

Frequently Asked Questions (FAQs)

SEC Rule 201 (Short Sale)

Chicago Stock Exchange

How will the CHX comply with Rule 201 of Regulation SHO?

- The Exchange has new responsibilities under the Rule as an executing market. The primary listing markets (NYSE and NASDAQ) will determine whether the Rule 201 price test has been triggered because a transaction in a listed security has occurred at a price 10% or more below the previous day's closing price. Once the CHX has received notification that the price test has been triggered, it will prevent the execution of short sale orders at or below the current National Best Bid (NBB) in that security (unless that short sale is exempt under Rule 201 and has been marked short sale exempt (SSE) by the order sender).

What type of notification will the Exchange provide for stocks that have hit a Short Sale "circuit breaker"?

- No notification will be provided.

What if there is no previous day's closing price?

- If a listed security was halted during the prior trading day or did not trade at all, the Primary Listing Exchange will use the last sale price for that security, on whatever day it occurred.

Will the Short Sale price test / restriction apply on the first day of a new offering?

- No.

How will the Exchange handle orders to sell short that are priced at or below the NBB?

- The orders will be cancelled back to the sender.

How will the Exchange handle orders marked Sell Short Exempt (SSE) if they are sent when the Short Sale price test is not in effect?

- Sell Short Exempt orders will be accepted at all times. Order senders are responsible for marking the orders correctly.

Will the Exchange support any industry testing opportunities?

- Yes, the Exchange will participate in the October 23, 2010, industry test. Registration is not required. The test will take place from 8:30 to 12 noon Central time. Contact the Control Room at 312-663-2606.