

Required fields are shown with yellow backgrounds and asterisks.

Filing by Chicago Stock Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<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 checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the rules of the Exchange to decommission the Exchange's outbound routing service and the Sub-second Non-displayed Auction Process

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 action.

First Name *	Last Name *
Albert	Kim
Title *	
Counsel NYSE Group Inc	
E-mail *	
Albert.Kim@theice.com	
Telephone *	Fax
(312) 663-2484	(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.

(Title *)

Date	12/12/2018	Associate General Counsel
By	Clare Saperstein	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>
	(Name *)	<div style="border: 1px solid black; width: 100%; height: 20px; background-color: #ccc;"></div>

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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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, security-based swap submission, or advance notice 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.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Exchange Act”)¹ and Rule 19b-4 thereunder,² the Chicago Stock Exchange, Inc. (“CHX” or the “Exchange”) proposes to amend the rules of the Exchange (“Rules”) to decommission the Exchange’s outbound routing service and the Sub-second Non-displayed Auction Process (“SNAP”).

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or significant indirect effect, on the application of any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The person on the Exchange Staff prepared to respond to questions and comments on the proposed rule change is:

Albert J. Kim
Counsel
NYSE Group, Inc.
312 663 2484

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

(a) Purpose

(1) Background

The Exchange proposes to amend the Rules to decommission the Exchange’s outbound routing service³ and SNAP.⁴ Since initial launch of the outbound routing service in May 2015 and SNAP in June 2016, neither product has been frequently or actively utilized by Participants.⁵ Accordingly, to streamline the Exchange’s product offerings and to reallocate Exchange resources to other initiatives and obligations, the Exchange proposes to decommission the outbound routing service and SNAP as of December 31, 2018 (“Operative Date”).

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.⁶ Specifically, to the extent an inbound order would trade-through a protected quotation of an away market in violation of Rule 611 of Regulation NMS⁷ or impermissibly lock or cross a protected quotation of an away market in violation of Rule 610(d) of Regulation NMS,⁸ the order will either be cancelled back to the order sender or price slid to a

³ See generally CHX Article 19.

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

⁵ See CHX Article 1, Rule 1(s). From January 1, 2018 through November 30, 2018, the Exchange routed away a total of 634 orders and executed 178,682 away shares pursuant to the outbound routing service. Moreover, a total of 60 SNAP auctions that resulted in order executions were initiated since June 2016, 16 of which occurred in 2018.

⁶ See CHX Article 1, Rule 2(b)(3)(A).

⁷ 17 CFR 242.611.

⁸ 17 CFR 242.610(d).

permissible price if it is marked CHX Only.⁹

With respect to SNAP, pursuant to Article 20, Rule 4(b), the Exchange deactivated the Start SNAP,¹⁰ Cancel On SNAP,¹¹ and SNAP Auction Only Order (“SNAP AOO”)¹² order modifiers as of August 16, 2018. As SNAP Cycles¹³ 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,¹⁴ 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.¹⁵

(2) Proposed Rule Change

To effect the decommissioning of the outbound routing service and SNAP, the Exchange proposes to amend the Rules as follows:

a. Amendments to Article 1

Current Article 1, Rule 1(oo) defines the term “Routable Order,” which are the only orders that may be routed away pursuant to the outbound routing service. The Exchange proposes to amend Article 1, Rule 1(oo) to eliminate “Routable Order” as a defined term and to insert the term “Reserved” in its place.

Current Article 1, Rule 1(rr) defines the term “SNAP Price,” which is the single price at which an order will be executed during a SNAP Cycle, and current Article 1, Rule 1(ss) defines “SNAP Eligible Orders,” which are specific orders that are eligible for participation in a SNAP Cycle. The Exchange proposes to

⁹ See CHX Article 1, Rule 2(b)(1)(C); see also amended CHX Article 20, Rules 5 and 6.

¹⁰ See CHX Article 1, Rule 2(h)(1).

¹¹ See CHX Article 1, Rule 2(h)(2).

¹² See CHX Article 1, Rule 2(h)(3).

¹³ See CHX Article 1, Rule 1(b).

¹⁴ See CHX Article 18, Rules 1A(a) and (b).

¹⁵ The Matching System is a “Trading Facility” of the Exchange as defined under CHX Article 1, Rule 1(z).

amend these Rules to eliminate SNAP Price and SNAP Eligible Orders as defined terms and to insert the term “Reserved” in their place.

Current Article 1, Rule 2(a) provides that the general order types described thereunder shall be accepted by the Matching System, subject to the requirements of Article 20, Rule 4. Because the decommissioning of the outbound routing service would result in all orders being non-routable, the Exchange proposes to amend Rule 2(a) to provide that all orders received by the Matching System would be deemed to have been received “Do Not Route,” as defined under Article 1, Rule 2(b)(3)(A), which cannot be overridden by the order sender. Because all orders received by the Exchange would be handled “Do Not Route,” the Exchange proposes to delete repetitive text under Article 1, Rules 2(b)(1)(C), 2(b)(1)(D), 2(b)(3)(B), 2(d)(2), and 2(d)(4).

Current Article 1, Rule 2(h) defines the three order modifiers specific to SNAP: Start SNAP, under paragraph (h)(1); Cancel On SNAP, under paragraph (h)(2); and SNAP AOO, under paragraph (h)(3). The Exchange proposes to eliminate Start SNAP, Cancel On SNAP, and SNAP AOO as defined terms and delete Rule 2(h) in its entirety. Elimination of these order modifiers would have no impact on trading during the Open Trading State,¹⁶ as they are only valid in the context of SNAP Cycles.

b. Amendments to Article 18

Current Article 18 (Auctions) includes Rule 1, which describes the SNAP Cycle, and Rule 1A, which describes how a SNAP Cycle is initiated and the process by which a SNAP Cycle is initiated by the Exchange. In light of the proposed decommissioning of SNAP, the Exchange proposes to delete Rules 1 and 1A in their entirety. Because the Exchange does not currently offer any other auction products, the Exchange proposes to replace the term “Auctions” in the heading to Article 18 with the term “Reserved.”

c. Amendments to Article 19

Current Article 19 (Operation of the CHX Routing Services) describes the CHX Routing Services, which includes both outbound and inbound order routing. Specifically, Rule 1 (CHX Routing Services) provides a summary of the outbound routing function, as well as limitation of liability and firm order provisions. Rule 2 (Routing Broker) describes the functions and obligations of CHXBD as outbound router under paragraph (a) and Archipelago Securities LLC (“Arca Securities”) as inbound router to the Exchange from NYSE Arca, Inc. (“NYSE

¹⁶ See CHX Article 1, Rule 1(qq) defining “Open Trading State.”

Arca”), NYSE American, LLC (“NYSE American”), New York Stock Exchange, LLC (“NYSE”), and NYSE National, Inc. (“NYSE National,” and with the Exchange, NYSE Arca, NYSE American, NYSE, and NYSE National, the “NYSE Group Exchanges”) under paragraph (b). Rule 3 (Routing Events) describes the circumstances under which Routable Orders are routed away from the Exchange.

Given that the Exchange is proposing to decommission outbound routing only and thereby maintain the inbound routing function, the Exchange proposes to delete Rules 1(a), 1(c), and 3, and all language under Rule 2(a) (replacing the deleted text with the term “Reserved”), but to maintain Rules 1(b) (as amended Rule 1) and 2(b). Specifically, current Rule 2(b) describes the inbound routing function and current Rule 1(b) (amended Rule 1) provides that use of the CHX Routing Services (*i.e.*, the inbound routing function) is optional and subject to the Exchange’s limitation of liability under Article 3, Rule 19.

With respect to the proposed deletion of current Article 19, Rule 2(a)(7) related to the CHXBD Error Account, the Exchange notes that since the outbound routing service will be decommissioned, the Exchange will not be at risk of having to liquidate unpaired trade positions, as such positions would only result from issues related to routed orders. However, even if unpaired trade positions were to result from executions within the Matching System, the Exchange would be permitted to nullify such transactions pursuant to Article 20, Rules 10(f) and (g), and would rely on the limitation on liability provisions under Article 3, Rule 19. Therefore, the CHXBD Error Account will not be required to address unpaired trade positions.

The Exchange notes that current Rules 3(c) and 3(d) refer to Article 20, Rules 8(b)(7), 8(f), and 12(b), all of which the Exchange proposes to delete, as described below.

d. Amendments to Article 20

Current Article 20, Rule 5 (Prevention of Trade-Throughs) describes the handling of inbound orders whose immediate execution would be improper under Rule 611 of Regulation NMS¹⁷ for Routable Orders under Rule 5(a)(1) and non-Routable Orders under Rule 5(a)(2). The Exchange proposes to delete language under current Rule 5(a)(1) and insert the term “Reserved.” Also, since all inbound orders received by the Matching System would be deemed received as Do Not Route, pursuant to amended Article 1, Rule 2(a), the Exchange proposes to amend current Rule 5(a)(2) to delete as repetitive the phrase “and the order cannot be

¹⁷

17 CFR 242.611.

routed away.” Therefore, amended Rule 5(a)(2) would provide that if execution of all or part of an inbound order would cause an improper trade-through, the order shall be automatically cancelled; provided, however, that such an order marked CHX Only may be subject to the CHX Only Price Sliding Processes, detailed under Article 1, Rule 2(b)(1)(C) and not automatically cancelled.

Current Article 20, Rule 6 (Locked and Crossed Markets) describes the handling of inbound orders whose immediate display would be improper under Rule 610(d) of Regulation NMS¹⁸ for Routable Orders under Rule 6(d)(1) and non-Routable Orders under Rule 6(d)(2). The Exchange proposes to delete language under current Rule 6(d)(1) and insert the term “Reserved.” Also, since all inbound orders received by the Matching System will be deemed received as Do Not Route, pursuant to amended Article 1, Rule 2(a), the Exchange proposes to amend current Rule 6(d)(2) to delete as repetitive the phrase “and the order cannot be routed away.” Therefore, amended Rule 6(d)(2) provides that if the display of an order would impermissibly lock or cross a protected quotation of an external market, that order shall be automatically cancelled; provided, however, that such an order marked CHX Only may be subject to the CHX Only Price Sliding Processes, detailed under Article 1, Rule 2(b)(1)(C) and not automatically cancelled.

Current Article 20, Rule 8(a) generally provides that Participants may route orders to the Matching System through any communications line approved by the Exchange but may only route orders away from the Matching System by utilizing the CHX Routing Services, pursuant to Article 19. The Exchange proposes to amend Rule 8(a) to delete language related to routing orders away from the Matching System.

Current Article 20, Rule 8(b)(7) describes how the unexecuted remainder of routed orders returned to the Matching System are ranked on the CHX book. In light of the proposed decommissioning of the outbound routing service, the Matching System will not receive any unexecuted remainders of orders routed away from the Matching System, and therefore, the Exchange proposes to delete Rule 8(b)(7) in its entirety.

Current Article 20, Rule 8(d)(3) describes how Odd Lot¹⁹ orders and unexecuted Odd Lot remainders of routed orders are handled by the Matching System. The Exchange proposes to amend Rule 8(d)(3) to eliminate language relating to routing away orders. Accordingly, amended Rule 8(d)(3) provides that an Odd

¹⁸ 17 CFR 242.610(d).

¹⁹ See CHX Article 1, Rule 2(f)(2).

Lot order or unexecuted Odd Lot remainders shall be posted to, remain in, or be cancelled from the Matching System according to the attached order modifiers.

Current Article 20, Rule 8(d)(4) (Rule 201 of Regulation SHO²⁰) describes how orders subject to the short sale price test restriction will be handled during the Open Trading State and transition to the Open Trading State from a SNAP Cycle, under subparagraph (A), and during a SNAP Cycle, under subparagraph (B). The Exchange proposes to delete reference to the stage five Transition to the Open Trading State under subparagraph (A) and to delete subparagraph (B) in its entirety as it describes the handling of orders subject to the short sale price test restriction during a SNAP Cycle. Moreover, the Exchange proposes to amend subparagraph (A)(iv) to omit reference to the routing away of Sell Short orders. Accordingly, amended subparagraph (A)(iv) will provide that a Sell Short order, other than a CHX Only order, will be cancelled back to the order sender if, based on Rule 201 of Regulation SHO,²¹ such order is not executable or cannot be posted to the Matching System.

Current Article 20, Rule 8(e) describes the execution of certain orders, order types, and auctions. The Exchange proposes to amend Rule 8(e) to delete reference to “auctions” in the header and to delete the language under current Rule 8(e)(2) related to the execution of orders during a SNAP Cycle, inserting the term “Reserved” in its place.

Current Article 20, Rule 8(f) describes how orders cancellation messages submitted by Participants are handled and Rule 8(f)(2), in particular, describes how cancel messages received by the Exchange for routed orders are handled. The Exchange proposes to delete Rule 8(f)(2) in its entirety.

Current Article 20, Rule 12 (Order Cancellation/Release by the Exchange) describes the circumstances under which the Exchange may cancel or release orders. Specifically, Rule 12(a) permits the Exchange or CHXBD to cancel orders it deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, CHXBD, a non-affiliated third-party broker, or another trading center to which an order was routed. Rule 12(a) also requires the Exchange or CHXBD to provide notice of the cancellation to affected Participants as soon as practicable. In addition, Rule 12(b) permits the Exchange to release orders being held on the Exchange awaiting another trading center execution as it deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, CHXBD, a non-affiliated third-party broker, or

²⁰ 17 CFR 242.201.

²¹ 17 CFR 242.201.

another Trading Center to which an order has been routed. Given that the proposed decommissioning of the outbound routing service will not require the Exchange to cancel or release orders that have been routed away from the Exchange, the Exchange proposes to amend the header to Rule 12 to read “Order Cancellation by the Exchange,” amend Rule 12(a) to limit its scope to technical or systems issues that occur at the Exchange only, and to delete Rule 12(b) in its entirety.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,²² in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

Specifically, the Exchange believes that the proposal to amend the Rules to decommission the Exchange’s outbound routing service and SNAP will permit the Exchange to reallocate resources currently used to maintain the infrequently utilized²³ outbound routing service and SNAP to the development of other business initiatives and to further support the Exchange’s regulatory obligations. In addition, the Exchange notes that the decommissioning of the outbound routing service will result in all inbound orders received by the Exchange being handled Do Not Route and therefore subject to the Exchange’s current order processing procedures and rules for non-routable orders, which will ensure that the Matching System continues to be reasonably designed to comply with the requirements of Rule 201 of Regulation SHO²⁴ and Rules 610(d)²⁵ and 611²⁶ of Regulation NMS. Also, the Exchange is not required by rule or regulation to provide outbound routing services and Participants will continue to be able to route orders to away markets either directly or through another routing service. Therefore, the Exchange believes that the proposed rule change will remove impediments to and

²² 15 U.S.C. 78f(b)(5).

²³ See supra note 5.

²⁴ 17 CFR 242.201.

²⁵ 17 CFR 242.610(d).

²⁶ 17 CFR 242.611.

perfect the mechanism of a free and open market and a national market system in furtherance of Section 6(b)(5) of the Exchange Act.²⁷

4. 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 Exchange Act. Specifically, the proposed rule change will result in the decommissioning of certain Exchange products that have not been frequently or actively utilized by Participants. Therefore, the Exchange submits that the proposal does not raise any competitive issues.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2)²⁸ of the Exchange Act.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange believes that the proposed rule change qualifies for immediate effectiveness upon filing as a "non-controversial" rule change in accordance with Section 19(b)(3)(A) of the Act²⁹ and Rule 19b-4(f)(6)³⁰ thereunder.

The Exchange asserts that the proposed rule change: (i) will not significantly affect the protection of investors or the public interest; (ii) will not impose any significant burden on competition; and (iii) by its terms, will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange provided the Commission with

²⁷ 15 U.S.C. 78f(b)(5).

²⁸ 15 U.S.C. 78s(b)(2).

²⁹ 15 U.S.C. 78s(b)(3)(A).

³⁰ 17 CFR 240.19b-4(f)(6).

written notice of its intent to file the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission.

The Exchange requests that the Commission waive the 30-day operative delay to ensure that the proposed rule change will be effective upon filing and enable the proposed rule change to become operative on December 31, 2018. CHXBD is a party to a fully-disclosed clearing agreement (“Agreement”) with a third-party routing broker-dealer. If the Agreement is terminated as of December 31, 2018, CHXBD would not be liable for certain guaranteed minimum fees for 2019 as required by the Agreement. The cost savings realized from terminating the Agreement as of December 31, 2018 would permit the Exchange to reallocate those resources to developing new business initiatives or further supporting its regulatory obligations. Accordingly, waiver of the operative delay would promote the protection of investors and the public interest.

The Exchange believes that this proposal is non-controversial and eligible to become effective immediately because it decommissions the infrequently utilized outbound routing service and SNAP. For similar reasons, the Exchange further believes that the proposed rule change would not significantly affect the protection of investors or the public interest or impose any significant burden on competition.

For the foregoing reasons, the rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.³¹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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.

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Exchange Act

Not applicable.

³¹ 17 CFR 240.19b-4(f)(6).

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

Exhibit 5 Text of Proposed Rule Change

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CHX-2018-09)

[Date]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Rules of the Exchange to Decommission the Exchange’s Outbound Routing Service and the Sub-second Non-Displayed Auction Process

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on December 12, 2018, 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 self-regulatory organization. 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 Exchange proposes to amend the rules of the Exchange (“Rules”) to decommission the Exchange’s outbound routing service and the Sub-second Non-displayed Auction Process (“SNAP”). The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

2. Background

The Exchange proposes to amend the Rules to decommission the Exchange's outbound routing service⁴ and SNAP.⁵ Since initial launch of the outbound routing service in May 2015 and SNAP in June 2016, neither product has been frequently or actively utilized by Participants.⁶ Accordingly, to streamline the Exchange's product offerings and to reallocate Exchange resources to other initiatives and obligations, the Exchange proposes to decommission the outbound routing service and SNAP as of

⁴ See generally CHX Article 19.

⁵ See CHX Article 18, Rules 1 and 1A. The Exchange will submit a separate Rule 19b-4 filing to eliminate fees and credits associated with the outbound routing service and SNAP.

⁶ See CHX Article 1, Rule 1(s). From January 1, 2018 through November 30, 2018, the Exchange routed away a total of 634 orders and executed 178,682 away shares pursuant to the outbound routing service. Moreover, a total of 60 SNAP auctions that resulted in order executions were initiated since June 2016, 16 of which occurred in 2018.

December 31, 2018 (“Operative Date”).

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.⁷ Specifically, to the extent an inbound order would trade-through a protected quotation of an away market in violation of Rule 611 of Regulation NMS⁸ or impermissibly lock or cross a protected quotation of an away market in violation of Rule 610(d) of Regulation NMS,⁹ the order will either be cancelled back to the order sender or price slid to a permissible price if it is marked CHX Only.¹⁰

With respect to SNAP, pursuant to Article 20, Rule 4(b), the Exchange deactivated the Start SNAP,¹¹ Cancel On SNAP,¹² and SNAP Auction Only Order (“SNAP AOO”)¹³ order modifiers as of August 16, 2018. As SNAP Cycles¹⁴ 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,¹⁵ the Exchange does not currently conduct any SNAP auctions. Therefore, elimination of the SNAP-related Rules will have no impact on

⁷ See CHX Article 1, Rule 2(b)(3)(A).

⁸ 17 CFR 242.611.

⁹ 17 CFR 242.610(d).

¹⁰ See CHX Article 1, Rule 2(b)(1)(C); see also amended CHX Article 20, Rules 5 and 6.

¹¹ See CHX Article 1, Rule 2(h)(1).

¹² See CHX Article 1, Rule 2(h)(2).

¹³ See CHX Article 1, Rule 2(h)(3).

¹⁴ See CHX Article 1, Rule 1(b).

¹⁵ See CHX Article 18, Rules 1A(a) and (b).

the current operation of the Matching System.¹⁶

3. Proposed Rule Change

To effect the decommissioning of the outbound routing service and SNAP, the Exchange proposes to amend the Rules as follows:

a. Amendments to Article 1

Current Article 1, Rule 1(oo) defines the term “Routable Order,” which are the only orders that may be routed away pursuant to the outbound routing service. The Exchange proposes to amend Article 1, Rule 1(oo) to eliminate “Routable Order” as a defined term and to insert the term “Reserved” in its place.

Current Article 1, Rule 1(rr) defines the term “SNAP Price,” which is the single price at which an order will be executed during a SNAP Cycle, and current Article 1, Rule 1(ss) defines “SNAP Eligible Orders,” which are specific orders that are eligible for participation in a SNAP Cycle. The Exchange proposes to amend these Rules to eliminate SNAP Price and SNAP Eligible Orders as defined terms and to insert the term “Reserved” in their place.

Current Article 1, Rule 2(a) provides that the general order types described thereunder shall be accepted by the Matching System, subject to the requirements of Article 20, Rule 4. Because the decommissioning of the outbound routing service would result in all orders being non-routable, the Exchange proposes to amend Rule 2(a) to provide that all orders received by the Matching System would be deemed to have been received “Do Not Route,” as defined under Article 1, Rule 2(b)(3)(A), which cannot be overridden by the order sender. Because all orders received by the Exchange would be

¹⁶ The Matching System is a “Trading Facility” of the Exchange as defined under CHX Article 1, Rule 1(z).

handled “Do Not Route,” the Exchange proposes to delete repetitive text under Article 1, Rules 2(b)(1)(C), 2(b)(1)(D), 2(b)(3)(B), 2(d)(2), and 2(d)(4).

Current Article 1, Rule 2(h) defines the three order modifiers specific to SNAP: Start SNAP, under paragraph (h)(1); Cancel On SNAP, under paragraph (h)(2); and SNAP AOO, under paragraph (h)(3). The Exchange proposes to eliminate Start SNAP, Cancel On SNAP, and SNAP AOO as defined terms and delete Rule 2(h) in its entirety. Elimination of these order modifiers would have no impact on trading during the Open Trading State,¹⁷ as they are only valid in the context of SNAP Cycles.

b. Amendments to Article 18

Current Article 18 (Auctions) includes Rule 1, which describes the SNAP Cycle, and Rule 1A, which describes how a SNAP Cycle is initiated and the process by which a SNAP Cycle is initiated by the Exchange. In light of the proposed decommissioning of SNAP, the Exchange proposes to delete Rules 1 and 1A in their entirety. Because the Exchange does not currently offer any other auction products, the Exchange proposes to replace the term “Auctions” in the heading to Article 18 with the term “Reserved.”

c. Amendments to Article 19

Current Article 19 (Operation of the CHX Routing Services) describes the CHX Routing Services, which includes both outbound and inbound order routing. Specifically, Rule 1 (CHX Routing Services) provides a summary of the outbound routing function, as well as limitation of liability and firm order provisions. Rule 2 (Routing Broker) describes the functions and obligations of CHXBD as outbound router under paragraph (a) and Archipelago Securities LLC (“Arca Securities”) as inbound router to the

¹⁷ See CHX Article 1, Rule 1(qq) defining “Open Trading State.”

Exchange from NYSE Arca, Inc. (“NYSE Arca”), NYSE American, LLC (“NYSE American”), New York Stock Exchange, LLC (“NYSE”), and NYSE National, Inc. (“NYSE National,” and with the Exchange, NYSE Arca, NYSE American, NYSE, and NYSE National, the “NYSE Group Exchanges”) under paragraph (b). Rule 3 (Routing Events) describes the circumstances under which Routable Orders are routed away from the Exchange.

Given that the Exchange is proposing to decommission outbound routing only and thereby maintain the inbound routing function, the Exchange proposes to delete Rules 1(a), 1(c), and 3, and all language under Rule 2(a) (replacing the deleted text with the term “Reserved”), but to maintain Rules 1(b) (as amended Rule 1) and 2(b). Specifically, current Rule 2(b) describes the inbound routing function and current Rule 1(b) (amended Rule 1) provides that use of the CHX Routing Services (i.e., the inbound routing function) is optional and subject to the Exchange’s limitation of liability under Article 3, Rule 19.

With respect to the proposed deletion of current Article 19, Rule 2(a)(7) related to the CHXBD Error Account, the Exchange notes that since the outbound routing service will be decommissioned, the Exchange will not be at risk of having to liquidate unpaired trade positions, as such positions would only result from issues related to routed orders. However, even if unpaired trade positions were to result from executions within the Matching System, the Exchange would be permitted to nullify such transactions pursuant to Article 20, Rules 10(f) and (g), and would rely on the limitation on liability provisions under Article 3, Rule 19. Therefore, the CHXBD Error Account will not be required to address unpaired trade positions.

The Exchange notes that current Rules 3(c) and 3(d) refer to Article 20, Rules 8(b)(7), 8(f), and 12(b), all of which the Exchange proposes to delete, as described below.

d. Amendments to Article 20

Current Article 20, Rule 5 (Prevention of Trade-Throughs) describes the handling of inbound orders whose immediate execution would be improper under Rule 611 of Regulation NMS¹⁸ for Routable Orders under Rule 5(a)(1) and non-Routable Orders under Rule 5(a)(2). The Exchange proposes to delete language under current Rule 5(a)(1) and insert the term “Reserved.” Also, since all inbound orders received by the Matching System would be deemed received as Do Not Route, pursuant to amended Article 1, Rule 2(a), the Exchange proposes to amend current Rule 5(a)(2) to delete as repetitive the phrase “and the order cannot be routed away.” Therefore, amended Rule 5(a)(2) would provide that if execution of all or part of an inbound order would cause an improper trade-through, the order shall be automatically cancelled; provided, however, that such an order marked CHX Only may be subject to the CHX Only Price Sliding Processes, detailed under Article 1, Rule 2(b)(1)(C) and not automatically cancelled.

Current Article 20, Rule 6 (Locked and Crossed Markets) describes the handling of inbound orders whose immediate display would be improper under Rule 610(d) of Regulation NMS¹⁹ for Routable Orders under Rule 6(d)(1) and non-Routable Orders under Rule 6(d)(2). The Exchange proposes to delete language under current Rule 6(d)(1) and insert the term “Reserved.” Also, since all inbound orders received by the Matching System will be deemed received as Do Not Route, pursuant to amended Article 1, Rule

¹⁸ 17 CFR 242.611.

¹⁹ 17 CFR 242.610(d).

2(a), the Exchange proposes to amend current Rule 6(d)(2) to delete as repetitive the phrase “and the order cannot be routed away.” Therefore, amended Rule 6(d)(2) provides that if the display of an order would impermissibly lock or cross a protected quotation of an external market, that order shall be automatically cancelled; provided, however, that such an order marked CHX Only may be subject to the CHX Only Price Sliding Processes, detailed under Article 1, Rule 2(b)(1)(C) and not automatically cancelled.

Current Article 20, Rule 8(a) generally provides that Participants may route orders to the Matching System through any communications line approved by the Exchange but may only route orders away from the Matching System by utilizing the CHX Routing Services, pursuant to Article 19. The Exchange proposes to amend Rule 8(a) to delete language related to routing orders away from the Matching System.

Current Article 20, Rule 8(b)(7) describes how the unexecuted remainder of routed orders returned to the Matching System are ranked on the CHX book. In light of the proposed decommissioning of the outbound routing service, the Matching System will not receive any unexecuted remainders of orders routed away from the Matching System, and therefore, the Exchange proposes to delete Rule 8(b)(7) in its entirety.

Current Article 20, Rule 8(d)(3) describes how Odd Lot²⁰ orders and unexecuted Odd Lot remainders of routed orders are handled by the Matching System. The Exchange proposes to amend Rule 8(d)(3) to eliminate language relating to routing away orders. Accordingly, amended Rule 8(d)(3) provides that an Odd Lot order or unexecuted Odd Lot remainders shall be posted to, remain in, or be cancelled from the Matching System according to the attached order modifiers.

²⁰ See CHX Article 1, Rule 2(f)(2).

Current Article 20, Rule 8(d)(4) (Rule 201 of Regulation SHO²¹) describes how orders subject to the short sale price test restriction will be handled during the Open Trading State and transition to the Open Trading State from a SNAP Cycle, under subparagraph (A), and during a SNAP Cycle, under subparagraph (B). The Exchange proposes to delete reference to the stage five Transition to the Open Trading State under subparagraph (A) and to delete subparagraph (B) in its entirety as it describes the handling of orders subject to the short sale price test restriction during a SNAP Cycle. Moreover, the Exchange proposes to amend subparagraph (A)(iv) to omit reference to the routing away of Sell Short orders. Accordingly, amended subparagraph (A)(iv) will provide that a Sell Short order, other than a CHX Only order, will be cancelled back to the order sender if, based on Rule 201 of Regulation SHO,²² such order is not executable or cannot be posted to the Matching System.

Current Article 20, Rule 8(e) describes the execution of certain orders, order types, and auctions. The Exchange proposes to amend Rule 8(e) to delete reference to “auctions” in the header and to delete the language under current Rule 8(e)(2) related to the execution of orders during a SNAP Cycle, inserting the term “Reserved” in its place.

Current Article 20, Rule 8(f) describes how orders cancellation messages submitted by Participants are handled and Rule 8(f)(2), in particular, describes how cancel messages received by the Exchange for routed orders are handled. The Exchange proposes to delete Rule 8(f)(2) in its entirety.

Current Article 20, Rule 12 (Order Cancellation/Release by the Exchange)

²¹ 17 CFR 242.201.

²² 17 CFR 242.201.

describes the circumstances under which the Exchange may cancel or release orders. Specifically, Rule 12(a) permits the Exchange or CHXBD to cancel orders it deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, CHXBD, a non-affiliated third-party broker, or another trading center to which an order was routed. Rule 12(a) also requires the Exchange or CHXBD to provide notice of the cancellation to affected Participants as soon as practicable. In addition, Rule 12(b) permits the Exchange to release orders being held on the Exchange awaiting another trading center execution as it deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, CHXBD, a non-affiliated third-party broker, or another Trading Center to which an order has been routed. Given that the proposed decommissioning of the outbound routing service will not require the Exchange to cancel or release orders that have been routed away from the Exchange, the Exchange proposes to amend the header to Rule 12 to read “Order Cancellation by the Exchange,” amend Rule 12(a) to limit its scope to technical or systems issues that occur at the Exchange only, and to delete Rule 12(b) in its entirety.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,²³ in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public

²³ 15 U.S.C. 78f(b)(5).

interest.

Specifically, the Exchange believes that the proposal to amend the Rules to decommission the Exchange's outbound routing service and SNAP will permit the Exchange to reallocate resources currently used to maintain the infrequently utilized²⁴ outbound routing service and SNAP to the development of other business initiatives and to further support the Exchange's regulatory obligations. In addition, the Exchange notes that the decommissioning of the outbound routing service will result in all inbound orders received by the Exchange being handled Do Not Route and therefore subject to the Exchange's current order processing procedures and rules for non-routable orders, which will ensure that the Matching System continues to be reasonably designed to comply with the requirements of Rule 201 of Regulation SHO²⁵ and Rules 610(d)²⁶ and 611²⁷ of Regulation NMS. Also, the Exchange is not required by rule or regulation to provide outbound routing services and Participants will continue to be able to route orders to away markets either directly or through another routing service. Therefore, the Exchange believes that the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system in furtherance of Section 6(b)(5) of the Exchange Act.²⁸

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any

²⁴ See supra note 6.

²⁵ 17 CFR 242.201.

²⁶ 17 CFR 242.610(d).

²⁷ 17 CFR 242.611.

²⁸ 15 U.S.C. 78f(b)(5).

burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. Specifically, the proposed rule change will result in the decommissioning of certain Exchange products that have not been frequently or actively utilized by Participants. Therefore, the Exchange submits that the proposal does not raise any competitive issues.

C. 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 with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act²⁹ and Rule 19b-4(f)(6) thereunder.³⁰ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)³¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule

²⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

³⁰ 17 CFR 240.19b-4(f)(6).

³¹ 17 CFR 240.19b-4(f)(6).

19b4(f)(6)(iii),³² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)³³ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change 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 Number SR-CHX-2018-09 on the subject line.

³² 17 CFR 240.19b-4(f)(6)(iii).

³³ 15 U.S.C. 78s(b)(2)(B).

Paper comments:

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

All submissions should refer to File Number SR-CHX-2018-09. 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 website (<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 change 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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CHX-2018-09 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.³⁴

Robert W. Errett
Deputy Secretary

³⁴ 17 CFR 200.30-3(a)(12).

Proposed additions underlined
Proposed deletions [bracketed]

RULES OF THE CHICAGO STOCK EXCHANGE, INC.

ARTICLE 1. Definitions and General Information

Rule 1. Definitions

Whenever and wherever used in these Rules, unless the context requires otherwise, the following terms shall have the respective meanings ascribed to them below:

(oo) Reserved["Routable Order": means any incoming limit order, as defined under Article 1, Rule 2(a)(1), of any size, not marked by any order modifiers or related terms listed under Article 1, Rule 2 that prohibit the routing of the order to another Trading Center; provided, however, that during a SNAP Cycle, participating SNAP Eligible Orders are always Routable Orders.]

(pp) – (qq) Unchanged

(rr) Reserved["SNAP Price": means a single price at which the greatest number of shares may be executed during a SNAP Cycle, as described under Article 18, Rule 1(b), without trading-through any more aggressively priced orders on either side of the market, in compliance with all CHX Rules and relevant securities laws and regulations, including Regulation NMS and Rule 201 of Regulation SHO, and any applicable exemptive relief therefrom; provided the following:

(1) Where two or more price points are identified above, the SNAP Price shall be the price closest to the last reported sale in the security from the same trading day that was not permitted to trade-through the National Best Bid and Offer ("NBBO") at the time the last sale was executed ("eligible same day last sale"). Where two or more price points are equally close to the eligible same day last sale price, the SNAP Price shall be the eligible same day last sale price.

(2) If an eligible same day last sale cannot be ascertained, pursuant to paragraph (rr)(1) above, the SNAP Price shall be the price closest to the NBBO midpoint. Where two or more price points are equally close to the NBBO midpoint, the SNAP Price shall be the NBBO midpoint.]

(ss) Reserved["SNAP Eligible Order": means a limit order, as defined under Article 1, Rule 2(a)(1), not marked by, or handled as, any one of the following modifiers:

- (1) Cancel On SNAP.
- (2) Fill Or Kill.
- (3) Immediate Or Cancel.
- (4) Start SNAP, except where the limit order marked Start SNAP is handled as SNAP AOO – One And Done, pursuant to Article 1, Rule 2(h)(1)(C).

Certain modifiers attached to SNAP Eligible Orders shall be deactivated during a SNAP Cycle, pursuant to Article 18, Rule 1(b)(2)(D).]

Rule 2. Order Types, Modifiers, and Related Terms

Unless otherwise specifically defined elsewhere in the CHX Rules, the following terms shall have the respective meanings ascribed to them, for purposes of all CHX Rules. Order modifiers listed under Article 18, Rule 1(b)(2)(D) shall not be active for a security that is subject to a SNAP Cycle, as described under Article 18, Rule 1.

(a) *General Order Types.* The following general order types shall be accepted by the Matching System, subject to the requirements of Article 20, Rule 4. All orders received by the Matching System will be deemed to have been received “Do Not Route,” as defined under paragraph (b)(3)(A), which cannot be overridden by the order sender.

(b) *Order Execution Modifiers.* One or more order execution modifiers may be applied to a general order type, subject to the requirements of Article 20, Rule 4, so long as the modifier is compatible with the general order type and other applicable order modifiers/terms.

(1) *Limit Orders Only.* The following order execution modifiers may be attributed to limit orders only.

(A)– (B) Unchanged

(C) “CHX Only”: a limit order modifier that requires an order to be ranked and executed on the Exchange pursuant to Article 20, Rule 8, without routing away to another Trading Center and is eligible for the CHX Only Price Sliding Processes, detailed below. An order sender may not opt out of the CHX Only Price Sliding Processes if the order is marked CHX Only. An order sender can enter instructions to have all limit orders default to CHX Only.

[A limit order marked CHX Only shall be deemed to have been received “Do Not Route,” as defined under paragraph (b)(3)(A), which cannot be overridden by the order sender.]

(D) “Post Only”: a limit order modifier that requires an order to be posted on the Exchange and not routed away to another trading center.

[A limit order marked Post Only shall be deemed to have been received “Do Not Route,” as defined under paragraph (b)(3)(A), which cannot be overridden by the order sender.]

(3) *Applicable to Multiple Order Types*

(A) Unchanged

(B) "Intermarket Sweep" or "ISO": a limit or cross order modifier that marks an order as required by SEC Rule 600(b)(30). The Exchange relies on the marking of an order as an ISO when handling such an order, and thus, it is the entering Participant’s responsibility, not the Exchange’s responsibility, to comply with the requirements of Regulation NMS and Article 20, Rule 6(c)(3) relating to ISOs. Any new incoming order marked ISO will not be rejected or cancelled if it would lock, cross, or trade-through a Protected Quotation of an away market. [ISOs shall be deemed to have been received “Do Not Route,” as defined under paragraph (b)(3)(A), which cannot be overridden by the order sender.]

(d) *Order Duration (“Time-In-Force”) Modifier*. One order duration modifier may be applied to a general order type, subject to the requirements of Article 20, Rule 4, so long as the modifier is compatible with the general order type and other applicable order modifiers/terms.

(1) Unchanged

(2) "Fill Or Kill" or "FOK": a modifier that requires an order to be executed in full and for limit orders, at or better than its limit price, as soon as the order is received by the Matching System, but that will be immediately cancelled if it cannot be executed in full. An order marked FOK may be executed at one or more different prices against orders in the Matching System (including any Reserve Size or undisplayed orders).

[An order marked FOK shall be deemed to have been received "Do Not Route," as defined under paragraph (b)(3)(A), which cannot be overridden by an order sender.]

(3) Unchanged

(4) "Immediate Or Cancel" or "IOC": a modifier that requires an order to be executed, either in whole or in part and for limit orders, at or better than its limit price, as soon as the order is received by the Matching System, with any unexecuted balance of the order to be immediately cancelled. Orders marked IOC shall be executed against any orders in the Matching System at or better than the Exchange's BBO (including any Reserve Size or undisplayed orders at or better than that price).

[An order marked IOC shall be deemed to have been received "Do Not Route," as defined under paragraph (b)(3)(A), which cannot be overridden by an order sender.]

[(h) *Order modifiers related to SNAP.* One or more order modifiers related to SNAP, as described under Article 18, Rule 1, may be applied to limit orders only, subject to the requirements of Article 20, Rule 4, so long as the modifier is compatible with other applicable order modifiers/terms.

(1) "Start SNAP": a limit order modifier that -1- initiates a SNAP Cycle in a specified security, as described under Article 18, Rule 1(b), if the limit order marked Start SNAP meets the requirements of subparagraph (A) or, -2- joins a SNAP Cycle in progress, if it does not meet the requirements of subparagraph (A), but meets the requirements of proposed subparagraph (C). A limit order marked Start SNAP is not executable during the Open Trading State, as defined under Article 1, Rule 1(qq). A limit order marked Start SNAP that does not meet the requirements of either subparagraph (A) or (C) shall be cancelled.

(A) *Requirements to initiate a SNAP Cycle.* A limit order marked Start SNAP shall only initiate a SNAP Cycle if the following conditions are met. If any one of the following conditions are not met, the limit order marked Start SNAP will be cancelled, unless it meets the requirements of subparagraph (C).

(i) *Size.* A limit order marked Start SNAP must be for (a) at least 2,500 shares and have a minimum aggregate notional value of \$250,000 or (b) at least 20,000 shares with no minimum aggregate notional value requirement; provided, however, that certain issues specified below have special minimum size requirements:

Special Issues	Minimum Size
Berkshire Hathaway, Inc. (BRK-A)	100

(ii) *Price.* The limit price of a buy (sell) order marked Start SNAP must be priced at or through the National Best Offer (National Best Bid) at the time the order was received by the Matching System. If the National Best Bid and Offer (“NBBO”) is crossed or a two-sided NBBO does not exist at the time the limit order marked Start SNAP is received by the Matching System, the limit order marked Start SNAP shall not initiate a SNAP Cycle. A limit order marked Start SNAP and Sell Short, as defined under Article 1, Rule 2(b)(3)(E), for a covered security subject to short sale price test restriction, shall not initiate a SNAP Cycle and shall be cancelled.

(iii) *Timing.* A limit order marked Start SNAP will only initiate a SNAP if it is received during the regular trading session; provided, however, that it will not initiate a SNAP if it is received (a) within five minutes of the first two-sided quote in the subject security having been received by the Exchange from the primary market disseminated after either the beginning of the regular trading session or a trading halt, pause or suspension that required the Exchange to suspend trading in the subject security; (b) within five minutes of the end of the regular trading session; (c) during a SNAP Cycle or (d) within one minute after the completion of the previous SNAP Cycle.

(iv) *Routing unavailable.* A limit order marked Start SNAP will not initiate a SNAP if the CHX Routing Services, as described under Article 19, are not available at the time the order is received by the Matching System.

(B) *Minimum SNAP execution size condition.* An order sender may instruct that the entire SNAP Cycle be cancelled, without any executions, if the sum of -1- the minimum number of shares that could be executed within the Matching System at the SNAP Price, as defined under Article 1, Rule 1(rr), and -2- the number of shares that are to be routed away, pursuant to Article 19, Rule 3(a)(4) and (5), is less than the minimum number of shares required for the limit order marked Start SNAP to initiate a SNAP Cycle.

(C) *SNAP AOO - One And Done handling.* By default, a limit order marked Start SNAP that does not meet the requirements of subparagraph (A) and is received by the Matching System during a SNAP Order Acceptance Period, as described under Article 18, Rule 1(b)(2), shall be handled as SNAP AOO - One And Done, as defined under paragraph (h)(3)(B), and join the SNAP Cycle in progress, if the order meets the requirements of paragraph (h)(3)(B). The order sender may instruct that the limit order marked Start SNAP not be subject to this special handling even if eligible.

(2) “Cancel On SNAP”: a limit order modifier that requires the order to be cancelled upon initiation of a SNAP Cycle or cancelled upon receipt if received during a SNAP Cycle.

(3) “SNAP Auction Only Orders” or “SNAP AOOs”: a limit order marked by, or handled as, one of the modifiers below, that is only executable during a SNAP Cycle, as described under Article 18, Rule 1(b). SNAP AOOs shall only be accepted from the beginning of the early session to five minutes prior to the end of the regular trading session. Upon receipt by the Exchange, all valid SNAP AOOs shall either be queued or immediately ranked on the SNAP CHX book, as described under Article 20, Rule 8(b)(2)(A).

A SNAP AOO must be for (a) at least 250 shares and have a minimum aggregate notional value of \$25,000 based on its corresponding SNAP AOO Reference Price or (b) at least 2,000 shares with no minimum aggregate notional value requirement; provided, however, that certain issues specified below have special minimum size requirements. If there is no special minimum size requirement noted for a security, the SNAP AOO Reference Price for the security shall be the last sale in the subject security that was not permitted to trade-through the National Best Bid and Offer (“NBBO”) at the time the last sale was executed. If a SNAP AOO Reference Price cannot be determined, the SNAP AOO shall be cancelled.

Special Issues	Minimum Size
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(A) “SNAP AOO - Day”: a limit order modifier that requires the order to only participate in the next SNAP Cycle for which it is eligible and every SNAP Cycle thereafter for the remainder of the trading session until fully-executed or cancelled.

(B) “SNAP AOO - One And Done”: a limit order modifier that requires the order to only participate in the next SNAP Cycle for which it is eligible with any unexecuted remainder to be cancelled; provided, however, that if the SNAP Cycle in which the limit order marked SNAP AOO – One And Done was participating was aborted prior to the stage three Pricing and Satisfaction Period of the SNAP Cycle, the order shall be re-queued, pursuant to Article 20, Rule 8(b)(2)(A), and not cancelled.

(C) “SNAP AOO - Pegged”: a limit order modifier only available for orders marked SNAP AOO – Day or SNAP AOO - One And Done, that requires the order to be priced at the less aggressive of an optional limit price or mandatory offset price from the NBBO ascertained from the market snapshot taken pursuant to Article 18, Rule 1(b)(2)(E). An order sender that submits a limit order marked SNAP AOO - Pegged must specify one of the following pricing options:

(i) *Midpoint*. Priced at the midpoint of the NBBO or the locking price if the NBBO is locked. If the NBBO is crossed, the order shall not participate in the instant SNAP Cycle, even if there is an optional limit price indicated.

(ii) *Market*. A buy (sell) order shall be priced at, or a specified offset below or above, the NBO (NBB).

(iii) *Primary*. A buy (sell) order shall be priced at, or a specified offset below or above, the NBB (NBO).]

ARTICLE 18. Reserved[Auctions

Rule 1. Sub-second Non-displayed Auction Process (“SNAP”)

(a) *Generally.* SNAP is a fully-hidden on-demand auction that may be initiated in a security within the Matching System, pursuant to the provisions of this Rule. A SNAP Cycle may only occur during the regular trading session, but may occur more than once during a regular trading session and may occur in different securities concurrently. During a SNAP Cycle, automated trading in the subject security shall be suspended. The Exchange reserves the right to enable or disable SNAP, per security, pursuant to notice to Participants.

(b) *SNAP Cycle.* A SNAP Cycle is comprised of the following five stages.

(1) *Stage One: Beginning the SNAP Cycle.* Upon the initiation of a SNAP Cycle pursuant to Rule 1A below, the Matching System shall immediately suspend automated matching of orders in the subject security and shall take the following actions:

(A) *Notice of SNAP to market.* The Exchange shall remove its Protected Quotation(s) in the subject security, if any, and notify the market that a SNAP Cycle is taking place in the subject security.

(B) *CHX Book Feed.* The Exchange shall submit messages through the CHX Book Feed to reflect that precedent orders previously disseminated through the CHX Book Feed are no longer automatically executable. The Exchange will suspend dissemination of any other order information concerning the subject security.

(2) *Stage Two: SNAP Order Acceptance Period.* The SNAP Order Acceptance Period shall begin upon initiation of a SNAP Cycle and last approximately 475 to 525 milliseconds, the actual length of which will be randomized by the Matching System and take the following actions:

(A) *Precedent orders.* Orders received by the Exchange prior to the initiation of a SNAP Cycle in the subject security shall be handled as follows:

(i) *SNAP Eligible Orders,* as defined under Article 1, Rule 1(ss), in the subject security, not marked SNAP AOO - Pegged, as defined under Article 1, Rule 2(h)(3)(C), resting on the CHX book or SNAP AOO Queue, as described under Article 20, Rule 8(b)(2)(A), prior to the initiation of the current SNAP Cycle, shall be ranked on the SNAP CHX book, pursuant to Article 20, Rule 8(b)(3)(A) – (C) and (E), as applicable. Precedent SNAP AOOs marked SNAP AOO - Pegged shall remain on the SNAP AOO Queue until ranked on the SNAP CHX book, pursuant to paragraph (b)(3)(A) below.

(ii) *Initiating order.* The limit order marked Start SNAP that initiated the SNAP Cycle shall be ranked on the SNAP CHX book, pursuant to Article 20, Rule 8(b)(3)(D).

(iii) *Non-SNAP Eligible Orders* in the subject security resting on the CHX book prior to the initiation of the current SNAP Cycle shall be cancelled.

(B) *Incoming orders.* Incoming orders received during the SNAP Cycle shall be handled as follows:

(i) *Incoming SNAP Eligible Orders.* Incoming SNAP Eligible Orders received during the SNAP Order Acceptance Period shall be immediately ranked on the SNAP CHX book, pursuant to Article 20, Rule 8(b)(3)(E); provided, however, that SNAP AOOs marked SNAP AOO - Pegged shall be placed in the SNAP AOO Queue upon receipt and shall only be ranked on the SNAP CHX book, pursuant to paragraph (b)(3)(A) below. Incoming SNAP Eligible Orders received after the SNAP Order Acceptance Period, but during a SNAP Cycle, shall not be eligible to participate in the current SNAP Cycle and shall be queued, pursuant to subparagraph (C) below.

(ii) *Incoming non-SNAP Eligible Orders.* Incoming non-SNAP Eligible Orders received during the SNAP Cycle, shall be cancelled upon receipt, except that cross orders shall be queued, pursuant to subparagraph (C) below.

(C) *First In/First Out (“FIFO”) Queue.* During a SNAP Cycle, the Exchange shall queue the following incoming messages for later processing, pursuant to paragraph (b)(5)(B) below:

(i) Cancel and cancel/replace messages for resting or queued orders.

(ii) Cancel messages from away markets for routed orders received after the SNAP Order Acceptance Period.

(iii) SNAP Eligible Orders received after the SNAP Order Acceptance Period.

(iv) Cross orders.

(D) *Deactivate certain modifiers.* Prior to being ranked on the SNAP CHX book, the following order modifiers shall be deactivated for the subject security only:

- (i) CHX Only.
- (ii) Post Only.
- (iii) Do Not Route.
- (iv) Match Trade Prevention.
- (v) Always Quote.
- (vi) Reserve Size.

(E) *Market snapshot and routing availability.* Upon the conclusion of the SNAP Order Acceptance Period, the Matching System shall take a snapshot of the Protected Quotation(s) of external market(s) in the subject security and determine whether or not the CHX Routing Services are available. If a two-sided NBBO does not exist or the CHX Routing Services are unavailable, the SNAP Cycle shall be aborted without any executions and the Matching System shall immediately begin the stage five Transition to the Open Trading State.

(3) *Stage Three: Pricing and Satisfaction Period.* If permitted, pursuant to paragraph (b)(2)(E) above, the Matching System shall utilize the market snapshot taken pursuant to paragraph (b)(2)(E) to initiate the Pricing and Satisfaction Period by taking the following actions:

(A) *Pricing and Ranking of SNAP AOOs Marked SNAP AOO - Pegged.* The Matching System shall price all SNAP AOOs marked SNAP AOO - Pegged remaining on the SNAP AOO Queue, then rank such orders on the SNAP CHX book, pursuant to Article 20, Rule 8(b)(3)(E).

(B) *Establishing the SNAP Price.* Once the process described under subparagraph (A) has been completed, the Matching System shall determine the SNAP Price, as defined under Article 1, Rule 1(rr).

If the SNAP Price cannot be determined, the Matching System shall take a snapshot of the Protected Quotation(s) of external market(s) in the subject

security and the SNAP Cycle shall continue to the stage five Transition to the Open Trading State.

If the SNAP Price can be determined and one or more orders must be routed away, pursuant to Article 19, Rule 3(a)(4) and/or (5), the SNAP Cycle shall continue to the Satisfaction Period, pursuant to subparagraph (C). If no order routing is necessary, the SNAP Cycle shall continue to the stage four Order Matching Period.

(C) *Satisfaction Period.* If the SNAP Price requires the routing of one or more orders, pursuant to Article 19, Rule 3(a)(4) and/or (5), the Exchange's routing systems shall route away the necessary SNAP Eligible Orders, or portions thereof, based on their execution priority, pursuant to paragraph (b)(4)(A). The Matching System shall then delay proceeding to the stage four Order Matching Period for 200 milliseconds or until all confirmations for routed orders have been received from away market(s), whichever occurs first.

The unexecuted remainders of orders routed away pursuant to Article 19, Rule 3(a)(4) and/or (5) returned to the Matching System prior to the expiration of the Satisfaction Period during which the orders were routed away shall maintain their respective original execution priority within the SNAP CHX book, whereas such unexecuted remainders returned to the Matching System after the expiration of the Satisfaction Period during which the orders were routed away shall be handled pursuant to Article 20, Rule 8(b)(7).

(4) *Stage Four: Order Matching Period.* Upon conclusion of the stage three Pricing and Satisfaction Period, orders remaining on the SNAP CHX book if any, shall be matched at the SNAP Price as follows:

(A) *Execution priority.* SNAP Eligible Orders with a Working Price at or more aggressive than the SNAP Price shall be executed in Working Price priority and if more than one such order shares the same Working Price, then as described under Article 20, Rule 8(b)(3), for that price point.

(B) *Market snapshot.* Upon conclusion of the matching of orders at the SNAP Price, the Matching System shall then take a snapshot of the Protected Quotation(s) of external market(s) in the subject security.

(5) *Stage Five: Transition to the Open Trading State.* Upon conclusion of the of stages two or four of the SNAP Cycle, the Matching System shall utilize the market snapshot taken pursuant to paragraph (b)(3)(B) or (b)(4)(B), as applicable,

to transition trading in the subject security to the Open Trading State by taking the following actions:

(A) *Resting Orders.* Orders resting on the SNAP CHX book shall be transitioned to the CHX book and shall be ranked, pursuant to Article 20, Rule 8(b)(1); routed away, pursuant to Article 19, Rule 3(a); placed in the SNAP AOO Queue, pursuant to Article 20, Rule 8(b)(2)(A), if the order is a SNAP AOO that may participate in a subsequent SNAP Cycle; or otherwise cancelled. All order modifiers attached to the SNAP Eligible Orders being transitioned to the CHX book that were deactivated shall be reactivated prior to transition to the CHX book.

(B) *Processing the FIFO Queue.* Once the process under subparagraph (A) above has been completed, all messages queued on the FIFO Queue, as described under paragraph (b)(2)(C), shall be processed as incoming messages in the order in which they were received.

(C) *Notice of end of SNAP to market.* Once the processes under subparagraphs (A) and (B) have been completed, the Exchange will notify the market that the SNAP Cycle has concluded; publish Protected Quotation(s) in the subject security, if any; and begin the dissemination of relevant order information concerning orders resting on the CHX book, pursuant to Article 4, Rule 1.

(c) *Halt, pause or suspension during the SNAP Cycle.* A SNAP Cycle shall not begin in a security if a trading halt, pause or suspension is in effect for a subject security that requires the Exchange to suspend trading in that security (“material halt, pause or suspension”). In the event a material halt, pause or suspension has been declared for the subject security during a SNAP Cycle, the Exchange shall take the following actions, as applicable:

(1) *SNAP CHX book*

(A) *During stages one or two.* If the market snapshot taken pursuant to paragraph (b)(2)(E) or (F) indicates that a halt, pause or suspension is in effect, the SNAP Cycle shall be aborted and not proceed to stage three or stage five, as applicable. The Exchange shall then cancel all orders resting on the SNAP CHX book, subject to paragraph (c)(2) below.

(B) *During stages three or four.* If the market snapshot taken pursuant to paragraph (b)(3)(B) or (b)(4)(B) indicates that a halt, pause or suspension is in effect for the subject security, the SNAP Cycle shall be aborted and not proceed

to stage five. The Exchange shall then cancel the unexecuted remainders of all orders resting on the SNAP CHX book, subject to paragraph (c)(2) below.

(C) Any subsequent material halt or pause shall be handled pursuant to the relevant CHX Rules.

(2) *SNAP AOOs*. Upon initiation of a material halt or pause, all SNAP AOOs not marked Cancel On Halt or otherwise cancelled by the order sender that are -1- on the SNAP AOO Queue, as defined under Article 20, Rule 8(b)(2)(A), or -2- resting on the SNAP CHX book and may be re-queued on the SNAP AOO Queue, shall remain or be re-queued on the SNAP AOO Queue, as applicable, and not cancelled.

(3) *FIFO Queue*. Upon initiation of a material halt or pause, the FIFO Queue shall be processed until exhausted. FIFO Queue messages shall be processed pursuant to paragraphs (c)(4) and (5) below.

(4) *Incoming orders*. Upon initiation of a material halt or pause and for the remainder of the material halt or pause, all incoming orders shall be rejected; provided, however, that incoming SNAP AOOs shall be placed on the SNAP AOO Queue, if the material halt or pause is not the result of a systems issue at the Exchange.

(5) *Incoming cancel messages*. All incoming cancel messages and the cancel component of cancel/replace messages shall be immediately processed during a material halt or pause.

Rule 1A. Initiating SNAP

(a) *Generally*. Subject to Rule 1(c) above, a SNAP Cycle in a security shall be initiated either (1) upon receipt of a valid limit order marked Start SNAP, as defined under Article 1, Rule 2(h)(1), or (2) by the Exchange pursuant to paragraph (b) below.

(b) *Exchange-initiated SNAP*. During the Open Trading State for each SNAP-eligible security and at preprogrammed intervals, the Exchange shall review the CHX book, SNAP AOO Queue and Protected Quotations of external markets to determine whether sufficient liquidity exists to initiate a SNAP Cycle without the receipt of a valid limit order marked Start SNAP (“*pro forma* SNAP review”). In conducting the *pro forma* SNAP review, the Exchange shall take a market snapshot of the Protected Quotations of external markets in the subject security and calculate a *pro forma* SNAP Price, as defined under Article 1, Rule 1(rr), to determine:

(1) whether the projected execution size (“PES”) at the *pro forma* SNAP Price is equal to or greater than the corresponding minimum PES, as described under paragraph (d); and

(2) whether the PES within the Matching System at the *pro forma* SNAP Price would be equal to or greater than 80% of the corresponding minimum PES.

If the conditions set forth under paragraphs (b)(1) and (2) are met, the Exchange shall initiate a SNAP Cycle pursuant to Rule 1(b) above, subject to paragraph (c) below.

(c) *Restrictions on Exchange-initiated SNAP.* Notwithstanding paragraph (b) above, the Exchange shall not initiate a SNAP Cycle:

(1) within five minutes of the first two-sided quote in the subject security having been received by the Exchange from the primary market disseminated after either the beginning of the regular trading session or a trading halt, pause or suspension that required the Exchange to suspend trading in the subject security; within five minutes of the end of the regular trading session; during a SNAP Cycle; or within one minute after the completion of the previous SNAP Cycle;

(2) if the CHX Routing Services, as described under Article 19, are not available at the time of the market snapshot taken pursuant to paragraph (b) above; or

(3) if the NBBO ascertained from the market snapshot taken pursuant to paragraph (b) above is crossed or a two-sided NBBO does not exist.

(d) *Minimum PES.* The minimum PES for an Exchange-initiated SNAP pursuant to paragraph (b) above shall either be (1) 2,500 shares with a minimum aggregate notional value of \$250,000 based on the midpoint of the NBBO ascertained from the market snapshot taken pursuant to paragraph (b) above or (2) 20,000 shares with no minimum aggregate notional value requirement; provided, however, certain issues specified below have special minimum PES requirements:

Special Issues	Minimum PES
Berkshire Hathaway, Inc. (BRK-A)	100]

ARTICLE 19. Operation of the CHX Routing Services

Rule 1. CHX Routing Services

[(a) *Generally.* Routable Orders that have been submitted to, and accepted by, the Matching System may be routed from the Matching System to other Trading Centers pursuant to this Article 19 and in a manner that is compliant with other Exchange rules and all securities laws and regulations, including, but not limited to, Regulation NMS and Regulation SHO; provided that the Exchange's routing-related systems and facilities are enabled and operational.

(b) *]Limitation of liability.* Use of the CHX Routing Services is optional and subject to the Exchange's limitation of liability, pursuant to Article 3, Rule 19.

[(c) *Firm orders.* Routable Orders submitted to the Matching System are firm orders, pursuant to Article 20, Rule 3, and Participants that submit Routable Orders agree to be bound by all resulting executions, including the execution of routed orders at other Trading Centers. Routed orders received by another Trading Center shall be subject to the rules and procedures of that Trading Center.]

Rule 2. Routing Brokers

(a) Reserved[*CHXBD, LLC as Outbound Router.* The Exchange shall provide the CHX Routing Services through CHXBD, LLC ("CHXBD"), which is an affiliated broker that operates as a facility of the Exchange. CHXBD shall utilize one or more non-affiliated third-party brokers-dealers ("third-party routing brokers" and together with CHXBD "routing brokers") in connection with the CHX Routing Services to route orders to away Trading Centers. CHXBD shall only accept routing-related instructions from the Exchange to route orders to away Trading Centers and shall not accept routing instructions from Participants or other non-Participants directly. Thus, the Exchange will determine the logic that provides, when, how, and where orders are routed away. Routing brokers cannot change the terms of an order or the routing instructions, nor do the routing brokers have any discretion about where to route an order. The Exchange shall report and allocate executions or report cancellations of routed orders at the away Trading Centers to the Participants that submitted the Routable Orders and to Qualified Clearing Agencies. Neither the Exchange nor CHXBD shall have responsibility for the handling of the routed order by the away Trading Center.

For so long as CHXBD is affiliated with the Exchange and is providing outbound routing from the Exchange to away Trading Centers, the following shall apply:

(1) The Exchange will regulate CHXBD as a facility (as defined in Section 3(a)(2) of the Act), subject to Section 6 of the Act. In particular, and without limitation, under the Act, the Exchange will be responsible for filing with the Commission rule changes and fees relating to CHXBD and CHXBD will be subject to the Exchange's non-discrimination requirements.

(2) FINRA, a self-regulatory organization unaffiliated with the Exchange or any of its affiliates, will carry out oversight and enforcement responsibilities as the designated examining authority designated by the Commission pursuant to Rule 17d-1 of the Act with the responsibility for examining CHXBD for compliance with applicable financial responsibility rules.

(3) Participants' use of CHXBD to route orders to away Trading Centers will be optional. Participants that do not desire to use CHXBD must designate orders entered into the Matching System as "Do Not Route" or any other order modifier available through the Exchange that is ineligible for routing. Any Participant that does not want to use CHXBD may use other routers to route orders to away Trading Centers.

(4) CHXBD will not engage in any business other than (A) its outbound router function for the Exchange, (B) its usage of CHXBD Error Accounts in compliance with paragraph (b)(7) below, and (C) any other activities it may engage in as approved by the Commission.

(5) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and its facilities (including CHXBD as its routing facility) and any other entity; or, where there is a third-party routing broker, the Exchange, the routing facility and any third-party routing broker, and any other entity, including any affiliate of the third-party routing broker (and if the third-party routing broker or any of its affiliates engages in any other business activities other than providing the routing services to the Exchange, between the segment of the third-party routing broker or affiliate that provides the other business activities and the segment of the third-party routing broker that provides the routing services).

(6) The books, records, premises, officers, agents, directors and employees of CHXBD as a facility of the Exchange shall be deemed to be the books, records, premises, officers, agents, directors and employees of the Exchange for the purposes of, and subject to oversight pursuant to, the Act. The books and records of CHXBD as a facility of the Exchange shall be subject at all times to inspection

and copying by the Exchange and the Commission. Nothing in these Rules shall preclude officers, agents, directors or employees of the Exchange from also serving as officers, agents, directors and employees of CHXBD.

(7) CHXBD shall maintain a CHXBD Error Account for the purpose of liquidating unpaired trade positions that are the result of an execution or executions that are not clearly erroneous under Article 20, Rule 10 and result from a technical or systems issue at CHXBD, the Exchange, a routing destination, or non-affiliated third-party broker-dealers. (“Error Positions”).

(A) CHXBD shall not accept any positions in a CHXBD Error Account from an account of a Participant or permit any Participant to transfer any positions from its account to a CHXBD Error Account; provided, however, that CHXBD may accept into its CHXBD Error Account positions erroneously allocated to Participants to the extent that the alternatives listed under subparagraph (C) below have been exhausted or are impracticable.

(B) If a technical or systems issue on the Exchange or CHXBD results in the Exchange not having valid clearing instructions for a Participant to a trade, the Exchange may assume that Participant’s side of the trade so that the trade can be automatically processed for clearance and settlement on a locked-in basis.

(C) In connection with a particular technical or systems issue and prior to accepting any resulting Error Positions into the CHXBD Error Account, the Exchange or CHXBD shall, if practicable, -1- assign such Error Positions to Participants in accordance with subparagraph (C)(i) below; -2- cause to have any erroneous executions cancelled on the Trading Centers on which they were executed; or -3- allocate Error Positions to third-party routing brokers if the technical or systems issue occurred away from the Exchange and CHXBD. Error Positions that could not be handled in this manner shall be taken into the CHXBD Error Account and liquidated in accordance with subparagraph (D). Determinations on how to treat Error Positions shall be made in a nondiscriminatory manner.

(i) The Exchange or CHXBD shall assign all Error Positions resulting from a particular technical or systems issue to the Participants affected by that technical or systems issue if the Exchange or CHXBD:

(1) Determines that it has accurate and sufficient information (including valid clearing information) to assign the positions to all of the Participants affected by that technical or systems issue;

(2) Determines that it has sufficient time pursuant to normal clearance and settlement deadlines to evaluate the information necessary to assign the positions to all of the Participants affected by that technical or systems issue; and

(3) Has not determined to cancel all orders affected by that technical or systems issue in accordance with Article 20, Rule 12.

(D) If the Exchange or CHXBD is unable to address Error Positions in accordance with subparagraph (C) above or if the Exchange or CHXBD determines to cancel all orders affected by the technical or systems issue in accordance with Article 20, Rule 12, then such Error Positions shall be taken into the CHXBD Error Account and CHXBD shall cause to have such positions liquidated as soon as practicable. In liquidating such Error Positions, CHXBD shall:

(i) Provide complete time and price discretion for the trading to liquidate the Error Positions to a non-affiliated third-party broker-dealer and shall not attempt to exercise any influence or control over the timing or methods of such trading; provided, however, that CHXBD may provide a general instruction to the non-affiliated third-party broker-dealer that the Error Positions should be liquidated in a timely manner using commercially reasonable efforts in accordance with custom and practice within the securities industry while minimizing market fluctuation to the extent possible; and

(ii) Establish and enforce policies and procedures that are reasonably designed to restrict the flow of confidential and proprietary information between the non-affiliated third-party broker-dealer and CHXBD/the Exchange associated with the liquidation of the Error Positions.

(E) The Exchange and CHXBD shall make and keep records to document all determinations to treat positions as Error Positions and all determinations for the liquidation of Error Positions through the non-

affiliated third-party broker-dealer, as well as records associated with the liquidation of Error Positions through the non-affiliated third-party broker-dealer.]

[Rule 3. Routing Events

(a) A Routable Order, or a portion thereof, shall be routed pursuant to the CHX Routing Services in compliance with CHX rules and all federal securities laws, rules and regulations, including Regulation NMS and Regulation SHO, to the extent necessary:

(1) To permit the display and/or execution of an incoming Routable Order on the Exchange in compliance with Rules 610(d) and 611 of Regulation NMS and, for the duration of the Pilot Period to coincide with the Pilot Period for the Regulation NMS Plan to Implement a Tick Size Pilot (“Plan”), the Trade-at Prohibition described under the Plan;

(2) To prevent the execution of an incoming Routable Order for an Odd Lot if it would trade-through a Protected Quotation of an external market;

(3) To execute an incoming Routable Order marked Do Not Display or a Routable Order of an Odd Lot that could not be displayed (“incoming undisplayed Routable Order”) against any Protected Quotation(s) of external market(s) priced at or better than the limit price of the incoming undisplayed Routable Order if there are no contra-side resting orders on the CHX book against which the incoming undisplayed Routable Order could execute.

(4) To permit orders to be executed within the Matching System at the SNAP Price, as defined under Article 1, Rule 1(rr), in compliance with Regulation NMS. Orders routed away pursuant to this paragraph (a)(4) shall be priced -1- at the SNAP Price or, -2- if the SNAP Price is priced at an increment smaller than the relevant minimum price increment, at the minimum price increment less aggressive than the SNAP Price; or

(5) To execute SNAP Eligible Orders at the SNAP Price against Protected Quotations of external markets priced at the SNAP Price that could not be matched within the Matching System, during a SNAP Cycle, as described under Article 18, Rule 1(b).

(b) *Marking routed orders.* Every order routed away pursuant to a Routing Event shall be marked IOC.

(c) *Handling unexecuted remainders.* If an unexecuted remainder of a routed order is returned to the Matching System in one or more parts, each shall be handled pursuant to Article 20, Rule 8(b)(7).

(d) *Cancelling routed orders.* Cancellation requests of routed orders from Participants shall be handled pursuant to Article 20, Rule 8(f). The Exchange may release pending portions of Routable Orders pursuant to Article 20, Rule 12(b).]

ARTICLE 20. Operation of the CHX Matching System

Rule 5. Prevention of Trade-Throughs

(a) An inbound order for at least a round lot is not eligible for execution on the Exchange if its execution would be improper under Rule 611 of Regulation NMS (but not including the exception set out in Rule 611(b)(8)) (an "improper trade-through") and such an order shall be handled by the Exchange as follows:

(1) Reserved[If the execution of all or part of an inbound Routable Order, as defined under Article 1, Rule 1(o), would cause an improper trade-through, that Routable Order (or the portion of that order that would cause an improper trade-through) shall be routed away, pursuant to Article 19, Rule 3(a)(1); or]

(2) If the execution of all or part of an inbound order would cause an improper trade-through[and the order cannot be routed away], the order shall be automatically cancelled; provided, however, that such an order marked CHX Only may be subject to the CHX Only Price Sliding Processes, detailed under Article 1, Rule 2(b)(1)(C) and not automatically cancelled.

Rule 6. Locked and Crossed Markets

(d) *Matching System operation.* Except as permitted in paragraph (c) above, an order is not eligible for display on the Exchange if its display would lock or cross a Protected Quotation of an external market in violation of Rule 610 of Regulation NMS and such an order shall be handled by the Exchange as follows:

(1) Reserved[If the display of a Routable Order, as defined under Article 1, Rule 1(oo), would impermissibly lock or cross a Protected Quotation of an external market, that Routable Order, or a portion thereof, shall be routed away, pursuant to Article 19, Rule 3(a)(1); or]

(2) If the display of an order would impermissibly lock or cross a Protected Quotation of an external market[and the order cannot be routed away], that order shall be automatically cancelled; provided, however, that such an order marked CHX Only may be subject to the CHX Only Price Sliding Processes, detailed under Article 1, Rule 2(b)(1)(C) and not automatically cancelled.

Rule 8. Operation of the Matching System

The Exchange's Matching System shall operate in the following manner:

(a) *Routing of orders.* Participants may route orders to the Matching System through any communications line approved by the Exchange. [Participants may only route orders away from the Matching System by utilizing the CHX Routing Services, pursuant to Article 19.]

(b) *Ranking and display of orders.* Orders shall be ranked and displayed as follows:

(1) – (6) Unchanged

[(7) *Priority of unexecuted remainders of routed orders returned to the Matching System.* An unexecuted remainder of a routed order returned to the Matching System in one or more parts shall be added to the existing balance of the related Routable Order already posted to the CHX book, the SNAP CHX book or the SNAP AOO Queue, as applicable. If no balance exists at the time a part of an unexecuted remainder of a routed order is returned to the Matching System, it shall be treated as a new incoming order, subject to Article 18, Rule 1(b)(3)(C).]

(d) *Automated matching of orders.* Orders shall automatically match against each other, as follows:

(1) – (2) Unchanged

(3) Odd Lot orders and unexecuted Odd Lot remainders that are unable to be immediately displayed according to Rule 8(b)(6) above (because they are at a price that is better than the current CHX quote) shall be posted to, remain in, or be [routed or]cancelled from, the Exchange’s Matching System according to the attached order modifiers. Orders remaining in the Matching System will continue to be ranked at the price and time at which they were originally received.

(4) *Rule 201 of Regulation SHO.*

(A) *Open Trading State.* During the Open Trading State, as defined under Article 1, Rule 1(qq)[, and the stage five Transition to the Open Trading State, as described under Article 18, Rule 1(b)(5)], orders marked Sell Short in a covered security subject to the short sale price test restriction shall be handled as follows:

(i) – (iii) Unchanged

(iv) A Sell Short order, other than a CHX Only order, will be cancelled back to the order sender if, based on Rule 201 of Regulation SHO, such order is not executable[, cannot be routed to another Trading Center pursuant to Article 19, Rule 3] or cannot be posted to the Matching System.

[(B) *SNAP Cycle.* During the stage four Order Matching Period of a SNAP Cycle, as described under Article 18, Rule 1(b)(4), in a covered security subject to the short sale price test restriction, participating SNAP Eligible Orders, as defined under Article 1, Rule 1(ss), marked Sell Short shall not be permitted to execute at prices at or below the NBB ascertained from the market snapshot taken pursuant to Article 18, Rule 1(b)(2)(E) and shall be handled as follows:

(i) A SNAP Eligible Order marked Sell Short in a covered security subject to the short sale price test restriction, with a limit price at or below the NBB ascertained from the market snapshot taken pursuant to Article 18, Rule 1(b)(2)(E), shall be repriced to one minimum price

increment above that NBB for ranking purposes on the SNAP CHX book. A SNAP Eligible Order marked Sell Short in a covered security subject to the short sale price test restriction, with a limit price at one minimum price increment above the NBB ascertained from the market snapshot taken pursuant to Article 18, Rule 1(b)(2)(E) or higher, shall be ranked on the SNAP CHX book at its limit price, without repricing. A SNAP Eligible Order marked Short Exempt, as defined under Article 1, Rule 2(b)(3)(E), in a covered security subject to the short sale price test restriction, shall be handled like a SNAP Eligible Order not marked Sell Short, as described under Article 18, Rule 1(b). SNAP Eligible Orders marked Sell Short in a covered security subject to the short sale price test restriction will never be permitted to execute at prices at or below the NBB ascertained from the market snapshot taken pursuant to Article 18, Rule 1(b)(2)(E).

(ii) The Rule 201(b)(1)(iii)(A) of Regulation SHO exception shall not apply to a SNAP Eligible Order marked Sell Short that is being transitioned to the SNAP CHX book and such an order shall be repriced, if necessary, pursuant to subparagraph (B)(i) above.

(iii) A limit order marked Start SNAP, as defined under Article 1, Rule 2(h)(1), and Sell Short for a covered security subject to short sale price test restriction shall not initiate a SNAP Cycle and shall be cancelled.]

(e) *Execution of certain orders[,] and order types[and auctions].* The following orders shall be executed within the Matching System as set out below:

(1) Unchanged

(2) Reserved[SNAP Cycle. During a SNAP Cycle, participating SNAP Eligible Orders shall be executed within the Matching System at the SNAP Price, pursuant to Article 18, Rule 1(b)(4)(A).]

(f) *Cancellation of orders.* Order cancellation messages submitted by Participants shall be handled as follows:

(1) Unchanged

[(2) Cancel messages for routed orders shall be held by the Exchange while the routed order is away and only the unexecuted routed portion of a routed order shall be cancelled upon its return to the Matching System; provided, however, that the Exchange may release the pending routed portion of a Rutable Order pursuant to Article 20, Rule 12.]

Rule 12. Order Cancellation[/Release] by the Exchange

(a) The Exchange [or CHXBD]may cancel orders as it deems to be necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange[, CHXBD, a non-affiliated third party broker in connection with the CHX Routing Services provided under Article 19, or another Trading Center to which an order has been routed]. The Exchange [or CHXBD]shall provide notice of the cancellation to affected Participants as soon as practicable.

[(b) The Exchange may release orders being held on the Exchange awaiting another Trading Center execution as it deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, CHXBD, a non-affiliated third-party broker, or another Trading Center to which an order has been routed.]
