

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="15"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2011"/> - * <input type="text" value="27"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Proposed Rule Change by
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"/>
<input type="checkbox"/> Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="text"/> <input type="checkbox"/> Date Expires * <input type="text"/>			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" 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 *).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * <input type="text" value="David"/>	Last Name * <input type="text" value="Whitcomb"/>
Title * <input type="text" value="General Counsel and CRO"/>	
E-mail * <input type="text" value="dwhitcomb@chx.com"/>	
Telephone * <input type="text" value="(312) 663-2628"/>	Fax <input type="text" value="(312) 663-2231"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date

By 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)

Add Remove View

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

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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

Add Remove View

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

Add Remove View

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”)¹ and Rule 19b-4 thereunder,² proposes to amend certain of its rules which mention the Exchange acting as the Designated Examining Authority.

CHX has designated this proposed rule change as “non-controversial” pursuant to Section 19(b)(3)(A)³ of the Act and Rule 19b-4(f)(6)⁴ thereunder and has provided the Commission with the notice required by Rule 19b-4(f)(6)(iii).⁵

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 CHICAGO STOCK EXCHANGE, INC.

* * *

ARTICLE 6.

Registration, Supervision and Training

* * *

Rule 5. Supervision of Registered Persons and Branch and Resident Offices

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)(6).

⁵ 17 CFR 240.19b-4(f)(6)(iii).

(a) Designation of persons with supervisory authority. Each Participant Firm [for which this Exchange is the Designated Examining Authority] must designate a principal executive officer, general partner or managing partner to hold overall authority and responsibility for the firm's internal supervision and compliance with securities laws and regulations. This designated supervisor may formally delegate his or her supervisory duties and authority to other persons within the firm. Participants must maintain, for a period of not less than six years (the first two years in an easily accessible place), records of the names of all persons who are designated as supervisory personnel and the dates for which those designations are effective. In the absence of such designation by a Participant Firm, the Firm's General Partner(s), President, Chief Executive Officer or other principal executive officer shall be deemed to be responsible for a firm's internal supervision and compliance function.

(b) – (d) Unchanged.

* * *

ARTICLE 17. Institutional Brokers

Rule 1. Registration and Appointment

Any Participant Firm that acts as a broker in effecting transactions on the Exchange and [for which the Exchange is the designated examining authority] has satisfied all Exchange requirements to operate as an institutional broker on the Exchange may register with the Exchange as an institutional broker and use Exchange systems for handling orders and reporting transactions.

• • • *Interpretations and Policies:*

Unchanged

* * *

Rule 3. Responsibilities

The responsibilities and duties of an institutional broker specifically include, but are not limited to, the following:

a. – e. Unchanged

• • • *Interpretations and Policies:*

.01 Institutional brokers essentially are order-entry firms that act primarily as brokers on the Exchange_ [and for which the Exchange is the designated examining authority.]

The Exchange requires institutional brokers to register with the Exchange to permit better monitoring of their trading activities.

.02 – .03 Unchanged

* * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of Self-Regulatory Organization

This proposal was approved by the Exchange’s Board of Directors on February 24, 2011.

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

(a) Purpose

The Exchange is proposing to delete certain references in its rules to its status as the Designated Examining Authority (“DEA”).⁶ In the impacted rules, the DEA references generally act to limit the scope and applicability of those rules to firms for which the Exchange acts as the DEA. While this limitation may be appropriate in some contexts, for example the Rules in Article 7 regarding Financial Responsibility and Reporting Requirements, the Exchange no longer believes that these provisions are appropriate in certain other contexts.⁷ The Exchange is therefore submitting this rule

⁶ Although not a defined term in our rules, the DEA is the Self-Regulatory Organization (“SRO”) with the responsibility for examining a member for compliance with applicable financial responsibility rules pursuant to Exchange Act Rule 17d-1. 17 CFR 240.17d-1.

⁷ For example, Participants for which the Exchange is the DEA are required by Article 7, Rule 3A to notify the Exchange prior to opening a Joint Back Office arrangement. Similarly, Article 7, Rule 9 requires firms for which the CHX is the DEA to file reports of short positions carried by the firm.

proposal to delete certain of those references and make appropriate changes to the remaining provisions.⁸

In Article 6, Rule 5(a), (Supervision of Registered Persons and Branch and Resident Offices), the Exchange proposes to delete the limiting reference to Participant Firms for which the Exchange acts as the DEA. The Exchange proposes that the provisions of Rule 5(a) will apply equally to all Participant Firms.

In Article 17 (Institutional Brokers), Rule 1 (Registration and Appointment) and in Interpretation and Policy .01 of Article 17, Rule 3 (Responsibilities), the Exchange proposes to delete the requirement that Participant Firms seeking to register as an Institutional Broker must have the Exchange act as the DEA. The Exchange does not believe that it is necessary that the Exchange examine a Participant Firm for its compliance with applicable financial responsibility rules in order that it qualify for status as an Institutional Broker.⁹ The Exchange notes that it conducts comprehensive daily surveillance of Institutional Broker trading activity on the CHX and conducts examinations for supervisory and trading-related issues of all CHX-registered Institutional Brokers, irrespective of whether it acts as the DEA. The Exchange also

⁸ Certain existing rules regarding the qualification and examination of individuals associated with a Participant firm contain references to the CHX acting as DEA. The Exchange is proposing to delete those references as part of a separate rule filing making additional changes to those provisions. Current Article 8, Rule 13 (Advertising and Promotion) also contains similar references and the Exchange plans on eliminating those in a subsequent proposal to conform our rules with those of the Financial Industry Regulatory Agency (“FINRA”) in order to make them “common” for purposes of our agreement with FINRA for the allocation of regulatory responsibility of common rules for dual members.

⁹ The elimination of this requirement does not imply that an Institutional Broker firm will not be examined for compliance with financial responsibility rules. It simply means that another SRO will perform the examination function for those rules.

administers a qualification examination for all individuals acting as an Institutional Broker Representative (“IBR”). Only an approved IBR may handle and accept orders from customers of the Institutional Broker firm. Given this oversight structure, the requirement that the CHX act as the DEA for Institutional Brokers in all cases appears superfluous and unnecessarily restrictive.

(b) Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act in general,¹⁰ and furthers the objectives of Section 6(b)(5) in particular,¹¹ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transaction in securities, to remove impediments and perfect the mechanisms of a free and open market, and, in general, to protect investors and the public interest. The proposed changes will expand the reach of the Exchange rules in circumstances where it is appropriate and fair to do so, and will eliminate outdated limitations of certain provisions to a subset of Exchange Participants. The broad application of Exchange rules to all Participants should result in the fair and evenhanded application of such rules to Participant firms generally.

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.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

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)

Pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f) thereunder,¹³ CHX has designated this proposal as one that effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

CHX has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change. CHX requests that the Commission waive the 30-day pre-operative waiting period contained in Exchange Act Rule 19b-4(f)(6)(iii).¹⁴ If such waiver is granted by the Commission, the rule change will be immediately operative.

The proposed rule changes are similar to the existing rules of NYSE Arca, Inc. ("NYSE Arca"). NYSE Arca Equities Rule 6.18 governs the supervisory responsibilities of its members and is substantially similar to CHX Article 6, Rule 5, except that it is not

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR. 240.19b-4(f)(6).

¹⁴ 17 CFR. 240.19b-4(f)(6)(iii).

limited to members for which the exchange is the DEA. Similarly, NYSE Arca allows member firms to voluntarily register as market makers, which have specific rights and obligations as a result of their status as such.¹⁵ The existence of a special registration category of for market makers of NYSE Arca members is similar in nature to the CHX's Institutional Brokers category, although the nature of the duties and privileges of NYSE Arca market makers and CHX Institutional Brokers and different in substance. NYSE Arca does not require that it act as the DEA for its market makers. The Exchange no longer believes that it is necessary for it to act as the DEA for Institutional Brokers, similar to the NYSE Arca approach. Therefore, in order to promote uniformity and consistency in the regulation of industry participants, CHX believes that its proposal should become immediately effective and the Commission should grant CHX's request to waive the 30-day pre-operative waiting period.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

As discussed above, the proposed rule changes are based upon, or substantially similar to, the rules of NYSE Arca, Inc.

9. Exhibits

Exhibit 1: The Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibits 2-5: Not applicable.

¹⁵ See, NYSE Arca Equities Rules 7.20 – 7.28.

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-____; File No. SR-CHX-2011-27)

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change to Eliminate Certain References to the Exchange acting as the Designated Examining Authority

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4² thereunder, notice is hereby given that on September 22, 2011, 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. CHX has filed this proposal pursuant to Exchange Act Rule 19b-4(f)(6)³ which is effective upon filing with the Commission.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

CHX proposes to amend its rules to eliminate certain references to the Exchange acting as the Designated Examining Authority. The text of this proposed rule change is available on the Exchange’s Web site at 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

1. Purpose

The Exchange is proposing to delete certain references in its rules to its status as the Designated Examining Authority (“DEA”).⁴ In the impacted rules, the DEA references generally act to limit the scope and applicability of those rules to firms for which the Exchange acts as the DEA. While this limitation may be appropriate in some contexts, for example the Rules in Article 7 regarding Financial Responsibility and Reporting Requirements, the Exchange no longer believes that these provisions are appropriate in certain other contexts.⁵ The Exchange is therefore submitting this rule proposal to delete certain of those references and make appropriate changes to the remaining provisions.⁶

³ 17 CFR 240.19b-4(f)(6).

⁴ Although not a defined term in our rules, the DEA is the Self-Regulatory Organization (“SRO”) with the responsibility for examining a member for compliance with applicable financial responsibility rules pursuant to Exchange Act Rule 17d-1. 17 CFR 240.17d-1.

⁵ For example, Participants for which the Exchange is the DEA are required by Article 7, Rule 3A to notify the Exchange prior to opening a Joint Back Office arrangement. Similarly, Article 7, Rule 9 requires firms for which the CHX is the DEA to file reports of short positions carried by the firm.

⁶ Certain existing rules regarding the qualification and examination of individuals associated with a Participant firm contain references to the CHX acting as DEA. The Exchange is proposing to delete those references as part of a separate rule filing making additional changes to those provisions. Current Article 8, Rule 13 (Advertising and Promotion) also contains similar references and the Exchange plans on eliminating those in a subsequent proposal to conform our rules with those of the Financial Industry Regulatory Agency (“FINRA”) in order to make them “common” for purposes of our

In Article 6, Rule 5(a), (Supervision of Registered Persons and Branch and Resident Offices), the Exchange proposes to delete the limiting reference to Participant Firms for which the Exchange acts as the DEA. The Exchange proposes that the provisions of Rule 5(a) will apply equally to all Participant Firms.

In Article 17 (Institutional Brokers), Rule 1 (Registration and Appointment) and in Interpretation and Policy .01 of Article 17, Rule 3 (Responsibilities), the Exchange proposes to delete the requirement that Participant Firms seeking to register as an Institutional Broker must have the Exchange act as the DEA. The Exchange does not believe that it is necessary that the Exchange examine a Participant Firm for its compliance with applicable financial responsibility rules in order that it qualify for status as an Institutional Broker.⁷ The Exchange notes that it conducts comprehensive daily surveillance of Institutional Broker trading activity on the CHX and conducts examinations for supervisory and trading-related issues of all CHX-registered Institutional Brokers, irrespective of whether it acts as the DEA. The Exchange also administers a qualification examination for all individuals acting as an Institutional Broker Representative (“IBR”). Only an approved IBR may handle and accept orders from customers of the Institutional Broker firm. Given this oversight structure, the requirement that the CHX act as the DEA for Institutional Brokers in all cases appears superfluous and unnecessarily restrictive.

2. Statutory Basis

agreement with FINRA for the allocation of regulatory responsibility of common rules for dual members.

⁷ The elimination of this requirement does not imply that an Institutional Broker firm will not be examined for compliance with financial responsibility rules. It simply means that another SRO will perform the examination function for those rules.

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act in general,⁸ and furthers the objectives of Section 6(b)(5) in particular,⁹ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transaction in securities, to remove impediments and perfect the mechanisms of a free and open market, and, in general, to protect investors and the public interest. The proposed changes will expand the reach of the Exchange rules in circumstances where it is appropriate and fair to do so, and will eliminate outdated limitations of certain provisions to a subset of Exchange Participants. The broad application of Exchange rules to all Participants should result in the fair and evenhanded application of such rules to Participant firms generally.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder in that it effects a change that: (i) does not

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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-2011-27 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-CHX-2011-27. This file number should be

¹¹ 17 CFR 240.19b-4(f)(6).

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 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-2011-27 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.¹²

Elizabeth M. Murphy
Secretary

¹² 17 CFR 200.30-3(a)(12).