

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="14"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2010"/> - * <input type="text" value="19"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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 type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="text"/> Date Expires * <input type="text"/>			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" 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, required when Initial is checked *).

Change to Fee Schedule to amend order cancellation fee

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 (required)

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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 (required)

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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

Add Remove View

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

Add Remove View

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

Add Remove View

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 August 1, 2010, to amend its order cancellation fee for Participants entering and subsequently cancelling orders under certain circumstances.

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].

FEES AND ASSESSMENTS

* * *

E. Transaction and Order Processing Fees

* * *

8. Order Cancellation Fee (Regular Trading Session only)

Effective August 1, 2010 [January 25, 2010]:

These provisions do not apply to orders, trades and cancellation activity in Exchange Traded Funds (“ETFs”), Exchange Traded Notes

¹ 15 U.S.C. 78s(b)(1)

² 17 CFR 240.19b-4

(“ETNs”) or Exchange Traded Vehicles
 (“ETVs”).

For all cancellation messages relating to orders in issues priced \$1.00/share or more submitted through a particular Account Symbol to the Matching System during the Regular Trading Session where the following ratio exceeds 100:

\$0.01/order cancellation

$$(W-Q)/E$$

“W” equals the number of Wide orders in issues priced \$1.00/share or more submitted in the Regular Trading Session by a Participant in a month. Wide orders are defined as those which are two (2) or more cents inferior to the relevant side of the NBBO (bid for buy orders; offer for sell orders) at the time the order is received by the Matching System.

“Q” equals the number of Quotable provide orders (which must be display-eligible) in issues priced \$1.00/share or more submitted in the Regular Trading Session by a Participant in a month. Quotable provide orders are defined as those which are priced at the relevant side of the NBBO up to (but not including) two (2) cents inferior to the relevant side of the NBBO at the time the order is received by the Matching System.

“E” equals the greater of (a) one (1) or (b) the total number of all provide orders (W and Q) submitted in the Regular Trading Session by a Participant and which are executed, in whole or in part, in the Matching System during the Regular Trading System (excluding cross transactions) in a month.

In addition, cancellations from “Immediate or Cancel” or “Fill or Kill” orders will not be counted towards the number of cancellations resulting in a fee charged to a Participant.

* * *

(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 July 22, 2010.

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

(a) Purpose

Through this proposal, the Exchange is seeking to amend its Fee Schedule to exempt from its existing Order Cancellation Fee all orders, transactions and cancellation activity in Exchange Traded Funds (“ETFs”), Exchange Traded Notes (“ETNs”) or Exchange Traded Vehicles (“ETVs”), collectively referred to as Exchange Traded Products (“ETPs”). The Order Cancellation Fee would continue in its current form and effect with respect to all other securities.

Beginning in January 2010, the Exchange’s published Fee Schedule imposed a charge for order cancellations submitted by Participants whose orders rarely are at or near the National Best Bid or Offering (“NBBO”).³ The application of the order cancellation

³ See, SR-CHX-2010-02, Exchange Act. Rel. No. 34-61392, 75 Federal Register 4436 (Jan. 27, 2010).

fee depends on a calculation (done on a Participant-by-Participant basis) involving the number of wide orders (defined as display-eligible orders in the Matching System which are 2 or more cents away from the NBBO), quotable orders (all other display-eligible orders), the number of trades executed and number of cancellations submitted by a Participant in a month.⁴ The purpose of the order cancellation fee was to incent Participants to submit orders which are close to the NBBO (and are therefore more likely to be executed) or compensate the Exchange for the systems and operational costs and burdens associated with handling and recording orders which rarely execute.

Since the imposition of the order cancellation fee, however, the Exchange has observed that the number of unexecuted and displayed orders has actually increased for certain Participants. In order to avoid application of the cancellation fee, certain Participants are submitting Quotable orders (*i.e.*, those within 2 cents of the NBBO) to the CHX's Matching System, but for an extremely short duration (*e.g.*, 20 milliseconds). Due to the short duration of the order, the amount of trade activity generated by such orders is negligible. This quotation activity also tends to exacerbate the operational costs which the Exchange was seeking to avoid in creating the order cancellation fee.

In order to better target the wide quotations which originally were causing the problems which led to the creation of the order cancellation fee, we are proposing to exempt ETP activity from the cancellation fee. The Exchange has observed that those firms entering the limited durational orders described above conduct much of their business on our trading facilities in ETP securities. By exempting ETP securities from

⁴ The activity also must have occurred in our Regular Trading Session and be in securities priced \$1 per share or more. Cancellations arising from Immediate or Cancel or Fill or Kill order types are excluded from the calculation. Executions of cross orders are also excluded.

the order cancellation fee, we would remove much of their incentive to submit quotable orders with a very limited lifespan. The fee would continue to apply to activity in all other securities where it appears to have the intended impact. The Exchange considered other alternatives, such as imposing a minimum duration on orders to qualify as “quotable” for purposes of the fee computation. The Exchange believes, however, that such a requirement would introduce an excessive amount of complexity to the determination of whether the order cancellation fee applies and could have the effect of discouraging Participants from sending any orders to the Exchange for display and execution. The proposed changes to the Cancellation Fee would go into effect on August 1, 2010.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members. Among other things, the Exchange believes that the exclusion of ETP securities from the existing order cancellation fee should help the Exchange to better address the operational costs and burdens associated with the processing and storage of orders well outside the NBBO.

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.

⁵ 15 U.S.C. 78f.

⁶ 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 Act⁷ and subparagraph (f)(2) of Rule 19b-4 thereunder⁸ because it establishes or changes a due, fee or other charge on any person, whether or not a person is a member of 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.

⁷ 15 U.S.C. 78s(b)(3)(A)(ii)

⁸ 17 CFR 240.19b-4(f)(2)

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-____; File No. SR-CHX-2010-19]
SELF-REGULATORY ORGANIZATIONS

Proposed Change by the Chicago Stock Exchange, Inc. to Amend Its Order Cancellation Fee

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 July 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 August 1, 2010, to amend its order cancellation fee for Participants entering and subsequently cancelling orders under certain circumstances. 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

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).

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 proposal, the Exchange is seeking to amend its Fee Schedule to exempt from its existing Order Cancellation Fee all orders, transactions and cancellation activity in Exchange Traded Funds ("ETFs"), Exchange Traded Notes ("ETNs") or Exchange Traded Vehicles ("ETVs"), collectively referred to as Exchange Traded Products ("ETPs"). The Order Cancellation Fee would continue in its current form and effect with respect to all other securities.

Beginning in January 2010, the Exchange's published Fee Schedule imposed a charge for order cancellations submitted by Participants whose orders rarely are at or near the National Best Bid or Offering ("NBBO").⁵ The application of the order cancellation fee depends on a calculation (done on a Participant-by-Participant basis) involving the number of wide orders (defined as display-eligible orders in the Matching System which are 2 or more cents away from the NBBO), quotable orders (all other display-eligible

⁵ See, SR-CHX-2010-02, Exchange Act. Rel. No. 34-61392, 75 Federal Register 4436 (Jan. 27, 2010).

orders), the number of trades executed and number of cancellations submitted by a Participant in a month.⁶ The purpose of the order cancellation fee was to incent Participants to submit orders which are close to the NBBO (and are therefore more likely to be executed) or compensate the Exchange for the systems and operational costs and burdens associated with handling and recording orders which rarely execute.

Since the imposition of the order cancellation fee, however, the Exchange has observed that the number of unexecuted and displayed orders has actually increased for certain Participants. In order to avoid application of the cancellation fee, certain Participants are submitting Quotable orders (*i.e.*, those within 2 cents of the NBBO) to the CHX's Matching System, but for an extremely short duration (*e.g.*, 20 milliseconds). Due to the short duration of the order, the amount of trade activity generated by such orders is negligible. This quotation activity also tends to exacerbate the operational costs which the Exchange was seeking to avoid in creating the order cancellation fee.

In order to better target the wide quotations which originally were causing the problems which led to the creation of the order cancellation fee, we are proposing to exempt ETP activity from the cancellation fee. The Exchange has observed that those firms entering the limited durational orders described above conduct much of their business on our trading facilities in ETP securities. By exempting ETP securities from the order cancellation fee, we would remove much of their incentive to submit quotable orders with a very limited lifespan. The fee would continue to apply to activity in all other securities where it appears to have the intended impact. The Exchange considered

⁶ The activity also must have occurred in our Regular Trading Session and be in securities priced \$1 per share or more. Cancellations arising from Immediate or Cancel or Fill or Kill order types are excluded from the calculation. Executions of cross orders are also excluded.

other alternatives, such as imposing a minimum duration on orders to qualify as “quotable” for purposes of the fee computation. The Exchange believes, however, that such a requirement would introduce an excessive amount of complexity to the determination of whether the order cancellation fee applies and could have the effect of discouraging Participants from sending any orders to the Exchange for display and execution. The proposed changes to the Cancellation Fee would go into effect on August 1, 2010.

2. 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 Exchange believes that the exclusion of ETP securities from the existing order cancellation fee should help the Exchange to better address the operational costs and burdens associated with the processing and storage of orders well outside the NBBO.

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 either solicited or received.

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4)

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 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. 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-2010-19 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary,

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(2).

Securities and Exchange Commission, 100 F Street, N.E., Washington, DC
20549-1090.

All submissions should refer to File No. SR-CHX-2010-19. 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-2010-19 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.¹¹

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).