

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74948; File No. SR-EDGA-2015-18)

May 13, 2015

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of EDGA 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 April 30, 2015, EDGA Exchange, Inc. (the “Exchange” or “EDGA”) 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 Act³ and Rule 19b-4(f)(2) thereunder,⁴ 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 Members⁵ of the Exchange pursuant to EDGA Rule 15.1(a) and (c) (“Fee Schedule”) to: (i) decrease the rebate for orders yielding Flag BY, which routes to the BATS Y-Exchange, Inc. (“BYX”) and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer [sic], 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).

removes liquidity using routing strategies Destination Specific (“DIRC”), ROUC, ROUE, ROBB, or ROCO;⁶ (ii) amend the criteria for the MidPoint Discretionary Order Add Volume Tier; and (iii) make an immaterial, non-substantive change. Changes to the fee schedule pursuant to this proposal are effective upon filing.

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) decrease the rebate for orders yielding Flag BY, which routes to BYX and removes liquidity using routing strategies DIRC, ROUC, ROUE, ROBB, or ROCO; (ii) amend the criteria for the MidPoint Discretionary Order Add Volume Tier; and (iii) make an immaterial, non-substantive change.

⁶ The DIRC, ROUC, ROUE, ROBB, or ROCO routing strategies are set forth in Exchange Rule 11.11(g).

Flag BY

In securities priced at or above \$1.00, the Exchange currently provides a rebate of \$0.00160 per share for Members' orders that yield Flag BY, which routes to BYX and removes liquidity using routing strategies DIRC, ROUC, ROUE, ROBB, or ROCO. The Exchange proposes to amend its Fee Schedule to decrease the rebate for orders that yield Flag BY to \$0.00150 per share in securities priced at or above \$1.00.⁷ The proposed change represents a pass through of the rate BATS Trading, Inc. ("BATS Trading"), the Exchange's affiliated routing broker-dealer, is provided for routing orders to BYX that remove liquidity. The proposed change is in response to BYX's May 2015 fee change where BYX decreased its rebate from \$0.00160 per share to \$0.00150 per share for orders in securities priced at or above \$1.00.⁸ When BATS Trading routes to and removes liquidity from BYX, it will now receive a standard rebate of \$0.00150 per share. BATS Trading will pass through the rebate provided by BYX to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

MidPoint Discretionary Order Add Volume Tier

The Exchange proposes to amend the criteria for the MidPoint Discretionary Order Add Volume Tier. Under the tier, a Member qualifies for a reduced fee of \$0.0003 per share where that Member: (i) adds an ADV of at least 0.25% of the TCV including non-displayed orders that add liquidity; and (ii) adds or removes an ADV of at least 1,500,000 shares yielding fee codes DM or DT. Fee code DM is applied to Non-Displayed orders that add liquidity using MidPoint

⁷ The Exchange does not propose to amend its fee for orders that yield Flag BY in securities priced below \$1.00.

⁸ See BYX Exchange Fee Schedule Changes Effective May 1, 2015 available at http://cdn.batstrading.com/resources/fee_schedule/2015/BATS-BYX-Exchange-BZX-Exchange-EDGA-Exchange-and-EDGX-Exchange-Fee-Schedule-Changes-Effective-May-1-2015.pdf.

Discretionary orders⁹ and fee code DT is applied to Non-Displayed orders that remove liquidity using MidPoint Discretionary Orders. Orders that yield fee code DM or fee code DT that do not meet to the criteria of the MidPoint Discretionary Order Add Volume Tier are charged a fee of \$0.00050 per share. The Exchange now proposes to decrease the ADV requirement to require that a Member add or remove an ADV of at least 500,000 shares yielding fee codes DM or DT. Easing the criteria of the MidPoint Discretionary Order Add Volume Tier is intended to further incentive Members to submit an increased number of MidPoint Discretionary orders to the Exchange, thereby increasing the liquidity on the Exchange at the midpoint of the National Best Bid or Offer (“NBBO”).

Non-Substantive Changes

The Exchange also proposes to make an immaterial, non-substantive change to its Fee Schedule by removing “, Inc.” from the reference to the Exchange in the heading of the Fee Schedule. This non-substantive change is intended to make the reference to the Exchange in the heading of the Fee Schedule consistent with the manner in which its affiliated exchanges¹⁰ are referenced in their respective fee schedules.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on May 1, 2015.

⁹ See Exchange Rule 11.8(e) for a description of MidPoint Discretionary orders.

¹⁰ The Exchange’s affiliated exchanges are BATS Exchange, Inc., BATS Y-Exchange, Inc., and EDGX Exchange, Inc. (“EDGX”). The Exchange understands that EDGX also intends to file a proposed rule change with the Commission making a similar change to how EDGX is referenced in the heading of its fee schedule.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(4),¹² 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 [sic] 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.

Flag BY

The Exchange believes that its proposal to decrease the rebate for orders that yield Flag BY represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to the BYX's May 2015 fee change, BYX provided BATS Trading a rebate of \$0.00160 per share to remove liquidity in securities priced at or above \$1.00, which BATS Trading passed through to the Exchange and the Exchange provided its Members. When BATS Trading routes to BYX, it will now be provided a rebate of \$0.00150 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to BYX through BATS Trading. Therefore, the Exchange believes that the

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4).

proposed change to Flag BY is equitable and reasonable because it accounts for the pricing changes on BYX, which enables the Exchange to provide its Members the applicable pass-through rebate. Lastly, the Exchange notes that routing through BATS Trading is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

MidPoint Discretionary Order Add Volume Tier

The Exchange believes amending the criteria for the MidPoint Discretionary Order Add Volume Tier represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because it is designed to further incentivize Members to increase their use of MidPoint Discretionary orders on EDGA. MidPoint Discretionary Orders increase displayed liquidity on the Exchange while also enhancing execution opportunities at the mid-point of the NBBO. Promotion of displayed liquidity at the NBBO enhances market quality for all Members. Members utilizing MidPoint Discretionary orders provide liquidity at the midpoint of the NBBO increasing the potential for an order to receive price improvement, and easing the tier's criteria so that Members may be eligible for a decreased fee is a reasonable means by which to encourage the use of such orders. In addition, the Exchange believes that by encouraging the use of MidPoint Discretionary orders by easing the tier's criteria, Members seeking price improvement would be more motivated to direct their orders to EDGA because they would have a heightened expectation of the availability of liquidity at the midpoint of the NBBO. The Exchange also believes that the proposed addition of the MidPoint Discretionary Order Add Volume Tier is non-discriminatory because it will be available to all Members.

Non-Substantive Changes

The Exchange believes that the non-substantive change to its Fee Schedule is reasonable because it is not designed to amend any fee, nor alter the manner in which it assesses fees or calculates rebates. This non-substantive change to the Fee Schedule is intended to make the reference to the Exchange in the heading of the Fee Schedule consistent with the manner in which its affiliated exchanges are referenced in their respective fee schedules, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

(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 BY

The Exchange believes that its proposal to pass through the amended rebate for orders that yield Flags BY would increase intermarket competition because it offers customers an alternative means to route to BYX for the same rebate that they would be provided if they entered orders on that trading center directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rebate would apply uniformly to all Members.

MidPoint Discretionary Order Add Volume Tier

The Exchange believes that its proposal to ease the criteria for the MidPoint Discretionary Order Add Volume Tier would increase intermarket competition because it would further incentivize Members to send an increased amount MidPoint Discretionary orders to the Exchange in order to qualify for the tier's decreased fee. The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the MidPoint Discretionary Order Add Volume Tier would apply uniformly to all Members and the ability of some Members to meet the tier would only benefit other Members by contributing to increased liquidity at the midpoint of the NBBO and better market quality at the Exchange.

Non-Substantive Changes

The Exchange believes that the non-substantive change to the Fee Schedule will not affect intermarket nor intramarket competition because the change is not designed to amend any fee or alter the manner in which the Exchange assesses fees or calculates rebates.

(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 Act¹³ and paragraph (f) of Rule 19b-4 thereunder.¹⁴ At any time within 60 days of the filing of

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f).

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-EDGA-2015-18 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-EDGA-2015-18. 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 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-EDGA-2015-18 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.¹⁵

Robert W. Errett
Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).