

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-53587; File No. SR-CHX-2006-11]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Change To Amend the Bylaws of CHX Holdings, Inc.

April 3, 2006.

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 March 27, 2006, 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 CHX. The CHX has filed this proposal pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal 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

On behalf of its parent company, CHX Holdings, Inc. ("CHX Holdings"), the CHX proposes to amend the CHX Holdings Bylaws to confirm that CHX Holdings will take steps necessary to ensure that directors, officers, and employees of CHX Holdings consent to the applicability of the requirements of Article III, Sections 3 and 5 of the CHX Holdings Bylaws with respect to activities related to the Exchange. The text of this proposed rule change is available on the Exchange's Web site at [http://www.chx.com/rules/proposed\\_rules.htm](http://www.chx.com/rules/proposed_rules.htm) 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 change 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 Change

###### 1. Purpose

As a result of its demutualization in February 2005, the Exchange became the wholly-owned subsidiary of CHX Holdings, a Delaware corporation.<sup>5</sup> The Demutualization Approval Order confirmed that the Exchange's staff had agreed to submit to the CHX Holdings Board of Directors a change to the Bylaws of CHX Holdings that would require CHX Holdings to take such action as is necessary to ensure that officers, directors, and employees of CHX Holdings consent to the applicability of two specific provisions of the CHX Holdings Bylaws.<sup>6</sup> In general, these two CHX Holdings Bylaws confirm that: (1) To the extent that they are related to the activities of the CHX, CHX Holdings' officers, directors, and employees are deemed to be officers, directors, and employees of the CHX for the purposes of the Act; and (2) CHX Holdings' officers, directors, and employees, by virtue of their acceptance of such positions, are deemed to submit to the jurisdiction of the United States federal courts, the Commission, and the CHX for the purposes of securities law-related proceedings that arise out of, or are related to, the activities of the Exchange. The proposed Bylaws change that is the subject of this filing is designed to meet the requirement set out in the Demutualization Approval Order.<sup>7</sup>

###### 2. Statutory Basis

The CHX believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup> In particular, the CHX believes that the proposal is consistent with Section 6(b)(5) of the

Act<sup>9</sup> 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 ensuring that the directors, officers, and employees of CHX Holdings consent to the applicability of the requirements Article III, Sections 3 and 5 of the CHX Holdings Bylaws with respect to activities related to the Exchange.

##### 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.

##### 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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup> 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:

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). As required by Rule 19b-4(f)(6)(iii) of the Act, the CHX provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description of the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

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

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

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

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

<sup>5</sup> See Securities Exchange Act Release No. 51149 (February 9, 2005), 70 FR 7531 (February 14, 2005) (order approving File No. SR-CHX-2004-26) ("Demutualization Approval Order").

<sup>6</sup> See Demutualization Approval Order, *supra* note 5, at note 4.

<sup>7</sup> This proposal mirrors a similar proposal submitted by Pacific Exchange, Inc. in the context of a series of similar corporate changes. See Securities Exchange Act Release No. 51389 (March 17, 2005), 70 FR 15374 (March 25, 2005) (notice of filing and immediate effectiveness of File No. SR-PCX-2005-17) (relating to the Bylaws of PCX Holdings, Inc.).

<sup>8</sup> 15 U.S.C. 78f(b).

*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 Number SR-CHX-2006-11 on the subject line.

*Paper Comments*

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

All submissions should refer to File No. SR-CHX-2006-11. 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 changes 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. Copies of such filing will also 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 No. SR-CHX-2006-11 and should be submitted on or before May 1, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Nancy M. Morris,**

*Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-53591; File No. SR-NYSE-Arca-2006-08]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Certificate of Incorporation of NYSE Arca Holdings, Inc.**

April 4, 2006.

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 March 30, 2006, NYSE Arca, Inc. (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 prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal 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**

The Exchange hereby submits to the Commission a proposed rule change to further extend certain temporary exceptions from the voting and ownership limitations in the certificate of incorporation of NYSE Arca Holdings, Inc. (f/k/a PCX Holdings, Inc.)<sup>5</sup> ("NYSE Arca Holdings"), a Delaware corporation and a parent company of the Exchange, originally approved by the Commission in an order issued on September 22, 2005 (the "SEC Order")<sup>6</sup> and extended pursuant to certain subsequent rule filings,<sup>7</sup> so as to allow Gerald D. Putnam ("Mr. Putnam"), Chairman and Chief Executive Officer of Archipelago Holdings, Inc. ("Archipelago"), a Delaware corporation and a wholly-

owned subsidiary of NYSE Group, Inc. ("NYSE Group"), of which Mr. Putnam is also President and Co-Chief Operating Officer, to indirectly own in excess of 5% of Terra Nova Trading, L.L.C. ("TNT") until May 15, 2006, subject to the conditions set forth in this proposed rule filing.

**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**

*a. NYSE Arca Holdings and the Amendment of the NYSE Arca Holdings Certificate of Incorporation*

As a wholly-owned subsidiary of NYSE Group, Archipelago operates NYSE Arca Marketplace (formerly Archipelago Exchange or ArcaEx), an open, all-electronic stock market for the trading of equity securities. On September 26, 2005, Archipelago completed its acquisition of NYSE Arca Holdings (then known as PCX Holdings) and all of its wholly-owned subsidiaries, including the Pacific Exchange, Inc. (the predecessor entity of the Exchange) and PCX Equities, Inc. (n/k/a NYSE Arca Equities, Inc.) (the "Acquisition"). On March 7, 2006, the merger of Archipelago and the New York Stock Exchange, Inc. (the "Archipelago NYSE Merger") closed and, as a result, Archipelago became a wholly-owned subsidiary of NYSE Group.

The certificate of incorporation of NYSE Arca Holdings (as amended to date, the "NYSE Arca Holdings Certificate of Incorporation") contains various ownership and voting restrictions on NYSE Arca Holdings' capital stock, which are designed to safeguard the independence of the self-regulatory functions of the Exchange and to protect the Commission's oversight responsibilities. In order to allow Archipelago to own 100% of the capital stock of NYSE Arca Holdings,

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

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

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

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

<sup>5</sup> See SR-PCX-2006-24.

<sup>6</sup> See Securities Exchange Act Release No. 52497 (September 22, 2005), 70 FR 56949 (September 29, 2005) (the "SEC Order").

<sup>7</sup> See Securities Exchange Act Release No. 53034 (December 28, 2005), 71 FR 636 (January 5, 2006) (the "First Extension Notice"); Securities Exchange Act Release No. 53202 (January 31, 2006), 71 FR 6530 (February 8, 2006) (the "Second Extension Notice"); and Securities Exchange Act Release No. 53411 (March 3, 2006), 71 FR 12413 (March 10, 2006) (the "Third Extension Notice").

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