

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57036; File No. SR-CHX-2007-27]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change To Amend its Rule 25 To Eliminate a Requirement That a Participant Have a Formal Written Agreement To Use Another Participant's Give-Up

December 21, 2007.

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 12, 2007, 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 and II 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

The Exchange proposes to amend CHX Rule 25 to eliminate a requirement that a participant have a formal written agreement to use another participant's give-up.³ The text of this proposed rule change is available at the Exchange's Web site, <http://www.chx.com>, 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 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

When the CHX developed rules for its new trading model, it included a provision that requires a participant that executes a trade using another participant's give-up to have a written agreement authorizing the use of the give-up. The rule mirrors similar requirements in some other automated systems—it is designed to provide a measure of additional assurance that orders will clear and settle, even when they are submitted from remote locations, by firms that do not know each other.

Soon after implementing its new trading model, the Exchange filed a proposal to limit the way in which the rule would apply to its institutional brokers.⁴ Specifically, the Exchange sought to incorporate a new interpretation and policy that would confirm that institutional brokers could use other participants' give-ups in accordance with reasonable written order-handling procedures, without specifically requiring that a written agreement be in place. The Exchange noted in that filing that, while it believed that the rule provided an appropriate general standard, it was not intended to require a potentially substantial change in the long-standing business practices of the Exchange's institutional brokers, who often execute a trade using another participant's give-up, pursuant to instructions from such participant or its customer.

Upon further reflection, the Exchange now proposes to eliminate the "give-up agreement" rule altogether. The Exchange continues to believe that the rule sets a good business standard, but does not believe that it is appropriate to put a hard-and-fast rule to that effect in place because of its potential impact on the day-to-day business practices of some of its institutional brokers.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act⁵ in general, and with Section 6(b)(5) of the Act⁶ in particular, in that it is designed to promote just and equitable principles of trade, 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 by allowing firms to develop their own business practices in connection with the execution of formal written agreements with the firms that send them orders.

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 purpose of the Act.

C. 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.

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

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which Amex consents, the Commission will:

A. By order approve such proposed rule change; or

B. Institute proceedings to determine whether the proposed rule change should be 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-2007-27 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-2007-27. This file

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See e-mail from Ellen Neely, President and General Counsel, CHX, to Richard Holley III, Senior Special Counsel, Division of Trading and Markets, Commission, dated December 20, 2007 (defining a "give-up" as a multi-character symbol that identifies a CHX participant firm. In the context of this rule, if a participant executes a trade using another participant's give-up, the firm is identifying the other firm as a party to the trade and allocating the trade to the other firm's account for clearing).

⁴ See File No. SR-CHX-2006-36. The Exchange has withdrawn this proposal.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal offices 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 Number SR-CHX-2007-27 and should be submitted on or before January 22, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57033; File No. SR-FINRA-2007-036]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change to Make Technical Amendments to the Uniform Application for Securities Industry Registration or Transfer ("Form U4"), the Uniform Termination Notice for Securities Industry Registration ("Form U5") and the Uniform Branch Office Form ("Form BR")

December 21, 2007.

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 18, 2007, Financial Industry Regulatory Authority, Inc. ("FINRA") (f/k/a National Association of Securities Dealers, Inc. ("NASD")) filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared substantially by FINRA. FINRA filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders it 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

FINRA is proposing to make technical amendments to the Uniform Application for Securities Industry Registration or Transfer ("Form U4"), the Uniform Termination Notice for Securities Industry Registration ("Form U5") and the Uniform Branch Office Form ("Form BR") (hereinafter referred to as "Forms").⁵ The technical amendments, among other things, reflect NASD's change in corporate name to FINRA and update the current list of self-regulatory organizations ("SROs"), government jurisdictions and registration categories listed on the Forms. The proposed revised Forms are available at FINRA, and the Commission's Public Reference Room. FINRA is not proposing any changes to rule text with the proposed rule change.

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 proposed rule change will make technical amendments to the Forms. First, the Forms will be amended to reflect changes in certain SRO names. In particular, references to NASD in the Forms will be replaced with references to FINRA, as appropriate.⁶ The SRO registration sections of the Forms U4 and U5 also will be amended to: (1) Add "NQX," the acronym for the Nasdaq Stock Market LLC, which was approved by the Commission as a national securities exchange on January 13, 2006;⁷ and (2) reflect the name change of the Pacific Exchange, Inc. to NYSE Arca, Inc. by replacing "PCX" with "ARCA."⁸

Second, FINRA is proposing to amend Section 5 and Section 5B of the Forms U4 and U5, respectively, to update the list of government jurisdictions participating through the Central Registration Depository (CRD[®]) to include the U.S. Virgin Islands, which joined the CRD[®] system as a participating jurisdiction earlier this year. FINRA also is making conforming changes to the definition of "jurisdiction" to include the U.S. Virgin Islands. The SEC added the U.S. Virgin Islands as a jurisdiction on Forms BD and BDW in technical amendments to those forms in April 2007.⁹

Finally, FINRA is proposing to update the list of examination and registration categories to include: (1) MM—Market Maker Authorized Trader—Options (S44); (2) OT—Authorized Trader; and

⁶ FINRA was created on July 30, 2007 through the consolidation of NASD and the member regulation, enforcement and arbitration functions of NYSE Regulation.

⁷ See Securities Exchange Act Release No. 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006).

⁸ See Securities Exchange Act Release No. 53615 (April 7, 2006), 71 FR 19226 (April 13, 2006) (File No. SR-PCX-2006-24) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendments No. 1 and 2 Thereto To Change the Names of the Pacific Exchange, Inc., PCX Equities, Inc., PCX Holdings, Inc., and the Archipelago Exchange, L.L.C.).

⁹ See Securities Exchange Act Release No. 55643 (April 19, 2007) 72 FR 20223 (April 24, 2007) (Technical Amendments to Form BD and Form BDW) ("Release"). In Footnote 6 of the Release, the SEC stated that adding the U.S. Virgin Islands to Forms BD and BDW will "facilitate the use of these forms by broker-dealers and would eliminate the need for separate paper filings of registration forms by broker-dealers in the United States Virgin Islands." Similarly, the proposed changes to the Forms will enable firms to register their associated persons electronically through CRD.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ Representatives of broker-dealers, investment advisers or issuers of securities must use the Form U4 to become registered in the appropriate jurisdictions and/or with appropriate SROs. The Form U5 is used to terminate the registration of an individual in the various SROs and jurisdictions. The Form BR is used by broker-dealers and investment advisers for branch office registration, notification, closing or withdrawal.

⁷ 17 CFR 200.30-3(a)(12).