

amendment is effective. The purpose of the amendment is to add EDGA and EDGX as SRO participants to the Plan. By declaring effective the amended Plan today, EDGA and EDGX can be included in the Plan prior to beginning operations as a national securities exchange and the amended Plan can become effective and be implemented without undue delay. In addition, the Commission notes that the prior version of this Plan was published for comment, and the Commission did not receive any comments thereon.<sup>17</sup> Finally, the Commission does not believe that the amendment to the Plan raises any new regulatory issues that the Commission has not previously considered.

## VI. Conclusion

This order gives effect to the amended Plan submitted to the Commission that is contained in File No. 4-566.

*It is therefore ordered*, pursuant to Section 17(d) of the Act,<sup>18</sup> that the Plan, as amended, is hereby approved and declared effective.

*It is further ordered* that the Participating Organizations are relieved of those regulatory responsibilities allocated to NYSE and FINRA under the amended Plan to the extent of such allocation.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-61903; File No. SR-CHX-2010-07]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change To Amend Certain Incorrect or Inaccurate Cross-References

April 14, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup>, and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on April 7, 2010, the Chicago Stock Exchange, Inc. (“CHX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III

below, which Items have been prepared by the CHX. CHX has filed this proposal pursuant to Exchange Act Rule 19b-4(f)(6)<sup>3</sup> which is effective upon filing with the Commission. 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

CHX proposes to amend to correct a number of incorrect or obsolete cross-references. The text of this proposed rule change is available on the Exchange's Web site at <http://www.chx.com>, on the Commission's Web site at <http://www.sec.gov>, 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 CHX included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

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

###### 1. Purpose

The Exchange proposes to amend its rules to alter or delete references to incorrect rule citations or concepts which are no longer applicable to the manner in which the Exchange now transacts business. For the most part, these changes arise out of the transformation of the Exchange in 2006 and 2007 from a traditional floor-based auction marketplace to an electronic exchange.<sup>4</sup> In connection with this change, the Exchange made substantial revisions to its rules in which all of its rules were renumbered and many of them were altered or eliminated. This filing would correct cross-references to rule citations which were altered or eliminated during that process. As noted above, the Exchange also fundamentally altered its trading facilities from a floor-based exchange to

a fully automated limit-order matching system. This filing would alter or eliminate references within CHX rules to obsolete roles or functions, such as the “floor,” “floor brokers,” and “specialists.” This filing would also correct certain other errors or omissions of a grammatical nature.

In Article 1, Rule 1 (Definitions), the Exchange proposes to delete obsolete references to the CHX Floor, floor brokers, co-specialists and market makers and replace them with references to Exchange-registered Market Maker Traders (“MMTs”) and Institutional Broker Representatives (“IBRs”). As defined in Articles 16 and 17, respectively, MMTs and IBRs are designations for individuals with specific rights and obligations when acting through the Exchange's facilities. IBRs replaced the now-defunct floor broker role and MMTs replaced the old market maker role, which had been defined under the now-repealed Article XXXIV.

In Article 2, Rule 5 (Committee on Exchange Procedure), the CHX proposes to replace an obsolete cross-reference to former Article VIII, Rule 23 with its replacement, Article 14, Rule 1. This cross-reference is to Exchange's provisions for the arbitration of controversies arising out of Exchange business which were renumbered, but not changed in substance. We also propose to delete a cross-reference to determinations by a subcommittee of the Committee on Exchange Procedure in certain disciplinary actions under former Article XII, Rule 3, since that grant of authority to the Committee on Exchange Procedure no longer exists under our rules.<sup>5</sup> In Article 3, Rule 1 (Qualifications), we are adding a missing subparagraph number under section (c) and removing the reference to Article XVI, which was repealed as unnecessary in 2006 as part of the New Trading Model rule changes. Former Article XVI required Participants which engaged in the sale of insurance products as an ancillary activity to file certain reports with the Exchange and

<sup>5</sup> Former Article XII, Rule 3 authorized the Committee on Exchange Procedure (or appropriately designated subcommittee thereof) to issue summary fines of up to \$2,500 against Participants for violations of Exchange's former decorum rules, such as fighting or profanity on Exchange premises, smoking on the Trading Floor and dress code violations. The power of the Committee on Exchange Procedure to issue fines was eliminated in 2006 as part of our transition to the new trading model and elimination of the Trading Floor (See SR-CHX-2006-05). Certain decorum-type rules have been retained in Article 8, Rule 16; however, charges based on violations of those provisions are authorized by the Exchange's Chief Regulatory Officer as part of the standard disciplinary process.

<sup>17</sup> See *supra* note 11.

<sup>18</sup> 15 U.S.C. 78q(d).

<sup>19</sup> 17 CFR 200.30-3(a)(34).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

<sup>4</sup> See SR-CHX-2006-05 (Sept. 26, 2006) (approving rule changes in connection with adoption of Exchange's New Trading Model).

maintain certain records relating to that activity. We note that other self-regulatory organizations do not have specific rules relating to the sale of insurance products by their members.<sup>6</sup> In Rule 8 (Limitation on Interests in Other Organizations) of Article 3, we are replacing cross-reference to former Article II (Participants) with that of current Article 3 (Participants and Participant Firms), its successor. In Article 3, Rule 11 (Transfer of Equity Securities of a Participant Firm), we are removing Interpretation and Policy .04, which refers to the now-deleted provisions of former Article VIII, Rule 20.

In Article 6, Rule 2 (Registration and Approval of Participant Personnel), we are replacing the reference to the definition of Principal Stockholders in former Article III, Rule 4, with the current reference in Article 1, Rule 1(s). We are adding a missing reference in Interpretation and Policy .01 of Article 6, Rule 3 (Training and Examination of Registrants) to subsection (d) and updating a cross-reference to the former Article XI (Financial Responsibility and Reporting Requirements) to the current rule provisions dealing with that topic, which is Article 7. In Article 6, Rule 11 (Continuing Education for Registered Persons), we are deleting the rule text which was effective prior to September 30, 2005 as no longer being relevant and leaving only the language which is currently in force. In Interpretation and Policy .01 to this rule, we are removing the reference to persons transacting business on the Floor of the Exchange, given that we no longer maintain a physical floor as part of our trading facilities.

In Article 7, Rule 3A (Joint Back Office Participants) we are substituting a cross-references [sic] to Article 7 in place of former Article XI and to current Article 10 (Margins) in place of former Article X (Margins). We propose to update cross references to old Article XI to current Article 7 in Article 7, Rule 4 (Financial and Operational Reports), in a table in Article 7, Rule 6 (Fidelity Bonds) and in Article 10, Rule 3(c)(6) (Initial Margin Rule).

In Article 12 (Disciplinary Matters and Trial Proceedings), we propose to update the cross references to former Article XII (Discipline and Trial Proceedings) to current Article 12, which deals with the same subject

matter, in Rules 2 (Summary Procedure) and 8 (Minor Rule Violations). In Article 12, Rule 2(a), an incorrect cross-reference to Article 12, Rule 5 concerning a respondent's Answer to disciplinary charges will be replaced by the correct cross-reference to Article 12, Rule 4(b). We are also adding a missing reference to Rule 9, which will be reserved for future use.

In Article 17, Rule 3 (Responsibilities of Institutional Brokers), Interpretations and Policies .03, we are removing an obsolete reference to former Rule 11 of Article 20. Rule 11, which addressed cancellation or modification of transactions due to systems malfunctions or disruptions, was deleted in October 2009 as part of an industry-wide initiative to standardize the rules relating to clearly erroneous transactions.<sup>7</sup>

In Article 20, Rule 8 (Operation of the Matching System), we are correcting certain erroneous cross references to existing order types defined in Rule 4 (Eligible Orders). Rule 8.e.1. describes the manner in which Cross and Cross with Size orders shall be executed and contains an erroneous cross-reference to the description of each of those order types in Rule 4(b)(3) and (b)(5), respectively. The proposal corrects those cross-references to Rule 4(b)(4) and (b)(6). We also propose to delete Interpretation and Policy .03 to Rule 8, which contained a reference to former Rule 10a-1(e)(5) under the Act.<sup>8</sup> Current Interpretation and Policy .04 will be renumbered as .03.

In Article 22, Rule 1 (General Provisions Regarding Listing), we propose to change outdated references to Article XXVIII (the former Article dealing with Listings) to the current Article 22, which is simply the renumbered version of the former Article. We also propose to correct numbering errors in subsection (g) to Rule 1 and update the cross reference in that subsection from old Article XXII, Rule 37 to current Article 21, Rule 2.<sup>9</sup> In Article 22, Rule 19 (Corporate Governance), we again propose to

<sup>7</sup> SR-CHX-2009-11 (October 2, 2009). Much of the content of former Rule 11 is now addressed in current Rule 10 under Article 20.

<sup>8</sup> Former Exchange Act Rule 10a-1(e)(5), sometimes known as the "equalizing exemption," provided an exception to the former "uptick restrictions" of Exchange Act Rule 10a-1 for registered specialists or market makers which executed transactions at prices at or above the last reported sale. This exemption no longer exists under current Regulation SHO, which governs short selling in securities.

<sup>9</sup> Those provisions address the requirement that Participants utilize the facilities of a national securities depository for the book entry settlement of all transactions in depository eligible securities settled in the United States.

change an outdated cross reference to Article XXVIII to the current Article 22. The cross reference in Interpretation and Policy .06 of Rule 19 would be updated from old Article XXXIII, Rule 3, dealing with certain proxy requirements, to current Article 8, Rule 14(c), which addresses the same subject matter. In Article 22, Rule 23 (Public Disclosure Requirements for Tier I and Tier II Issues), Interpretation and Policy .01, we propose to delete the section headed "Relationship Between Company Officials and Exchange Specialists," since the Exchange no longer has specialists. These provisions note certain limitations on the sharing of non-public information between company officials and the specialist making a market in the company's securities. Since specialists no longer exist under our current market structure, this section appears to be superfluous. In Article 22, Rule 24 (Investment Company Units) and Rule 25 (Portfolio Depository Receipts), we propose to update references to the Nasdaq Small Cap Market to its current name, Nasdaq Capital Market. Finally, in Article 22, Rule 25 (Portfolio Depository Receipts), we are adding subsection (d) and reserving it for further use.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general,<sup>10</sup> and furthers the objectives of Section 6(b)(5) in particular,<sup>11</sup> in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transaction in securities, to remove impediments and perfect the mechanisms of a free and open market, and, in general, to protect investors and the public interest. The elimination of obsolete cross references and correction of other errors in our rules will serve to eliminate a potential source of confusion for Exchange Participants.

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

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

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> See, e.g., Rules of NYSE Archipelago, Inc., National Stock Exchange, Inc., BATS Exchange, Inc. We continue to believe that a prospective Participant should not be disqualified merely by the fact that it engages in insurance-related activities (such as the sale of variable annuities) to a limited extent and all other requirements are satisfied.

*C. Self-Regulatory Organization's Statement on Comments Regarding the Proposed Rule Changes Received From Members, Participants or Others*

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6)<sup>13</sup> thereunder in that it effects a change that: (i) Does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

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

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-CHX-2010-07 on the subject line.

*Paper Comments*

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

All submissions should refer to File No. SR-CHX-2010-07. 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 Web site 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-CHX-2010-07 and should be submitted on or before May 13, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-61907; File No. SR-FINRA-2010-016]

**Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Section 4(c) of Schedule A to the FINRA By-Laws To Add a Reference to the Fees Assessed for the Series 51, 52 and 53 Examinations**

April 14, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 9, 2010, Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed

rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as "establishing or changing a due, fee or other charge" under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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**

FINRA is proposing to amend Section 4(c) of Schedule A to the FINRA By-Laws to add a reference to the fees assessed for the Series 51, Series 52 and Series 53 examinations.

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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 Item IV below. FINRA 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

The Series 51 (Municipal Fund Securities Limited Principal), Series 52 (Municipal Securities Representative), and Series 53 (Municipal Securities Principal) examinations are administered by FINRA on behalf of the Municipal Securities Rulemaking Board ("MSRB").<sup>5</sup>

The Series 51, Series 52 and Series 53 examinations are intended to safeguard the investing public by helping to ensure that certain persons associated

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> The MSRB develops, maintains and owns the Series 51, Series 52 and Series 53 examinations. See Exchange Act Section 15B(c)(7)(A) regarding administration of examinations for associated persons of municipal securities brokers and municipal securities [sic].

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.