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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-76249; File No. SR-CHX-2015-06]

October 23, 2015

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule to Adopt CHX SNAP Execution 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 October 19, 2015, the Chicago Stock Exchange, Inc. (“CHX” or “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 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

CHX proposes to amend its Schedule of Fees and Assessments (the “Fee Schedule”) to adopt CHX SNAPSM execution fees. The text of this proposed rule change is available on the Exchange’s Web site at (www.chx.com) and in 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 on the proposed rule change. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange proposes to adopt and amend fees for CHX SNAP (“SNAP”). On October 6, 2015, the SEC approved a proposed rule change to adopt SNAP, an intra-day, sub-second and on-demand auction service.³ A SNAP Cycle⁴ is comprised of the following five stages:

- Stage one - Initiating the SNAP Cycle;
- Stage two - SNAP Order Acceptance Period;
- Stage three - Pricing and Satisfaction Period;
- Stage four - Order Matching Period; and
- Stage five - Transition to the Open Trading State.⁵

In sum, SNAP Cycles will never be scheduled by the Exchange and will always be driven by market demand for bulk trading in a subject security. The key features of a SNAP Cycle are as follows:⁶

- The entire SNAP Cycle is designed to be completed in less than one second.
- SNAP Cycles could occur numerous times in a subject security during the regular trading session only.⁷

³ See Securities Exchange Act Release No. 76087 (October 6, 2015), 80 FR 61540 (October 13, 2015); see also Securities Exchange Act Release No. 75346 (July 1, 2015), 80 FR 39172 (July 8, 2015) (SR-CHX-2015-03). The approved rule change is not yet operative and will become operative with two weeks’ notice by the Exchange to its Participants.

⁴ See supra note 3; see also CHX Article 18, Rule 1(b).

⁵ See supra note 3; see also CHX Article 1, Rule 1(qq).

⁶ A complete description of SNAP may be found in the Approval Order and associated rule filing. See supra note 3.

⁷ CHX Article 20, Rule 1(b) provides that the “regular trading session – shall begin at 8:30 a.m. and shall end at 3:00 p.m. each day for all securities.” All times are in central time,

- Order cancellations would be prohibited during a SNAP Cycle.
- Only limit orders marked Start SNAP⁸ that meet minimum size, price and time of receipt requirements could initiate a SNAP Cycle.
 - During the stage one Initiating the SNAP Cycle, automated trading in the subject security on the Exchange would be suspended and remain suspended for the duration of the SNAP Cycle; provided, however, automated trading in the subject security may continue to occur simultaneously elsewhere in the national market system.
- During the stage two SNAP Order Acceptance Period, the Exchange will transition precedent SNAP Eligible Orders⁹ to the SNAP CHX book and accept new SNAP Eligible Orders for a randomized time period for inclusion on the SNAP CHX book.¹⁰ During the stage three Pricing and Satisfaction Period, the Exchange will attempt to ascertain a single auction price (i.e., “SNAP Price”)¹¹ from SNAP Eligible Orders resting on the SNAP CHX book.
 - If the SNAP Price is determined to be at a price that would require orders to be routed away, the Exchange would route away SNAP Eligible Orders resting on the SNAP CHX book.¹² Immediately after the necessary orders are routed away, the SNAP Cycle would enter the Satisfaction Period, during which time the Exchange would delay proceeding to the stage four Order Matching Period for a period of time not to exceed 200 milliseconds to allow for confirmations of routed orders to be received from away markets.
 - If the SNAP Price does not require orders to be routed away, the SNAP Cycle would immediately proceed to the stage four Order Matching Period.

unless noted otherwise.

⁸ See supra note 3; CHX Article 1, Rule 2(h)(1).

⁹ See supra note 3; see also CHX Article 1, Rule 1(ss).

¹⁰ See supra note 3; see also CHX Article 18, Rule 1(b)(2); see also CHX Article 20, Rule 8(b)(3).

¹¹ See supra note 3; see also CHX Article 1, Rule 1(rr).

¹² See supra note 3; see also CHX Article 19, Rule 3(a)(4) and (5).

- During the stage four Order Matching Period, SNAP Eligible Orders on the SNAP CHX book would execute at the SNAP Price within the Matching System.¹³
- During the stage five Transition to the Open Trading State,¹⁴ unexecuted SNAP Eligible Orders, as well as other orders and cancel messages that have been queued during the SNAP Cycle, would be transitioned to the CHX book for automated trading.¹⁵ During the transition, orders may, among other things, be executed within the Matching System or be routed away in a manner consistent with how orders are currently executed and routed during automated trading.¹⁶

As such, during a SNAP Cycle, orders may execute within the Matching System during either the stage four Order Matching Period (“stage four executions”) or the stage five Transition to the Open Trading State (“stage five executions”), whereas orders may be routed away during either the stage three Pricing and Satisfaction Period or the stage five Transition to the Open Trading State.¹⁷

The Exchange now proposes the following SNAP execution fees:

- All away executions resulting from orders routed away during a SNAP Cycle shall be assessed the current CHX Routing Services fee, pursuant to Section E.6 of the Fee Schedule, without amendment.
- Stage four executions within the Matching System shall be assessed new fees, pursuant to proposed Section E.9.¹⁸
- Stage five executions within the Matching System shall be assessed the current CHX fees and credits pursuant to Sections E.1-4, without amendment.¹⁹

¹³ See supra note 3; see also CHX Article 18, Rule 1(b)(4).

¹⁴ See supra note 3; see also CHX Article 1, Rule 1(qq).

¹⁵ See supra note 3; see also CHX Article 18, Rule 1(b)(5).

¹⁶ See CHX Article 19, Rule 3(a)(1)-(3); see also CHX Article 20, Rule 8(e)(1).

¹⁷ See CHX Article 19, Rule 3(a)(1)-(3).

¹⁸ The Exchange will continue to assess fees related to Section 31 of the Act for all Matching System executions, pursuant to Section E.5 of the Fee Schedule.

¹⁹ Id.

Proposed Section E.9 outlines these proposed SNAP execution fees, as discussed below.

In order to incentivize Participants to initiate and participate in SNAP Cycles, the Exchange proposes to assess no fee for stage four executions.²⁰ However, the Exchange proposes to adopt a fee structure for stage four executions so that market participants would be notified as to how the Exchange would charge fees for stage four executions if it decides to assess such fees in the future.²¹ To this end, proposed Section E.9(a) provides as follows:

Stage four executions. For all executions within the Matching System during a stage four Order Matching Period, as described under Article 18, Rule 1(b)(4), the Exchange shall charge a fee for each buy order per share executed and a fee for each sell order per share executed, regardless of the original size of the orders, depending on the single SNAP Price, as defined under Article 1, Rule 1(rr), at which the orders executed relative to the National Best Bid and Offer (“NBBO”) at the time the SNAP Price was calculated. Only one of the following rows shall apply per SNAP Cycle.

	SNAP Price	Buy Order	Sell Order
1.	SNAP Price < NBB	No Fee	No Fee
2.	SNAP Price = NBB	No Fee	No Fee
3.	NBB < SNAP Price < NBO	No Fee	No Fee
4.	SNAP Price = NBO	No Fee	No Fee
5.	SNAP Price > NBO	No Fee	No Fee

²⁰ The Exchange would continue to assess the CHX Section 31 fees, pursuant to Section E.5 of the Fee Schedule.

²¹ Any change to proposed Section E.9 of the Fee Schedule would be effected through a proposed rule filing, pursuant to Rule 19b-4 under the Act.

6.	SNAP Price = Locked NBBO ²²	No Fee	No Fee
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The following examples illustrate how the proposed Section E.9(a) fee would be applied:

- Example 1. Assume that stage four executions occurred at a SNAP Price of \$50.00/share and the relevant NBBO was 50.01 x 50.03. Under this Example 1, since the SNAP Price is less than the NBB, the Exchange would charge fees to all buy and sell orders per share executed, pursuant to proposed Section E.9(a)(1).
- Example 2. Assume the same as Example 1, except that the SNAP Price was \$50.01/share. Under this Example 2, since the SNAP Price is equal to the NBB, the Exchange would charge fees to all buy and sell orders per share executed, pursuant to proposed Section E.9(a)(2)
- Example 3. Assume the same as Example 1, except that the SNAP Price was \$50.02. Under this Example 3, since the SNAP Price is in between the NBBO, the Exchange would charge fees to all buy and sell orders per share executed, pursuant to proposed Section E.9(a)(3).
- Example 4. Assume the same as Example 1, except that the SNAP Price was \$50.03. Under this Example 4, since the SNAP Price is equal to the NBO, the Exchange would charge fees to all buy and sell orders per share executed, pursuant to proposed Section E.9(a)(4).
- Example 5. Assume the same as Example 1, except that the SNAP Price was \$50.04. Under this Example 5, since the SNAP Price is greater than the NBO, the Exchange would charge fees to all buy and sell orders per share executed, pursuant to proposed Section E.9(a)(5).
- Example 6. Assume the same as Example 1, except that the relevant NBBO is locked at 50.00 x 50.00. Under this Example 5 [sic], since the SNAP Price is locked than the NBO [sic], the Exchange would charge fees to all buy and sell orders per share executed, pursuant to proposed Section E.9(a)(6).

²² Pursuant to CHX Article 18, Rule 1(b)(2)(E), a SNAP Cycle would only proceed to the stage three Pricing and Satisfaction Period if the market snapshot taken to establish the SNAP Price shows that a two-sided NBBO exists and the CHX Routing Services are available. In calculating the NBBO for this purpose, the Exchange would utilize its current CHX NBBO calculation protocol to ascertain the first uncrossed NBBO. See supra note 3; see also paragraph .01(d) of CHX Article 20, Rule 5. Thus, the NBBO utilized to establish the SNAP Price may be uncrossed or locked, but never crossed.

Also, the Exchange proposes to amend current Sections E.1, E.3 and E.4 to provide that each of those sections are subject to proposed Section E.9.²³ The Exchange does not propose to substantively modify Sections E.1, E.3 or E.4 in any other way.

Proposed Section E.9(b) provides as follows:

Stage five executions. For all executions within the Matching System during a stage five Transition to the Open Trading State, as described under Article 18, Rule 1(b)(5), the Exchange shall charge fees and attribute credits, pursuant to Sections E.1 - 4 above.

Since stage five executions within the Matching System will occur in a manner similar to the current automated execution of orders within the Matching System,²⁴ the Exchange proposes to apply the current Matching System execution fees and credits to such executions. The Exchange notes that current Sections E.1 – 4 apply to all Matching System executions and, thus, Sections E.1 – 4 do not need to be amended to contemplate stage five executions, in particular.

Proposed Section E.9(c) provides as follows:

Away executions. For all away executions resulting from orders routed away during a SNAP Cycle, the Exchange shall charge the CHX Routing Services fee, pursuant to Section E.6 of the Fee Schedule.

²³ Section E.1 of the Fee Schedule provides fees and credits for Matching System executions resulting from single-sided orders submitted as at least a Round Lot. Section E.2 of the Fee Schedule provides fees and credits for Matching System executions from orders submitted by Institutional Brokers registered with the Exchange pursuant CHX Article 17, which includes fees for both single-sided and cross orders. See CHX Article 1, Rule 2(a)(2). Section E.4 of the Fee Schedule provides fees for Matching System executions resulting from single-sided orders submitted as Odd Lots.

The Exchange notes that it does not propose to amend Section E.2 of the Fee Schedule, which addresses cross orders executed within the Matching System, to contemplate proposed Section E.9 because cross orders cannot be executed within the Matching System during the stage four Order Matching Period. See CHX Article 1, Rule 2(a)(2); see also supra note 3; see also CHX Article 18, Rule 1(b)(2)(C)(iv).

²⁴ See supra note 3.

The proposed language clarifies that all away executions resulting from orders routed away during a SNAP Cycle will be subject to the current CHX Routing Services fee.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act²⁵ in general, and furthers the objectives of Section 6(b)(4) of the Act²⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using its facilities.

Specifically, the Exchange believes that proposed Section E.9(a) equitably allocates fees among Participants in a non-discriminatory manner because no Participant will be charged an execution fee for stage four executions. Moreover, in the event that the Exchange decides to adopt stage four executions fees,²⁷ the Exchange believes that proposed Section E.9(a) will allocate fees among Participants in a non-discriminatory manner because the same fees would be assessed to all orders executed during the stage four Order Matching Period.

The Exchange also believes that applying the current Matching System execution fees and credits for stage five executions, pursuant to current Sections E.1 - 4 and the current CHX Routing Services fees for all away executions resulting from orders routed away during a SNAP Cycle, pursuant to current Section E.6, equitably allocates fees among Participants in a non-discriminatory manner, as such fees and credits will continue to apply equally to all Participants that submit orders to the Matching System pursuant to current fees and credits.

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

²⁵ 15 U.S.C. 78f.

²⁶ 15 U.S.C. 78f(b)(4).

²⁷ See supra note 21.

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. The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels set by the Exchange to be excessive. The Exchange believes that the proposed SNAP execution fees will encourage Participants to utilize SNAP, which is an innovative trading functionality that addresses a market need.²⁸ Thus, the proposed rule change is a competitive proposal that is intended to add additional liquidity and order executions to the Exchange, which will, in turn, benefit the Exchange and all Participants.

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

No written comments were either solicited or received.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act²⁹ and subparagraph(f)(2) of Rule 19b-4 thereunder³⁰ because it establishes or changes a due, fee or other charge imposed by the Exchange.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be

²⁸ See supra note 3; see also Mary Jo White, Chair, Securities and Exchange Commission, Speech at Sandler O'Neil & Partners L.P. Global Exchange and Brokerage Conference (June 5, 2014).

²⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁰ 17 CFR 240.19b-4(f)(2).

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-2015-06 on the subject line.

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-2015-06. 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 Section, 100 F Street, NE, Washington, DC 20549-1090. Copies of the filing will also be available for inspection and copying at the Exchange's principal office. 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-2015-06 and should be submitted on or before [INSERT DATE 21 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Robert W. Errett
Deputy Secretary

³¹ 17 CFR 200.30-3(a)(12).

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