

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75150; File No. SR-EDGX-2015-27)

June 11, 2015

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of EDGX Exchange, Inc.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 9, 2015, EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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.³ The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act⁴ and Rule 19b-4(f)(2) thereunder,⁵ which renders the proposed rule change 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 filed a proposal to amend its fees and rebates applicable to Members⁶ of the Exchange pursuant to EDGX Rule 15.1(a) and (c) (“Fee Schedule”) to: (i) increase the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission notes that a previous version of the proposal was filed as SR-EDGX-2015-24. The proposal was withdrawn on June 9, 2015.

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 17 CFR 240.19b-4(f)(2).

⁶ The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

rebate from \$0.00040 per share to \$0.00150 per share for orders that yield fee code A, which routes to the Nasdaq Stock Market LLC (“Nasdaq”) and adds liquidity; and (ii) amend fees related to the use of BATS Connect.

The text of the proposed rule change is available at the Exchange’s website at www.batstrading.com, at the principal office of the Exchange, 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 parts 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: (i) increase the rebate from \$0.00040 per share to \$0.00150 per share for orders that yield fee code A, which routes to Nasdaq and adds liquidity; and (ii) amend fees related to the use of BATS Connect.

Fee Code A

In securities priced at or above \$1.00, the Exchange currently provides a rebate of \$0.00040 per share for Members’ orders that yield fee code A, which routes to Nasdaq and adds liquidity. The Exchange proposes to amend its Fee Schedule to increase this rebate to \$0.00150 per share for Members’ orders that yield fee code A. The proposed change represents a pass through of the rate that BATS Trading, Inc. (“BATS Trading”), the Exchange’s affiliated routing

broker-dealer, is rebated for routing orders to Nasdaq when it does not qualify for a volume tiered rebate. When BATS Trading routes to Nasdaq, it is rebated a standard rate of \$0.00150 per share.⁷ BATS Trading will pass through this rate on Nasdaq to the Exchange and the Exchange, in turn, will pass through this rate to its Members. The Exchange notes that the proposed change is in response to Nasdaq's June 2015 fee change where Nasdaq will no longer offer a rebate of \$0.00040 per share for orders in select symbols ("Nasdaq's Select Symbol Program") to its customers, such as BATS Trading, and such orders will be subject to the regular Nasdaq Pricing Schedule.⁸

BATS Connect

The Exchange proposes to amend the fees related to the use of BATS Connect by: (i) adopting a fee of \$11,500 per month for receipt of the NYSE Integrated data feed; (ii) adopt a fee of \$1,000 per month for the NYSE MKT Trades data feed; (iii) adopt a discounted fee of \$4,160 per month for subscribers who purchase a bundle of select U.S. equity market data products; and (iv) make a series of ministerial changes to the description of each market data product available through BATS Connect. BATS Connect is a communication and routing service that provides subscribers an additional means to receive market data from and route orders to any destination connected to the Exchange's network. BATS Connect does not affect trade executions and would not report trades to the relevant Securities Information Processor. The servers of the

⁷ The Exchange notes that to the extent BATS Trading does or does not achieve any volume tiered discount on Nasdaq or routes an order to Nasdaq in a symbol that is not included in Nasdaq's Select Symbol Program to receive a rebate of \$0.00150 per share, its rate for fee code A will not change. The Exchange further notes that, due to billing system limitations that do not allow for separate rates by tape, it will pass through the lesser rebate of \$0.00150 per share for all Tapes A, B & C securities.

⁸ See Nasdaq Equity Trader Alert #2015-70, Nasdaq Ends Access Fee Experiment, available at <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2015-70>.

subscriber need not be located in the same facilities as the Exchange in order to subscribe to BATS Connect. Subscribers may also seek to utilize BATS Connect in the event of a market disruption where other alternative connection methods become unavailable.⁹

BATS Connect allows subscribers to receive market data feeds from exchanges connected to the Exchange's network. In such case, the subscriber would pay the Exchange a connectivity fee, which varies and is based solely on the amount of bandwidth required to transmit the selected data product to the subscriber. The current connectivity fees range from no charge to \$3,500 based on the market data product the subscriber selects. The Exchange now proposes to offer connectivity to the NYSE Integrated and NYSE MKT Trades data feeds through BATS Connect. As result, the Exchange proposes to adopt a fee of \$11,500 per month for connectivity to the NYSE Integrated data feed and \$1,000 per month for connectivity to the NYSE MKT Trades data feed. NYSE Integrated is a data feed that provides market data in a unified view of events, in sequence, as they appear on the New York Stock Exchange, Inc. ("NYSE") matching engines and includes depth of book order data, last sale data, and opening and closing imbalance data.¹⁰ NYSE MKT Trades is a data feed providing last sale information for all securities traded on the NYSE MKT LLC ("NYSE MKT").¹¹ The proposed fees are designed to reflect the amount of bandwidth required to transmit the NYSE Integrated and NYSE

⁹ This service is an alternative to a service that the Exchange already provides to its Members — current order-sending Members route orders through access provided by the Exchange to the Exchange that either check the Exchange for available liquidity and then route to other destinations or, in certain circumstances, bypass the Exchange and route to other destinations. See Exchange Rule 11.11(g) (setting forth routing options whereby Members may select their orders be routed to other market centers).

¹⁰ See Securities Exchange Act Release No. 74128 (January 23, 2015), 80 FR 4951 (January 29, 2015) (SR-NYSE-2015-03).

¹¹ See <http://www.nyxdata.com/Data-Products/NYSE-MKT-Trades> for a description of NYSE MKT Trades.

MKT Trades data feeds to the subscriber. Subscribers would pay any fees charged by NYSE for NYSE Integrated or NYSE MKT Trades directly to the NYSE.

The Exchange also proposes to adopt a discounted fee of \$4,160 per month for subscribers who purchase connectivity to a bundle of select market data products. The following market data products would be included in the bundle: UQDF/UTDF/OMDF, CQS/CTS, Nasdaq TotalView, Nasdaq BX TotalView, Nasdaq PSX TotalView, NYSE ArcaBook, NYSE MKT OpenBook Ultra, and BBS/TTDS. Currently, a subscriber purchasing connectivity through BATS Connect for each of these market data products would pay a total monthly fee of \$5,200. As proposed, a subscriber who purchases connectivity to each of the above market data products would be charged a monthly fee of \$4,160, which represents a 20% discount from the current rates.

The Exchange also proposes to make the following ministerial changes to the description of each market data product set forth in the BATS Connect fee table:

- Remove “Level 1 0” from the description of UQDF/UTDF/OMDF;
- Remove “4.1” from the descriptions of Nasdaq TotalView; Nasdaq BX TotalView; and Nasdaq PSX TotalView as well as correct a typographical error in the spelling of Nasdaq BX TotalView; and Nasdaq PSX TotalView;
- Rename “Arca Book XDP” as “NYSE ArcaBook”;
- Rename “Arca Book Refresh” as “NYSE ArcaBook Refresh”;
- Rename “NYSE MKT OpenBook” as “NYSE MKT OpenBook Ultra”;
- Consolidate references to each BATS market data product with EDGX and EDGA;
- Relocate reference to OPRA to earlier in the fee table; and
- Rename “Arca Trades” as “NYSE Arca Trades”.

None of these changes alter the market data products that connectivity is available to through BATS Connect. Nor do any of these changes alter the fees charged for connectivity to each product. These changes are simply intended to amend the descriptions of each product to more closely align with that market data product's name.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule immediately.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹² in general, and furthers the objectives of Section 6(b)(4),¹³ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

Fee Code A

The Exchange believes that its proposal to increase the pass through rebate for Members'

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(4).

orders that yield fee code A from \$0.00040 to \$0.00150 per share represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to Nasdaq's Select Symbol Program, Nasdaq provided BATS Trading a rebate of \$0.00150 per share for orders yielding fee code A, which BATS Trading passed through to the Exchange and the Exchange passed through to its Members. In June 2015, Nasdaq terminated its Select Symbol Program, thereby increasing the rebate it provides its customers, such as BATS Trading, from a rebate of \$0.00040 per share to its standard rebate of \$0.00150 per share for orders that are routed to Nasdaq in symbols included in its Select Symbol Program.¹⁴ Therefore, the Exchange believes that the proposed change in fee code A from a rebate of \$0.00040 per share to a rebate of \$0.00150 per share is equitable and reasonable because it accounts for the pricing changes on Nasdaq. In addition, the proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to Nasdaq. The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

BATS Connect

The Exchange believes its proposal to amend fees for the use of BATS Connect is consistent with Section 6(b)(4) of the Act,¹⁵ in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using its facilities. The Exchange charges a connectivity fee to Members utilizing BATS Connect to route orders to or receive market data from other exchanges and market centers that are connected to the

¹⁴ See supra note 6.

¹⁵ 15 U.S.C. 78f(b)(4).

Exchange's network, the amounts of which vary based solely on the amount of bandwidth selected by the Member or required to transmit the market data.

The Exchange believes that the proposed connectivity fees for market data connectivity to the NYSE Integrated and MYSE MKT Trades data feeds are consistent with Section 6(b)(4) of the Act,¹⁶ in that they provide for the equitable allocation of reasonable dues, fees and other charges among members and other persons using its facilities. BATS Connect is offered and purchased on a voluntary basis, in that neither the Exchange nor subscribers are required by any rule or regulation to make this product available. Accordingly, subscribers can discontinue use at any time and for any reason, including due to an assessment of the reasonableness of fees charged. Moreover, the Exchange believes the proposed fees are reasonable and equitable because they are based on the Exchange's costs to cover the amount of bandwidth required to provide connectivity to the NYSE Integrated and MYSE MKT Trades data feeds. The proposed fees allow the Exchange to recoup this cost, while providing subscribers with an alternative means to connect to the NYSE Integrated and MYSE MKT Trades data feeds. The Exchange believes that the proposed fees are reasonable and equitable in that they reflect the costs and the benefit of providing alternative connectivity.

The Exchange also believes that the proposed discounted fee of \$4,160 per month for subscribers who purchase connectivity to a bundle of select market data products is consistent with Section 6(b)(4) of the Act,¹⁷ in that it also provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using its facilities. As proposed, subscribers who purchase connectivity to each of the included market data products

¹⁶ 15 U.S.C. 78f(b)(4).

¹⁷ 15 U.S.C. 78f(b)(4).

would be charged a monthly fee of \$4,160, which represents a 20% discount from the current rates. The Exchange believes it is reasonable to offer such discounted pricing to subscribers who purchase connectivity to a bundle of market data products as it would enable them to reduce their overall connectivity costs for the receipt of market data. As stated above, BATS Connect is offered and purchased on a voluntary basis and subscribers can discontinue use at any time and for any reason, including due to an assessment of the reasonableness of fees charged. Moreover, the Exchange believes the proposed fees are reasonable and equitable because they continue to be based on the Exchange's costs to cover the amount of bandwidth required to provide connectivity to the select bundle of data feeds. The proposed fees will continue to allow the Exchange to recoup this cost, while providing subscribers with an alternative means to connect to the select bundle of data feeds at a discounted rate.

The Exchange believes that the ministerial changes to the description of certain market data products in the BATS Connect fee table are reasonable because they are not designed to amend the types of market data products that connectivity is available to through BATS Connect. Nor do any of these changes alter the fees charged for connectivity to each product. These changes are simply intended to amend the descriptions of each product to more closely align with that market data product's name. Therefore, the Exchange believes these changes will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all subscribers. All subscribers that voluntarily select various service options will be charged the same amount for the same services. All subscribers have the option to select any connectivity option, and there is no differentiation

among Members with regard to the fees charged for the service.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes its proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

Fee Code A

The Exchange believes that its proposal to pass through a rebate of \$0.00150 per share for Members' orders that yield fee code A would increase intermarket competition because it offers customers an alternative means to route to Nasdaq for a similar rate as entering orders in certain symbols on Nasdaq directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

BATS Connect

The Exchange believes the proposed connectivity fee for the NYSE Integrated and MYSE MKT Trades data feeds will not result in any burden on competition. The proposed rule change is designed to provide subscribers with an alternative means to access the NYSE Integrated and MYSE MKT Trades data feeds if they choose or in the event of a market disruption where other alternative connection methods become unavailable. BATS Connect is not the exclusive method to connect to the NYSE Integrated and MYSE MKT Trades data feeds and subscribers may utilize alternative methods to connect to the product if they believe the

Exchange's proposed pricing is unreasonable or otherwise. Therefore, the Exchange does not believe the proposed rule change will have any effect on competition.

The Exchange believes that the proposed discounted fee of \$4,160 per month for subscribers who purchase connectivity to a bundle of select market data products will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposed discounted fee would help increase competition because it will offer subscribers an alternative means to connect to the selected market data products for a reduced fee, thereby simulating price competition between the various connectivity services. The Exchange reiterates that BATS Connect is offered and purchased on a voluntary basis, and subscribers can discontinue use at any time and for any reason, including choosing to purchase an alternate means to connect to those market data products should they find the proposed fees unreasonable.

The Exchange believes that the proposed ministerial changes to its description of certain market data products in the BATS Connect fee table will not affect intermarket nor intramarket competition because these changes do not alter the market data products that connectivity is available to through BATS Connect or their related fees.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the

Act¹⁸ and paragraph (f) of Rule 19b-4 thereunder.¹⁹ 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.

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-EDGX-2015-27 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-EDGX-2015-27. 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

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f).

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 Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the principal office 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-EDGX-2015-27 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Robert W. Errett
Deputy Secretary

²⁰ 17 CFR 200.30-3(a)(12).