

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-75594; File No. SR-EDGX-2015-35)

August 4, 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”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 28, 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. 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 Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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 schedule of fees and rebates applicable to Members<sup>5</sup> and non-Members of the Exchange pursuant to EDGX Rule 15.1(a) and (c) (“Fee Schedule”) to remove fee code 5, which is appended to trades that inadvertently match against each other and share the same Market Participant Identifier (“MPID”) (“Internalized Trade”)

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<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)(ii).

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

<sup>5</sup> The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

during the Pre-Opening<sup>6</sup> and Post-Closing Sessions.<sup>7</sup>

The text of the proposed rule change is available at the Exchange's website at [www.batstrading.com](http://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 amend its Fee Schedule to remove fee code 5, which is appended to Internalized Trade that add or remove liquidity during the Pre-Opening and Post-Closing Sessions. Orders that yield fee code 5 are charged [sic] a fee of \$0.00045 per share in securities priced at or above \$1.00 and 0.15% of the dollar value of the trade in securities priced below \$1.00. During Regular Trading Hours,<sup>8</sup> fee code EA is appended to side of an Internalized Trade that adds liquidity, while fee code ER is appended to the side of an

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<sup>6</sup> The "Pre-Opening Session" is defined as "the time between 8:00 a.m. and 9:30 a.m. Eastern Time." See Exchange Rule 1.5(r).

<sup>7</sup> The "Post-Closing Session" is defined as "the time between 4:00 p.m. and 8:00 p.m. Eastern Time." See Exchange Rule 1.5(s).

<sup>8</sup> The "Regular Trading Hours" is defined as "the time between 9:30 a.m. and 4:00 p.m. Eastern Time." See Exchange Rule 1.5(y).

Internalized Trade that removes liquidity. Going forward, fee codes EA or ER will also be appended to Internalized Trades during the Pre-Opening and Post-Closing Sessions. Like fee code 5, orders that yield fee codes EA or ER are charged a fee of \$0.00045 per share in securities priced at or above \$1.00 and 0.15% of the dollar value of the trade in securities priced below \$1.00.

As a result of the proposed removal of fee code 5, the Exchange also proposes to: (i) remove reference to fee code 5 from footnote 7 and; (ii) delete footnote 10. Under footnote 7, if a Member adds an ADV of at least 10,000,000 shares, then the Member's rate for fee codes 5, EA, or ER decreases to \$0.0001 per share per side. Fee codes EA and ER would continue to remain eligible for the reduced fee under footnote 7. Footnote 10 states that a Member's monthly volume attributed to fee code 5 will be allocated accordingly between the added fee codes and removal fee codes when determining whether that Member satisfied a certain tier. The Exchange proposes to delete footnote 10 as it will no longer be necessary once fee code 5 is deleted.

#### Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on August 3, 2015.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>10</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges

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<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(4).

among its Members and other persons using its facilities. Specifically, the Exchange believes it is equitable, reasonable and non-discriminatory to delete fee code 5 because, going forward, fee codes EA and ER will be applied to the applicable side of an Internalized Trade. The proposed deletion of fee code 5 does not amend the fees charged for Internalized Trades. Members would continue to be charged identical fees for Internalized Trades occurring during the Pre-Opening and Post-Closing sessions as the fees charged for fee codes EA and ER are the same as fee code 5. The charge for Members inadvertently matching with themselves will continue to be no more favorable than the Exchange's maker/taker spread enabling the Exchange to continue to discourage potential wash sales.<sup>11</sup> In addition, the Exchange believes it is equitable and reasonable to remove a reference to fee code 5 in footnote 7 and delete footnote 10 as they are no longer necessary in light of the deletion of fee code 5 from the Exchange's Fee Schedule. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

(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. The proposed changes do not amend the amount or application of any fee or rebate. Members would continue to be charged identical fees for Internalized Trades occurring during the Pre-Opening and Post-Closing sessions as the fees charged for fee codes EA and ER are the same as those fees charged for orders that yielded fee code 5

(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

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<sup>11</sup> The Exchange will continue to ensure that the fees applicable to Internalized Trades are no more favorable than the Exchange's prevailing maker/taker spread.

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 Act<sup>12</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>13</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-EDGX-2015-35 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-2015-35. This file number should be included on the subject line if e-mail is used. To help the Commission process and

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f).

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 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-2015-35 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.<sup>14</sup>

Robert W. Errett  
Deputy Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).