange to deviate from the Numerical Guidelines contained in paragraph (c)(1). In addition, the Exchange proposes to make clear that any Officer of the Exchange or other senior level employee reviewing transactions on his or her own motion must follow the guidelines set forth in proposed paragraph (c)(4), if applicable. Accordingly, the Exchange proposes to modify paragraph (g) to state that an officer must rely on paragraphs (c)(1)-(4) of Rule 10 when reviewing transactions on his or her own motion.

Additional Conforming Revisions to Paragraphs (c)(1) and (c)(3) and (e)

Based on proposed paragraph (c)(2), the Exchange has proposed certain conforming changes to paragraphs (c)(1), (c)(3) and (e) of the existing Rule, as described below. Under current Rule 10, a transaction may be found to be clearly erroneous only if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth in paragraph (c)(1) of the Rule. The “Reference Price” is currently defined as “the consolidated last sale immediately prior to the execution(s) under review except for in Unusual Circumstances as described in paragraph (c)(2)” of Rule 10. The Exchange proposes modifying paragraph (c)(1) consistent with the changes described above such that the Exchange shall use the consolidated last sale immediately prior to the execution(s) under review as the Reference Price except for: (A) Multi-Stock Events involving twenty or more securities, as described in proposed paragraph (c)(2); (B) transactions not involving a Multi-Stock Event as described in proposed paragraph (c)(2) that trigger a trading pause and subsequent transactions, as described in proposed paragraph (c)(4), in which case the Reference Price shall be determined in accordance with that paragraph (c)(4); and (C) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest. The Exchange also proposes modifying paragraph (c)(1) to reduce uncertainty as to the applicability of the Numerical Guidelines, by requiring a finding that an execution was clearly erroneous if such execution exceeds the Numerical

Guidelines, subject only to the Additional Factors included in paragraph (c)(3). Moreover, the Exchange proposes revising the existing description for Multi-Stock Events that is contained on the Numerical Guidelines chart to make clear that different Numerical Guidelines apply for Multi-Stock Events involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less. In addition, the Exchange proposes adding to the Numerical Guidelines chart a row that contains the Numerical Guidelines (30%) for Multi-Stock Events involving twenty or more securities whose executions occurred within a period of five minutes or less.

The Exchange proposes clarifying paragraph (c)(3) to make clear that the additional factors set forth in that paragraph are not intended to provide any discretion to an Exchange official to deviate from the guidelines that apply to Multi-Stock Events or to transactions in securities subject to individual stock trading pauses.

Finally, the Exchange proposes amending paragraph (e)(2), related to appeals of clearly erroneous execution decisions by the Exchange, to preserve non-appealability of all joint rulings between the Exchange and one or more other market centers. The Exchange believes that certainty and consistency is critical to reviews of related executions that span multiple market centers. Accordingly, although the Exchange has proposed deletion of such language from existing paragraph (c)(3), the Exchange proposes adding such language back in to paragraph (e)(2) to make clear that joint market rulings are not appealable.

(b) Statutory Basis

Approval of the rule change 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) of the Act.<sup>5</sup> In particular, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>6</sup> because it 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. The proposed rule change is also designed to support the principles of Section 11A(a)(1)<sup>7</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes transparency and uniformity across markets concerning reviews of potentially clearly erroneous executions in various contexts, including reviews in the context of a Multi-Stock Event involving twenty or more securities and reviews resulting from a Trigger Trade and any executions occurring immediately after a Trigger Trade but before a trading pause is in effect on the Exchange. Further, the Exchange believes that the proposed changes enhance the objectivity of decisions made by the Exchange with respect to clearly erroneous executions.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78k-1(a)(1).

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 Exchange requests that the Commission approve the proposed rule change on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative on a pilot basis as soon as possible based on the fact that the proposed trading pause rules are now fully operative across all Circuit Breaker Securities subject to the initial circuit breaker pilot for individual stocks. As noted in Section 2, *supra*, this proposal was approved by the unanimous written consent of the Exchange's Board of Directors on June 16, 2010. Because similar rule filings are being proposed by multiple market centers, the Exchange believes that this amendment will increase transparency and uniformity regarding clearly erroneous execution reviews of Multi-Stock Events involving twenty or more securities or following trading pauses issued by the primary listing markets. In particular, the Exchange is proposing to adopt this rule filing to address the impact of sudden price declines that the market experienced on the afternoon of May 6, 2010. As such, the Exchange does not believe that the proposal should be delayed, pending a brief implementation period for the markets, so that it may become operative on an accelerated basis.

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-2010-13)

## SELF-REGULATORY ORGANIZATIONS

**Proposed Rule Change By Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change to Amend Article 20, Rule 10 Regarding Clearly Erroneous Transactions**

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on June 17, 2010, the Chicago Stock Exchange, Inc. (“CHX” or the “Exchange”) filed with the Securities and Exchange Commission (“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

CHX proposes to amend Article 20, Rule 10 to amend its rules regarding clearly erroneous transactions. The text of this proposed rule change is available on the Exchange’s Web site at [www.chx.com](http://www.chx.com) and in the Commission’s Public Reference Room.

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> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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 CHX is proposing to amend Article 20, Rule 10 regarding its handling of clearly erroneous trade executions. First, the Exchange proposes replacing existing paragraph (c)(2) of Rule 10, entitled "Unusual Circumstances and Joint Market Rulings" with a new paragraph, entitled "Multi-Stock Events Involving Twenty or More Securities." Second, the Exchange is replacing existing paragraph (c)(4) of Rule 10, entitled "Numerical Guidelines Applicable to Volatile Market Opens" with a new paragraph, entitled "Individual Stock Trading Pauses." Third, the Exchange is proposing changes to existing paragraphs (f) and (g) of Rule 10 to eliminate the ability of the Exchange to deviate from the Numerical Guidelines contained in paragraph (c)(1) (other than under limited circumstances set forth in paragraph (f)) when deciding which transactions will be reviewed by the Exchange as potentially clearly erroneous. Finally, the Exchange proposes modifications to paragraphs (c)(1), (c)(3) and (e) of Rule 10 consistent with the proposed changes to paragraphs (c)(2) and (c)(4). As proposed, the provisions of paragraphs (c), (e)(2), (f), and (g) of Rule 11.17, as amended pursuant to this filing, would be in effect during a pilot period set to end on December 10, 2010. If the pilot is not either extended or approved permanent by December 10, 2010, the prior versions of paragraphs (c), (e)(2), (f), and (g) of Rule 11.17 would be in effect.

The Exchange is proposing the rule changes described below in consultation with other markets and Commission staff to provide for uniform treatment: (1) of clearly

erroneous execution reviews in Multi-Stock Events involving twenty or more securities; and (2) in the event transactions occur that result in the issuance of an individual stock trading pause by the primary market and subsequent transactions that occur before the trading pause is in effect on the Exchange. The Exchange has also proposed additional changes to Rule 10 that reduce the ability of the Exchange to deviate from the objective standards set forth in the Rule. The proposed changes are described in further detail below.

Revised Paragraph (c)(2) Related to Multi-Stock Events Involving Twenty or More Securities

The Exchange proposes to eliminate the majority of existing paragraph (c)(2), which provides flexibility to the Exchange to use different Numerical Guidelines or Reference Prices in various “Unusual Circumstances.” The Exchange proposes to replace this paragraph with new language that would apply to Multi-Stock Events involving twenty or more securities whose executions occurred within a period of five minutes or less. The revised paragraph would retain language making clear that during Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, in such circumstances, decisions made by the Exchange in consultation with other markets could not be appealed. Further, as proposed, in connection with reviews of Multi-Stock Events involving twenty or more securities, the Exchange may use a Reference Price other than consolidated last sale in its review of potentially clearly erroneous executions. With the exception of those securities under review that are subject to an individual stock trading pause as described in proposed paragraph (c)(4), and to ensure consistent application

across market centers when proposed paragraph (c)(2) is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of proposed paragraph (c)(2), as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with the proposed paragraph (c)(2).

Because the Exchange and other market centers are adopting a different threshold and standards to handle large-scale market events, which would include events occurring during times of high volatility at the beginning of regular trading hours, the Exchange proposes deletion of paragraph (c)(4) (“Numerical Guidelines Applicable to Volatile Market Opens”) of the existing rule. The Exchange believes that this provision is no longer necessary, and if maintained, could result in extremely high Numerical Guidelines (up to 90%) in certain circumstances.

#### Revised Paragraph (c)(4) Related to Individual Stock Trading Pauses

The primary listing markets for U.S. stocks recently amended their rules so that they may, from time to time, issue a trading pause for an individual security if the price of such security moves 10% or more from a sale in a preceding five-minute period. In this regard, the Exchange recently amended its rules to pause trading in an individual stock when the primary listing market for such stock issues a trading pause in any Circuit

Breaker Securities, as defined in Interpretation and Policy .06 of Rule 2 of Article 20.<sup>3</sup> As described above, the Exchange is proposing to eliminate existing paragraph (c)(4) (“Numerical Guidelines Applicable to Volatile Market Opens”). The Exchange proposes adopting a rule, numbered as (c)(4) following such elimination, which will provide for uniform treatment of clearly erroneous execution reviews in the event transactions occur that result in the issuance of an individual stock trading pause by the primary listing market and subsequent transactions that occur before the trading pause is in effect on the Exchange. The proposed rule change is necessary to provide greater certainty of the clearly erroneous Reference Price for transactions that trigger a trading pause (the “Trigger Trade”) and subsequent transactions occurring between the time of the Trigger Trade and the time the trading pause message is received by the Exchange from the single plan processor responsible for consolidation and dissemination of information for the security and put into effect on the Exchange, especially under highly volatile and active market conditions.

The Exchange proposes to revise paragraph (c)(4) of Rule 10 to allow the Exchange to use the price that triggered a trading pause in an individual stock (the “Trading Pause Trigger Price”) as the Reference Price for clearly erroneous execution reviews of a Trigger Trade and transactions that occur immediately after a Trigger Trade but before a trading pause is in effect on the Exchange. As proposed, the phrase “Trading Pause Trigger Price” shall mean the price that triggered a trading pause in any Circuit Breaker Securities as defined in Interpretation and Policy .06 of Rule 2 of Article 20. The Trading Pause Trigger Price reflects a price calculated by the primary listing market

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<sup>3</sup> See, CHX Article 20, Rule 2; see also Securities Exchange Act Release No. 62252 (June

over a rolling five-minute period and may differ from the execution price of a transaction that triggered a trading pause. The Exchange will rely on the primary listing market that issued an individual stock trading pause to determine and communicate the Trading Pause Trigger Price for such stock. The Exchange proposes to make clear in the text that the proposed standards in paragraph (c)(4) apply regardless of whether the security at issue is part of a Multi-Stock Event involving five or more securities as described in proposed paragraphs (c)(1) and (c)(2).

As proposed, the Numerical Guidelines set forth in Rule 10(c)(1), other than those Numerical Guidelines applicable to Multi-Stock Events, would apply to reviews of Trigger Trades and subsequent transactions. The Exchange proposes to review, on its own motion pursuant to paragraph (g) of the Rule, all transactions that trigger a trading pause and subsequent transactions occurring before the trading pause is in effect on the Exchange. The Exchange has proposed to limit such reviews to reviews of transactions that executed at a price lower than the Trading Pause Trigger Price in the event of a price decline and higher than the Trading Pause Trigger Price in the event of a price rise. Because the proposed rules for trading pauses would only apply within the Regular Trading Session,<sup>4</sup> an execution would be reviewed and nullified as clearly erroneous if it exceeds the following thresholds:

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10, 2010), (SR-CHX-2010-10).

<sup>4</sup> The Regular Trading Session operates from 8:30 a.m. CT to 3:00 p.m. CT. Article 20, Rule 1(b). According to rules of the primary listing markets, an individual stock trading pause can be issued based on a Trigger Trade that occurs at any time between 8:45 a.m. and 2:35 p.m. CT. *See*, NASDAQ Rule 4120(a)(11), NYSE Rule 80C, and NYSE Arca Rule 7.11

Reference Price or Product	Numerical Guidelines (Subject transaction's % difference from the Trading Pause Trigger Price):
Greater than \$0.00 up to and including \$25.00	10%
Greater than \$25.00 up to and including \$50.00	5%
Greater than \$50.00	3%
Leveraged ETF/ETN securities	Regular Trading Session Numerical Guidelines multiplied by the leverage multiplier ( <i>i.e.</i> , 2x)

Revisions to Paragraphs (f) and (g)

Consistent with other proposals made in this filing, the Exchange proposes modifying paragraphs (f) and (g) to eliminate the ability of an Exchange official to deviate from the Numerical Guidelines contained in the Rule other than under very limited circumstances set forth in paragraph (f).

Current paragraph (f) provides an officer of the Exchange or other senior level employee designee the ability on his or her own motion, to review and rule on executions that result from “any disruption or a malfunction in the use or operation of any electronic communications and trading facilities of the Exchange, or extraordinary market conditions or other circumstances in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist.” Without modification, the language “extraordinary market conditions or other circumstances...” would leave the Exchange with broad discretion to deviate from the Numerical Guidelines set forth in paragraph (c)(1). Thus, the Exchange proposes narrowing the scope of paragraph (f) so that it only permits the Exchange to nullify transactions consistent with that paragraph (including at a lower Numerical

Guideline) if there is a disruption or malfunction in the operation of the Exchange's system. For the same reason, the Exchange proposes eliminating the words "use or" from the language in paragraph (f) to make clear that the provision only applies to a disruption or malfunction of the Exchange's system (and not of an Exchange user's systems).

Paragraph (g) gives an officer of the Exchange or other senior level employee designee the ability on his or her own motion to review transactions as potentially clearly erroneous. Consistent with the goal of achieving more objective and standard results, the Exchange proposes deleting language in existing paragraph (g) that would allow the Exchange to deviate from the Numerical Guidelines contained in paragraph (c)(1). In addition, the Exchange proposes to make clear that any Officer of the Exchange or other senior level employee reviewing transactions on his or her own motion must follow the guidelines set forth in proposed paragraph (c)(4), if applicable. Accordingly, the Exchange proposes to modify paragraph (g) to state that an officer must rely on paragraphs (c)(1)-(4) of Rule 10 when reviewing transactions on his or her own motion.

Additional Conforming Revisions to Paragraphs (c)(1) and (c)(3) and (e)

Based on proposed paragraph (c)(2), the Exchange has proposed certain conforming changes to paragraphs (c)(1), (c)(3) and (e) of the existing Rule, as described below. Under current Rule 10, a transaction may be found to be clearly erroneous only if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth in paragraph (c)(1) of the Rule. The "Reference Price" is currently defined as "the consolidated last sale immediately prior to the execution(s) under review except for in Unusual Circumstances as described in paragraph (c)(2)" of Rule 10. The

Exchange proposes modifying paragraph (c)(1) consistent with the changes described above such that the Exchange shall use the consolidated last sale immediately prior to the execution(s) under review as the Reference Price except for: (A) Multi-Stock Events involving twenty or more securities, as described in proposed paragraph (c)(2); (B) transactions not involving a Multi-Stock Event as described in proposed paragraph (c)(2) that trigger a trading pause and subsequent transactions, as described in proposed paragraph (c)(4), in which case the Reference Price shall be determined in accordance with that paragraph (c)(4); and (C) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest. The Exchange also proposes modifying paragraph (c)(1) to reduce uncertainty as to the applicability of the Numerical Guidelines, by requiring a finding that an execution was clearly erroneous if such execution exceeds the Numerical Guidelines, subject only to the Additional Factors included in paragraph (c)(3). Moreover, the Exchange proposes revising the existing description for Multi-Stock Events that is contained on the Numerical Guidelines chart to make clear that different Numerical Guidelines apply for Multi-Stock Events involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less. In addition, the Exchange proposes adding to the Numerical Guidelines chart a row that contains the Numerical Guidelines (30%) for Multi-Stock Events involving twenty or more securities whose executions occurred within a period of five minutes or less.

The Exchange proposes clarifying paragraph (c)(3) to make clear that the additional factors set forth in that paragraph are not intended to provide any discretion to an Exchange official to deviate from the guidelines that apply to Multi-Stock Events or to transactions in securities subject to individual stock trading pauses.

Finally, the Exchange proposes amending paragraph (e)(2), related to appeals of clearly erroneous execution decisions by the Exchange, to preserve non-appealability of all joint rulings between the Exchange and one or more other market centers. The Exchange believes that certainty and consistency is critical to reviews of related executions that span multiple market centers. Accordingly, although the Exchange has proposed deletion of such language from existing paragraph (c)(3), the Exchange proposes adding such language back in to paragraph (e)(2) to make clear that joint market rulings are not appealable.

## 2. Statutory Basis

Approval of the rule change 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) of the Act.<sup>5</sup> In particular, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>6</sup> because it 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. The proposed rule change is also designed to support the principles of Section 11A(a)(1)<sup>7</sup> of the Act in

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<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes transparency and uniformity across markets concerning reviews of potentially clearly erroneous executions in various contexts, including reviews in the context of a Multi-Stock Event involving twenty or more securities and reviews resulting from a Trigger Trade and any executions occurring immediately after a Trigger Trade but before a trading pause is in effect on the Exchange. Further, the Exchange believes that the proposed changes enhance the objectivity of decisions made by the Exchange with respect to clearly erroneous executions.

B. 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 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 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 longer 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:

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<sup>7</sup>

15 U.S.C. 78k-1(a)(1).

- A. by order approve such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change 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-2010-13 on the subject line.

##### Paper Comments:

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

All submissions should refer to File No. SR-CHX-2010-13. 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

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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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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-2010-10 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.<sup>8</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).