

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57078; File No. SR-CHX-2007-28)

December 31, 2007

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Trade Processing Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 21, 2007, the Chicago Stock Exchange, Inc. (“Exchange” or “CHX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. 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

Through this filing, the Exchange proposes to amend its Schedule of Participant Fees and Assessments (the “Fee Schedule”) to provide that recently-modified processing fees would no longer be assessed on a per-report basis, but would be rolled up and assessed on a per-trade basis. The text of the proposed rule change is available on the Exchange’s Web site (http://www.chx.com/rules/proposed_rules.htm), at the Exchange’s principal office, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange 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 these statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Under the Exchange's Fee Schedule, the Exchange assesses a fee in connection with the processing of certain away-market trades that are sent to clearing through the Exchange's facilities.³ The fees are charged for each report submitted to clearing.⁴

Through this filing, the Exchange would amend the Fee Schedule to provide that the fees would no longer be assessed on a per-report basis, but would be rolled up and assessed on a per-trade basis.⁵ The Exchange has recently made changes to its billing process that would allow the

² 17 CFR 240.19b-4.

³ The Exchange recently increased this fee to \$0.0035/share, up to a maximum of \$100 per side, for clearing reports in Tape A and B securities and to \$0.0025/share, up to a maximum of \$100 per side, for clearing reports in Tape C securities. See Securities Exchange Act Release No. 56833 (November 21, 2007), 72 FR 67616 (November 29, 2007) (SR-CHX-2007-26). The Exchange also recently began to apply the fee to trades in all securities, instead of limiting the fee to securities that are not listed or traded on the Exchange. See id. These fee changes were designed to help offset the Exchange's costs of processing these transactions for clearing.

⁴ Each away-market trade may be composed of more than one clearing report. For example, if a single away-market trade for 4000 shares includes a clearing report for 1000 shares between Firm A and Firm B and a clearing report for 3000 shares between Firm A and Firm C, a separate fee would be assessed on each clearing report. As a result, Firm A could be charged up to \$100 per side on each of the two clearing reports, resulting in a potential fee of \$200.

⁵ Under this revised fee, in the example set out in footnote 4 above, Firm A would be charged up to only \$100 per side on the full 4000 shares associated with the away-market trade.

fee to be calculated in this manner and believes that this revised calculation method provides a fair and reasonable means of assessing this fee.⁶

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,⁷ in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments 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

Because the foregoing proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(2) thereunder.⁹ At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule

⁶ The Exchange currently uses this “rolled-up” method to calculate the transaction fees charged for agency transactions that are handled by its institutional brokers. See Fee Schedule, paragraph E.3. By calculating the transaction and processing fees in the same way, the Exchange hopes to eliminate any confusion that may have resulted from its initial choice of a different calculation method. Moreover, the fees that are generated through the processing of clearing reports under this new calculation method will still serve to help offset the Exchange’s associated costs of providing the service, thus ensuring that the fee equitably allocates the Exchange’s costs among its participants.

⁷ 15 U.S.C. 78f(b)(4).

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 19b-4(f)(2).

change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the 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 No. SR-CHX-2007-28 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-CHX-2007-28. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule 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 inspection and copying 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 such filing also will be available for inspection and copying at the principal office of the CHX. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CHX-2007-28 and should be submitted on or before [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Nancy M. Morris
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).