SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65685; File No. SR-EDGA-2011-36)

November 4, 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 October 31, 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. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Purpose

The Exchange proposes to increase its charge for customer internalization on Flag 5 from $0.0001 per share, per side, to $0.00015 per share per side, to move in lockstep with the proposed maker/taker fee spread of $0.0003, which was implemented in the October 1, 2011 fee schedule, where the Exchange decreased its rebate from $0.0005 per share to $0.0004 per share for adding liquidity and increased its charge from $0.0006 per share to $0.0007 per share for removing liquidity. The increase in the charge for Flag 5 corresponds to the Exchange’s increase in its charge for customer internalization in Flag E from $0.0001 per share, per side (prior to October 1, 2011) to $0.00015 per share per side on October 1, 2011.

The Exchange proposes to add a new tier that provides if a Member, on a daily basis, measured monthly, posts more than 0.25% of the Total Consolidated Volume[4] (“TCV”) in average daily volume and removes more than 0.25% of TCV in average daily volume, then the Member will receive a rebate of $0.0005 per share. This amendment is reflected in the language in footnote 4 of the Exchange’s fee schedule. The new tier will also apply to Flags B, V, Y, 3 and 4, as these flags have a footnote 4 appended to them.

[4] TCV is defined as volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month prior to the month in which the fees are calculated.

The Exchange also proposes to decrease the charge assessed for a Directed Intermarket Sweep Order[5] ("Directed ISO") from $0.0033 per share to $0.0032 per share, which is reflected in Flag S of the Exchange's fee schedule.

The Exchange proposes to implement these amendments to its fee schedule on November 1, 2011.

Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Exchange 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 proposes to increase its charge for customer internalization in Flag 5 from $0.0001 per share, per side, to $0.00015 per share per side. This increase will enable the charge on Flag 5 to move in lockstep with the Exchange's October 1, 2011 decrease in its rebate from $0.0005 per share to $0.0004 per share for adding liquidity and increase in its charge from $0.0006 to $0.0007 per share for removing liquidity. The latter amendments to the Exchange's fee schedule were designed to allow the Exchange to compete with other market centers.[8] In addition, the increase in the charge for Flag 5 corresponds to the Exchange's increase in its charge for customer internalization in Flag E from $0.0001 per share, per side, to $0.00015 per

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5 See Exchange Rule 11.5(d)(2).

6 15 U.S.C. 78f.

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

8 In its October 2011 fee filing, the Exchange stated that the proposed maker/taker fee spread of $0.0002 or $0.0003, depending on if a tier is met (see footnote 4), was reasonable as the proposed maker/taker spread was competitive with other market centers maker/taker spreads (BATS BZX Exchange, 0 – $0.0004 per share), Nasdaq OMX PSX ($.0001 - $.0003 per share), and Nasdaq BX ($0.0001 - $0.0013) per share).

share per side on its October 1, 2011, fee schedule. The increased revenue to the Exchange from the rate increase would allow the Exchange to have additional revenue to offset administrative and infrastructure costs. The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

The Exchange's proposal to amend its fee schedule to create a tier to provide an increased rebate of $0.0005 per share if Members post more than 0.25% of the TCV in average daily volume and remove more than 0.25% of TCV in average daily volume is designed to incentivize Members to both add and remove liquidity from EDGA.

The potential increase in volume from the new tier benefits all investors by deepening EDGA's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection. Volume-based discounts such as the rebate proposed herein have been widely adopted in the cash equities markets and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery processes. Such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a rebate of $0.0005 per share. The Exchange believes that the proposed rebate is nondiscriminatory in that it applies uniformly to all Members.

Currently, there is a tier on EDGA's fee schedule that provides a rebate of $0.0005 per share where a Member, on a daily basis, measured monthly, posts more than 1% of the TCV in average daily volume. Based on average TCV for September 2011 (8.5 billion), in order to a

Member to qualify for a rebate of $0.0005 per share under this criteria, the Member would have to post 85 million shares.

Another way to qualify for a rebate of $0.0005 per share, as proposed in this filing, would be for the Member, based on average TCV for September 2011 (8.5 billion), to add more than 22,000,000 shares and remove more than 22,000,000 shares. The Exchange believes that adding an additional way to qualify for the $0.0005 rebate per share represents an equitable allocation of reasonable dues, fees, and other charges since other exchanges offer similar rebates for adding and removing different amounts of liquidity based on the inherent value of said activity to their exchange. Likewise, the Exchange values Members that post more than 0.25% of TCV in average daily volume and remove more than 0.25% of TCV in average daily volume similar to Members that post more than 1% of TCV in average daily volume. The Exchange believes that adding another means to qualify for the tiered rebate incentivizes adders and removers of liquidity as well as just adders of liquidity. and the practice of offering tiers to attract removers of liquidity to an exchange has become commonplace throughout the equities markets.[9]

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[9] See NASDAQ's price list where NASDAQ offers a rebate of $0.00295 per share for members adding greater than 1.0% and adding and removing greater than 200,000 total contracts on the NASDAQ Options Market, and NASDAQ offers a rebate of $0.0029 per share for members adding greater than 0.15% and adding and removing greater than 115,000 total contracts on the NASDAQ Options Market. In addition, NASDAQ also offers a rebate of $0.0029 per share for members adding a minimum of 2 million shares per day and removing greater than 0.65%. NASDAQ also offers a rebate of $0.0025 per share for members that add a minimum of 2 million shares per day and remove greater than 0.45%. See also http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2. See also the BATS Exchange Fee schedule where BATS offers a rebate of $0.0029 per share for adding displayed liquidity for members who have an ADV equal to or greater than 1.0% of average TCV, where ADV means average daily volume calculated as the number of shares added or removed, combined, per day on a monthly basis. See also http://www.batstrading.com/resources/regulation/rule_book/BZX_Fee_Schedule.pdf.

The Exchange believes that the proposed decrease in the rate for Directed ISOs from $0.0033 per share to $0.0032 per share represents an equitable allocation of reasonable dues, fees, and other charges. The Exchange believes that this decreased fee to Members would provide an incentive for Members to provide liquidity that supports the quality of price discovery and promotes market transparency. Such increased volume also increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a lower fee. The fee is reasonable when compared to other market centers' fees for Directed ISOs, including, BATS that charges a fee of $0.0033 per share and NASDAQ that charges a fee of $0.0035 per share for routing Directed ISOs.[10] The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

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.

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.

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10 Id.

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[11] and Rule 19b-4(f)(2)[12] 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.

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-2011-36 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.

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11 15 U.S.C. 78s(b)(3)(A).

12 17 CFR 19b-4(f)(2).

All submissions should refer to File Number SR-EDGA-2011-36. 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 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-2011-36 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.[13]

Kevin M. O'Neill
Deputy Secretary

[13] 17 CFR 200.30-3(a)(12).