such prior approval.'' [16] Nasdaq believes the proposed rule change is ''based on and similar to'' the rule changes recently approved in the Affiliation Orders and furthers efforts to effectively address the concerns previously identified by the Commission regarding the potential for conflicts of interest and informational advantages when an exchange is affiliated with one of its market participants.[17]

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.[18]

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–NASDAQ–2009–065 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 Number SR–NASDAQ–2009–065. 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 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 the filing also will be available for inspection and copying at the principal office of Nasdaq. 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–NASDAQ–2009–065 and should be submitted on or before August 17, 2009.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Florence E. Harmon,

Deputy Secretary.

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[16] *Id.* at 40149.

[17] *See* the Affiliation Orders, *supra* note 8.

[18] For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on July 17, 2009, the date on which Nasdaq submitted Amendment No. 2. *See* 15 U.S.C. 78s(b)(3)(C).

[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–60353; File No. SR–CHX–2009–02]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval of Proposed Rule Change Relating to the Rejection of Undisplayed Odd-Lot Orders From the Exchange's Matching System

July 21, 2009.

On June 2, 2009, the Chicago Stock Exchange, Inc. (''CHX'' or the ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to: (1) Allow Exchange customers to specify whether odd-lot orders and unexecuted odd-lot remainders, that are not able to be immediately displayed, should remain in, or be rejected from, the Exchange's Matching System, and (2) add a generic routing rule to clarify how any orders that are rejected from the Exchange's Matching System, and routed away according to Participant instructions, will be handled. The proposed rule change was published for comment in the **Federal Register** on June 17, 2009.[3] The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

The Exchange proposes to amend CHX Article 20, Rule 8 to allow Exchange Participants to specify whether odd-lot orders and unexecuted odd-lot remainders, that are not able to be immediately displayed, should remain in, or be rejected from, the Exchange's Matching System. This preference could be set by the Participant on both a default and order by order basis. Orders remaining in the Matching System will continue to be ranked at the price and time at which they were originally received. Orders that are rejected from the Matching System shall either be sent back to the order sender or be routed to another destination according to each Participant's instructions [4] or, if designated ''do not route,'' automatically cancelled. The Exchange also proposes that Participants that elect to have orders routed to another destination pursuant to this rule, or pursuant to Article 20, Rule 5 (''Prevention of Trade-throughs''), agree to be bound by such transactions.

In addition, the Exchange proposes to add a generic routing rule to clarify how any orders that are rejected from the Exchange's Matching System, and routed away according to Participant instructions, will be handled. The use of routing services is optional and is available only to exchange Participants. In such cases, the Participant will be responsible for ensuring that it has a relationship with its chosen destinations to permit the requested access. The Exchange shall not have responsibility for the handling of the order by the other destination, but will report any execution or cancellation of the order by the other destination to the Participant that submitted the order, will notify the other venue of any cancellations or changes to the order submitted by the order-sending Participant and, if requested by the Participant and its chosen destination, will flip any executions into the Participants account, as necessary, and

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 60083 (June 10, 2009), 74 FR 28739.

[4] The Exchange notes that orders rejected in accordance with this rule will be routed in the same manner as those rejected under the NMS trade-through validation rule (Exchange Article 20, Rule 5, Interpretations and Policies .03), which has already been approved by the Commission.

report that second leg of the away-market transaction to clearing.[5]

The Exchange will provide its Routing Services pursuant to the proposed rule and three separate agreements, to the extent that they are applicable to a specific routing decision and deemed necessary by the Exchange and/or a third-party broker-dealer providing connectivity to other markets. The Exchange will provide such Routing Services in compliance with its rules and with the provisions of the Act and the rules thereunder, including, but not limited to, the requirements of Sections 6(b)(4)[6] and (5)[7] of the Act that the rules of a national securities exchange provide for the equitable allocation of dues, fees and other charges among its members and issues and other persons using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers or dealers.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange.[8] In particular, the Commission believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,[9] in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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.

The Commission believes that the proposed rule change may increase the efficiency of Exchange Participants in seeking to execute their customers' orders that are ineligible for execution or display in the Exchange's Matching System. In particular, odd-lot orders that are not immediately displayed in the Matching System or orders that otherwise would be cancelled back to a participant may be sent directly to a destination chosen by the participant for handling. The Commission notes that the Exchange's proposed generic routing rule will operate in the same manner as its current routing rule for orders rejected by the Exchange's Matching System under its NMS trade-through validation rule,[10] which was previously approved by the Commission.[11]

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[12] that the proposed rule change (SR–CHX–2009–02) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Florence E. Harmon,

Deputy Secretary.

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[5] For example, if the Exchange routes a participant's buy order to the participant's chosen destination (Router ABC) and Router ABC gets an execution of that order in another market against market maker XYZ, the first leg of the transaction (ABC buying from XYZ) will be reported to clearing by the other market. The Router ABC would send an execution report back to the Exchange (for routing to the original order-sending participant). Under this proposal, if the participant and Router ABC had requested, the Exchange would take the execution report and create a clearing-only record, flipping the execution from Router ABC's account to the account of the order-sending participant (ABC selling to the order-sending participant).

[6] 15 U.S.C. 78f(b)(4)

[7] 15 U.S.C. 78f(b)(5)

[8] In approving this rule, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[9] 15 U.S.C. 78f(b)(5).

[10] *See* CHX Rules Article 20, Rule 5, Interpretations and Policies .03.

[11] *See* Securities Exchange Act Release No. 54963 (December 19, 2006), 71 FR 77834 (December 17, 2006) (SR–CHX–2006–30).

[12] 15 U.S.C. 78s(b)(2).

[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–60348; File No. SR–FINRA–2009–019]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change To Adopt FINRA Rules 1010 (Electronic Filing Requirements for Uniform Forms) and 2263 (Arbitration Disclosure to Associated Persons Signing or Acknowledging Form U4) in the Consolidated FINRA Rulebook

July 20, 2009.

I. Introduction

On April 7, 2009, the Financial Industry Regulatory Authority, Inc. (''FINRA'') (f/k/a ''NASD'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to adopt, subject to certain amendments, NASD Rule 1140 (Electronic Filing Rules) as new FINRA Rule 1010 (Electronic Filing Requirements for Uniform Forms) and NASD Rule 3080 (Disclosure to Associated Persons When Signing Form U–4) as new FINRA Rule 2263 (Arbitration Disclosure to Associated Persons Signing or Acknowledging Form U4) in the consolidated FINRA rulebook. The proposal was published for comment in the **Federal Register** on April 24, 2009.[3] The Commission received one comment letter, on May 15, 2009, on the proposal.[4] FINRA responded to the commenter on July 8, 2009.[5] This order approves the proposed rule change.

II. Description of the Proposal

Proposed FINRA Rule 1010

NASD's Rule 1140 specifies that an electronic initial and transfer Form U4 must be based on a signed Form U4, but the rule does not expressly state that the signatures must be manual. The proposed rule would require that every initial Form U4 and every Form U4 filed to transfer a registered person's association from one firm to another firm be based on an original, manually-signed Form U4 provided to the member by the person on whose behalf the Form U4 is being filed.[6]

The proposed rule change also modifies the signature requirement with respect to amendments to disclosure information in the Form U4. NASD's Rule 1140 requires the associated person on whose behalf the filing is made to sign amendments to Form U4 that provide disclosure information. Proposed FINRA Rule 1010 would permit a firm to file amendments to the Form U4 disclosure information without obtaining the registered person's manual signature if the firm uses reasonable efforts to i) provide the registered person with a copy of the amended disclosure information before filing and ii) obtain the registered person's written acknowledgment that the information has been received and reviewed, which may be accomplished electronically, before filing.[7]

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 59784 (April 17, 2009), 74 FR 18779 (April 24, 2009) (''Notice'').

[4] *See* letter to Florence E. Harmon, Deputy Secretary, Commission, from Bari Havlik, Senior Vice President and Chief Compliance Officer, Charles Schwab & Co., Inc., dated May 15, 2009 (''Schwab Letter'').

[5] *See* letter to Elizabeth M. Murphy, Secretary, Commission, from Patricia Albrecht, Assistant General Counsel, FINRA, dated July 8, 2009 (''Response Letter'').

[6] Member firms use the Central Registration Depository (CRD), a Web based system, to submit the form on behalf of the associated person by typing the person's name into the signature box on the electronic form.

[7] The member, as part of its recordkeeping requirements pursuant to Rule 17a–4(e)(1) under the Act, would be required to retain the written acknowledgment and make it available promptly upon request.