

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-73990; File No. SR-EDGA-2014-35)

January 5, 2015

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Top and Last Sale Data Feeds

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 December 24, 2014, EDGA Exchange, Inc. (the “Exchange” or the “EDGA”) 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 has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>4</sup> 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 proposed rule change to amend Rule 13.8 to establish two new market data products known as: (i) EDGA TOP; and (ii) EDGA Last Sale. The proposed market data products are identical to the existing Top and Last Sale data feeds available on the BATS Exchange, Inc. (“BZX”) and the BATS Y-Exchange, Inc. (“BYX”, collectively with BZX, “BATS”).<sup>5</sup> The Exchange also proposes to amend Rule 13.8(a) to rename the EDGA Book Feed as the EDGA Depth and align with system functionality currently available on BATS.

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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).

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

<sup>5</sup> See BATS Rule 11.22(d) and (g).

The text of the proposed rule change is available at the Exchange's website at <http://www.directedge.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 self-regulatory organization 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 self-regulatory organization 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

Earlier this year, the Exchange and its affiliate, EDGX Exchange, Inc. ("EDGX") received approval to effect a merger (the "Merger") of the Exchange's parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BZX and BYX (together with BYX, BZX, EDGA and EDGX, the "BGM Affiliated Exchanges" or "BATS Exchange").<sup>6</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to migrate EDGX and EDGA onto the BATS technology platform, and align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. As a result of these efforts, the Exchange proposes to establish two new market data products know as: (i) EDGA TOP; and (ii) EDGA Last Sale. The proposed market data products are identical to the existing Top and

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<sup>6</sup> See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

Last Sale data feeds available on BATS.<sup>7</sup> The Exchange also proposes to amend Rule 13.8(a) to rename the EDGA Book Feed as the EDGA Depth and to align with system functionality currently available on BATS.

#### EDGA Top and EDGA Last Sale

The Exchange is proposing to offer two new data feeds that are identical to data feeds currently available on BATS: (i) EDGA Last Sale; and (ii) EDGA Top. EDGA Last Sale will provide real-time, intraday trade information, including price, volume and time of executions based on orders entered into the System.<sup>8</sup> EDGA Last Sale will not include quotation information. EDGA Top will include top of book quotations and last sale execution information based on orders entered into the System. The quotations made available via EDGA Top provide an aggregated size and do not indicate the size or number of individual orders at the best bid or ask. With regard to cost, the Exchange will file a separate rule filing with the Commission to establish fees for both EDGA Last Sale and EDGA Top.

Various data recipients may wish to subscribe to and use EDGA Last Sale or EDGA Top. For instance, data recipients that provide real-time market information on public websites or offer dynamic stock tickers, portfolio trackers, price/time graphs and other visual systems can use EDGA Last Sale or EDGA Top in lieu of using the Exchange's existing data feeds. Such data recipients may prefer EDGA Last Sale or EDGA Top because the Exchange's existing data feeds contain a significant amount of additional information that such data recipients may not need, which may result in unnecessary technology costs (e.g., development, telecommunications or storage costs).

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<sup>7</sup> See supra note 5.

<sup>8</sup> The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(cc).

Market participants can gain access to EDGA last sale prices and top of book quotations that are integrated with the prices that other markets make available through the Securities Information Processors (“SIP”). Therefore, no market participant is required to subscribe to EDGA Last Sale or EDGA Top because the same top of book quotations and last sale prices are available elsewhere and in the Exchange’s other data products.<sup>9</sup> The Exchange represents that it will not distribute the proposed feeds on a more timely basis than it makes available the data that is provided to the SIPs for consolidation and dissemination.

EDGA Book Feed, Rule 13.8(a)

Rule 13.8(a) describes the Exchanges depth of book data feed known as the EDGA Book Feed as a data feed that contains all displayed orders for listed securities trading on EDGA, order executions, order cancellations, order modifications, order identification numbers, and administrative messages. First, the Exchange proposes to rename the EDGA Book Feed as EDGA Depth, as it believes this name more accurately describes the book feed and aligns with the naming conventions proposed above for EDGA Top and EDGA Last Sale.

Second, the Exchange proposes to amend Rule 13.8(a)(i) align with system functionality currently available on BATS. Under Rule 13.8(a)(1), Members<sup>10</sup> may obfuscate their unique order identification numbers on EDGA Depth per Market Participant Identifier for all logical ports or specific logical ports for subsequent replenishments of an order with a Reserve Quantity,<sup>11</sup> as designated by the Member. In order to do so, the Member must contact the

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<sup>9</sup> See Exchange Rule 13.8(a) and (b).

<sup>10</sup> 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).

<sup>11</sup> The term “Reserve Quantity” is defined as “[t]he portion of an order that includes a Non-Displayed instruction in which a portion of that order is also displayed on the EDGA

Exchange's Member Services ("Member Services") department. In such case, a randomly generated order identification number would be applied the next trading day by the Exchange for all subsequent replenishments of orders with a Reserve Quantity until further instructions are received by Member Services from the Member.

As amended, Rule 13.8(a)(i) would state that, unless otherwise instructed by the Member, the Exchange will obfuscate the Member's unique order identification number on EDGA Depth for each replenishment of an order with a Reserve Quantity. In order to opt out of the Exchange's obfuscation functionality, the Member must contact the Exchange's Trade Desk. As a result, Members will no longer be required to elect obfuscation of their order identification numbers on EDGA Depth. Rather, Members must instruct the Exchange when they chose to not have their order identification number obfuscated and displayed on EDGA Depth.

#### Implementation Date

The Exchange intends to implement the proposed rule change on or about January 12, 2015, which is the anticipated date upon which the migration of the Exchange to the BATS technology platform will be complete and the proposed data feeds may be made available.

#### 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act<sup>12</sup> and further the objectives of Section 6(b)(5) of the Act<sup>13</sup> because they are 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, to foster cooperation and

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Book. Both the portion of the order with a Displayed instruction and the Reserve Quantity are available for execution against incoming orders." See Exchange Rule 11.6(m).

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. The Exchange also believes this proposal is consistent with Section 6(b)(5) of the Act<sup>14</sup> because it protects investors and the public interest and promotes just and equitable principles of trade by providing investors with new options for receiving market data. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>15</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule change would benefit investors by facilitating their prompt access to last sale information and best-bid-and-offer information contained in EDGA Last Sale and EDGA Top. The Exchange believe adding EDGA Last Sale and EDGA Top as well as the amendments to Rule 13.8(a)(i) would align the Exchange data feed offerings and functionality with that available on BATS upon migration of the Exchange to the BATS technology platform. Consistent technology offering identical market data products by each of the BGM Affiliated Exchange will, in turn, avoid investor confusion as well as simplify the technology implementation, changes and maintenance by Users of the Exchange that are also participants on BATS. The proposed rule change would provide greater harmonization between the rules of the BGM Affiliated Exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. The proposed market data products are identical to the existing Top and Last Sale data feeds available on BATS.<sup>16</sup> The proposed amendments to Rule 13.8(a)(i) are also consistent with system functionality currently available on BATS. As such, the proposed rule change would foster cooperation and coordination with persons engaged in

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<sup>14</sup> Id.

<sup>15</sup> 15 U.S.C. 78k-1(a)(1).

<sup>16</sup> See supra note 5.

facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange reiterates that the proposed rule change is being proposed in the context of the technology integration of the BGM Affiliated Exchanges. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is one of several changes necessary to achieve a consistent technology offering by the BGM Affiliated Exchanges.

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

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>17</sup> and Rule 19b-4(f)(6) thereunder.<sup>18</sup>

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>19</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>20</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay in order to permit the Exchange to implement the proposed rule change on January 12, 2015, which is the anticipated date upon which the migration of EDGA and EDGX to the BATS technology platform will be complete. The Exchange states that waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange to provide identical data products across the BGM Affiliated Exchanges upon migration of the Exchange to the BATS technology platform, thereby simplifying the technology integration for Members of the Exchange that are also participants on EDGX, EDGA, and BYX. In this regard, the Exchange notes that, since completion of the Merger, both Members and the BGM Affiliated Exchanges have made numerous systems changes in preparation for the technology migration occurring on January 12, 2015, the Exchange has issued frequent updates to Members informing them of the BGM Affiliated Exchange technology migration as well as its anticipated time line so that Members may make the requisite system changes. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission

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business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

<sup>20</sup> 17 CFR 240.19b-4(f)(6)(iii).



hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>21</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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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](mailto:rule-comments@sec.gov). Please include File Number SR-EDGA-2014-35 on the subject line.

##### Paper Comments:

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

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<sup>21</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

All submissions should refer to File Number SR-EDGA-2014-35. 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 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 also will be available for inspection and copying at the principal office of EDGA. 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-EDGA-2014-35 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>22</sup>

Brent J. Fields  
Secretary

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<sup>22</sup> 17 CFR 200.30-3(a)(12).