

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60620; File No. SR-CHX-2009-10]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Approving Proposed Rule Change To Add the Quote@CHX and Reprice@CHX Order Types to the Brokerplex System

September 3, 2009.

On July 23, 2009, Chicago Stock Exchange, Inc. ("CHX") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to adopt the Quote@CHX and Reprice@CHX order types for the Brokerplex order entry system. The proposed rule change was published for comment in the **Federal Register** on August 4, 2009.<sup>3</sup> The Commission received no comments regarding the proposal. This order approves the proposed rule change.

The Quote@CHX order type is designed to provide CHX Institutional Brokers with an additional method to enter displayable orders into the CHX Matching System. A Quote@CHX order will be priced within Brokerplex at a defined limit price, which is one minimum price increment from the relevant side of the National Best Bid and Offer ("NBBO") at the time of order submission, before it is entered into the CHX Matching System as a limit order. The Reprice@CHX order type will enable an Institutional Broker to cancel an existing limit order residing in the CHX Matching System and replace it with an order generated in the same manner as a Quote@CHX order.

The Quote@CHX and Reprice@CHX functionality will only be available to Institutional Brokers entering orders into the Brokerplex system for submission to the CHX Matching System for display and execution. The CHX Matching System itself will not be eligible to receive these order types, but instead Brokerplex would convert the Quote@CHX and Reprice@CHX order types into limit orders for submission to the CHX Matching System. In addition, the use of Quote@CHX and Reprice@CHX will be optional, and entries for both order types will be rejected if the systematically generated price would be outside the customer's

specified limit price. The Exchange's standard validations for locked and crossed markets will apply.

The Commission has carefully reviewed the proposed rule change and finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange<sup>4</sup> and, in particular, Section 6(b)(5) of the Act,<sup>5</sup> which requires that an exchange have rules designed 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 to protect investors and the public interest.

These Brokerplex order types are designed to help Institutional Brokers submit limit orders that they wish to display on the CHX Matching System, rather than execute against displayed bids or offers.<sup>6</sup> Institutional Brokers currently manually enter orders into the CHX Matching System through Brokerplex.<sup>7</sup> Under the proposed rule change, an Institutional Broker using the Quote@CHX or Reprice@CHX order types would have such orders automatically priced and entered into the CHX Matching System by Brokerplex.

The Commission believes that the Quote@CHX and Reprice@CHX order types provide an additional method for Institutional Brokers to submit customer orders to the CHX Matching System for display, and to seek price improvement for those orders. Therefore, the Commission believes that the proposal is consistent with the Act.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CHX-2009-10) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

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

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<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>6</sup> According to CHX, rapidly changing quotes in today's market environment often make it difficult to successfully post a bid or offer. See Notice, *supra* note 3, at 38678.

<sup>7</sup> *Id.* at 38678 n.3.

<sup>8</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-60613; File No. SR-FINRA-2009-055]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change To Adopt FINRA Rules 5210 (Publication of Transactions and Quotations) and 5220 (Offers at Stated Prices) Into the Consolidated Rulebook

September 2, 2009.

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 August 18, 2009, Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) 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. 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 adopt NASD Rule 3310 (Publication of Transactions and Quotations), NASD Rule 3320 (Offers at Stated Prices), IM-3310 (Manipulative and Deceptive Quotations) and IM-3320 (firmness of Quotations) as FINRA rules in the consolidated FINRA rulebook without material changes. The proposed rule change would combine NASD Rule 3310 and IM-3310 into FINRA Rule 5210 and would combine NASD Rule 3320 and IM-3320 into FINRA Rule 5220 in the consolidated FINRA rulebook.

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

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

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

<sup>3</sup> See Securities Exchange Act Release No. 60395 (July 28, 2008), 74 FR 38678 ("Notice").

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

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