

December 18, 2018  
MR-18-08

**CHICAGO STOCK EXCHANGE, INC.  
REGULATORY OPERATIONS  
INFORMATION MEMORANDUM**

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**RE: Proposed Rule Change to Decommission the Outbound Routing Service and the Sub-second Non-displayed Auction Process (“SNAP”) – targeted Operative Date: December 31, 2018**

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On December 12, 2018, the Exchange filed with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the rules (“Rules”) of the Chicago Stock Exchange, Inc. (“Exchange”) to decommission the Exchange’s outbound routing service<sup>1</sup> and SNAP<sup>2</sup>. The Exchange proposes to decommission the outbound routing service and SNAP as of December 31, 2018 (“Operative Date”), subject to Commission approval of the Exchange’s request for waiver of the 30-day preoperative delay applicable to proposed rule changes that are effective upon filing.

On the Operative Date, the Exchange’s outbound routing broker-dealer, CHXBD, LLC (“CHXBD”), will cease business operations and all inbound orders received by the Exchange will be handled Do Not Route. Specifically, to the extent an inbound order would trade-through a protected quotation of an away market in violation of Rule 611 of Regulation NMS or impermissibly lock or cross a protected quotation of an away market in violation of Rule 610(d) of Regulation NMS, the order will either be cancelled back to the order sender or price slid to a permissible price if it is marked CHX Only.

With respect to SNAP, pursuant to Article 20, Rule 4(b), the Exchange deactivated the Start SNAP, Cancel On SNAP, and SNAP Auction Only Order (“SNAP AOO”) order modifiers as of August 16, 2018. As SNAP Cycles can only be initiated upon receipt of a valid Start SNAP order or pursuant to the Exchange’s *pro forma* review of the SNAP AOO queue, the Exchange does not currently conduct any SNAP auctions. Therefore, elimination of the SNAP-related Rules will have no impact on the current operation of the Matching System.

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<sup>1</sup> See generally CHX Article 19.

<sup>2</sup> See CHX Article 18, Rules 1 and 1A. The Exchange plans to submit a separate Rule 19b-4 filing to eliminate fees and credits associated with the outbound routing service and SNAP.

The proposed rule change can be found at: [https://www.chx.com/\\_posts/rule-filings/ProposedFilings/CHX-2018-09.pdf](https://www.chx.com/_posts/rule-filings/ProposedFilings/CHX-2018-09.pdf)