SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63839; File No. SR-EDGA-2011-03)

February 3, 2011

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGA Exchange, Inc. Fee Schedule

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 February 1, 2011, the 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, II, and III below, which items have been prepared by the self-regulatory organization. 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 proposes to amend its fees and rebates applicable to Members[3] of the Exchange pursuant to EDGA Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGA Members. The text of the proposed rule change is available on the Exchange's Internet website at http://www.directedge.com.

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

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

2 17 CFR 240.19b-4.

3 A Member is any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange.

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. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

1. <u>Purpose</u>

In SR-EDGA-2011-01,[4] the Exchange filed for immediate effectiveness a rule filing to amend Rule 11.9 to add its routing strategies, which were contained in its fee schedule, to the rule and to introduce additional routing strategies to the rule. Two of the strategies that the Exchange added to Rules 11.9(b)(3)(h) and (i) were the ROUT and ROUX routing strategies. Under both routing strategies, an order checks the Exchange's system ("System") for available shares and then is sent to destinations on the System routing table. In Rule 11.9(b)(3) the Exchange defined the term "System routing table" to mean the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them.

In this filing, the Exchange proposes to add the corresponding flags for the use of the ROUT and ROUX strategies to its fee schedule and assign corresponding fees. For any order routed using the ROUT routing strategy, the Exchange is proposing a fee of $0.0025 per share to be assessed and a flag of "RT" to be yielded, except when routed to EDGX Exchange, Inc. ("EDGX"), in which case a flag "I" is yielded a flag and a fee of $0.0030 is assessed. The latter exception is clarified in proposed footnote 10. Similarly, for any order routed using the ROUX routing strategy, the Exchange is proposing a fee of $0.0027 per share to be assessed and a flag of "RX" to be yielded, except when routed to EDGX, in which case a flag "I" is yielded a fee of

[4] <u>See</u> SR-EDGA-2011-01 (January 21, 2011).

$0.0030 is assessed. The latter exception is clarified in proposed footnote 10. The Exchange notes that the fee is higher if an order is routed to EDGX, which is affiliated with EDGA, rather than to other destinations on the System routing table using the ROUT/ROUX strategies.

In SR-EDGA-2011-01, the Exchange also added the ROOC routing option in Rule 11.9(b)(3)(p) for orders that the entering firm wishes to designate for participation in the opening or closing process of a primary listing market (NYSE, Nasdaq, NYSE Amex, or NYSE Arca) if received before the opening/closing time of such market. If shares remain unexecuted after attempting to execute in the opening or closing process, they are either posted to the book, executed, or routed like a ROUT routing option, as described in Rule 11.9(b)(3)(h). In this filing, the Exchange proposes to add the corresponding flags for the use of the ROOC strategy to its fee schedule and assign corresponding fees. If the entering firm wishes the order to participate in the listing market close via the ROOC strategy, it will be assigned a flag of “CL” and a fee of $0.0010 per share, except for NYSE Arca. This fee represents a blended rate of all four primary listing market fees for participation in the market close. For ease of administration, the Exchange uses this blended rate as it represents an average fee from the primary listing markets. However, a flag of “O” will be yielded and the associated fee for the “O” flag, $0.0005 per share, will be assessed, if the order is routed to the NYSE Arca closing process. This is clarified in proposed footnote 9 to the fee schedule and represents a pass through of the NYSE Arca fee. If the entering firm wishes to designate that the order participate in the opening process of NYSE Amex and it adds liquidity, it will be assigned a flag of “8” and a rebate of $0.0015 per share. This rebate represents a pass through of the NYSE Amex rebate. If the entering firm wishes to designate that the order participate in the opening process of NYSE Arca and it adds liquidity, it will be assigned a flag of “9” and a rebate of $0.0021 per share. This rebate represents a pass through of the NYSE Arca rebate. The Exchange proposes to add these flags effective February 1, 2011 but not implement them until the ROOC strategy is effective, which is on or about February 14, 2011.

Currently, the "K" flag is yielded when an order is routed to BATS BZX Exchange using the ROBA order type. The Exchange proposes that this flag be yielded and its associated fee of $0.0025 per share be assessed when an order is routed to Nasdaq PSX using the ROUC order type, as defined in Rule 11.9(b)(3)(a).[5] This fee of $0.0025 per share represents a pass through of the Nasdaq PSX rate.

Currently, the Exchange provides a reduced rate for non-displayed ("Flag H") executions for a non-aggregated MPID representing the volume of a Member and meeting certain criteria. For executions in stocks priced $1.00 and over, if the average daily volume ("ADV") of Flag H executions for a non-aggregated MPID is increased such that its ADV is 1,000,000 greater than its ADV of Flag H executions averaged across the month of October 2010, then the non-aggregated MPID would qualify for a rate of $0.00025 per share. For executions in stocks priced below $1.00, if the ADV of Flag H executions for a non-aggregated MPID is increased such that its ADV is 1,000,000 greater than its ADV of Flag H executions averaged across the month of October 2010, then the non-aggregated MPID would qualify for a rate of .025% of the total dollar volume of the Flag H executions. The Exchange is proposing to delete these reduced rates, which are found in footnote 2 of the fee schedule, effective February 1, 2011 as it does not believe that the reduced rates are effective at incenting Members to add liquidity to the Exchange.

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[5] Rule 11.9(b)(3)(a) defines the ROUC order type as a routing option under which an order checks the System for available shares, and then is sent sequentially to destinations on the System routing table, Nasdaq OMX BX, and NYSE. If shares remain unexecuted after routing, they are posted on the EDGX Exchange's book.

Currently, stocks priced below $1.00 are charged 0.20% of the dollar value of the transaction when routed to Nasdaq and removing liquidity in securities on all Tapes, as noted in footnote 3 of the fee schedule and as indicated on corresponding flag J. The Exchange proposes to increase this fee to 0.30% of the dollar value of the transaction to reflect an increase in rate provided by Nasdaq effective January 3, 2011.

Finally, in the description of the SW flag on the fee schedule the Exchange proposes to make a technical change to amend the word "routing" to "routed."

EDGA Exchange proposes to implement these amendments to the Exchange fee schedule on February 1, 2011.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[6] in general, and furthers the objectives of Section 6(b)(4),[7] 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 believes that the fees of $0.0025 per share/ $0.0027 per share, respectively, for the ROUT and ROUX routing strategies, represent an equitable allocation of reasonable dues, fees, and other charges. When compared to other similar fees assessed for other Exchange routing strategies, the ROUT and ROUX strategies route to more destinations and more costly ones and thus, the Exchange passes on higher fees to its Members. In addition, other market centers charge comparable rates. The comparable routing strategy to the ROUT strategy is either Parallel D or Parallel 2D with the DRT (Dark routing technique) option on BATS BZX Exchange ("BATS") and SCAN/STGY on Nasdaq OMX Exchange ("Nasdaq.") BATS charges $0.0028 per share for its Parallel D and

[6] 15 U.S.C. 78f.

[7] 15 U.S.C. 78f(b)(4).

Parallel 2D routing strategies and $0.0020 per share for its DRT option. Nasdaq charges $0.0030 per share for its SCAN and STGY routing strategies. The comparable routing strategy to the ROUX strategy is also the Parallel D or Parallel 2D strategies on BATS and the SKIP/SKNY strategies on Nasdaq. BATS charges $0.0028 per share for either of their strategies and Nasdaq charges $0.0030 for either of their strategies.

The Exchange believes that the fees associated with the new flags described above represent an equitable allocation of reasonable dues, fees, and other charges. The fee associated with the "CL" flag ($0.0010) (except for NYSE Arca) represents a blended rate of all four primary listing market fees for participation in the market close. However, a flag of "O" will be yielded and the associated fee for the "O" flag, $0.0005 per share, will be assessed, if the order is routed to the NYSE Arca closing process. This represents a pass through of the NYSE Arca fee. If the entering firm wishes to designate that the order participate in the opening process of NYSE Amex and it adds liquidity, it will be assigned a flag of "8" and a rebate of $0.0015 per share. This rebate represents a pass through of the NYSE Amex rebate. If the entering firm wishes to designate that the order participate in the opening process of NYSE Arca and it adds liquidity, it will be assigned a flag of "9" and a rebate of $0.0021 per share. This rebate also represents a pass through of the NYSE Arca rebate. The fee associated with the K flag ($0.0025 per share) also represents a pass through of the Nasdaq PSX rate. In addition, as discussed above, stocks priced below $1.00 are now proposed to be charged 0.30% of the dollar value of the transaction when routed to Nasdaq and removing liquidity in securities on all Tapes, as noted in proposed footnote 3 of the fee schedule. This increase in fee (from 0.20% of the dollar value of the transaction) reflects a pass through of the Nasdaq's increased rate, effective January 3, 2011.

The Exchange 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 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.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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) of the Act[8] and Rule 19b-4(f)(2)[9] thereunder. At any time within 60 days of the filing of such 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.

8 15 U.S.C. 78s(b)(3)(A).

9 17 CFR 19b-4(f)(2).

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-2011-03 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-EDGA-2011-03. 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,[10] 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.

[10] The text of the proposed rule change is available on Exchange's website at http://www.directedge.com, on the Commission's website at http://www.sec.gov, at EDGA, and at the Commission's Public Reference Room.

and 3:00 p.m. Copies of the filing also will 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-2011-03 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Cathy H. Ahn
Deputy Secretary

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[11] 17 CFR 200.30-3(a)(12).