

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66130; File No. SR-EDGA-2011-42)

January 11, 2012

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 December 30, 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 Members³ 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>, at the Exchange's principal office, and at the Public Reference Room of the Commission.

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

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.

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

Purpose

Footnote 4 of the EDGA fee schedule currently provides that: If a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume (“TCV”) in average daily volume, then the Member will receive a rebate of \$0.0005 per share. 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.

If a Member, on a daily basis, measured monthly, posts more than .25% of the TCV and removes more than .25% of TCV in average daily volume, then the Member will receive a rebate of \$0.0005 per share.

The Exchange proposes to amend the description in footnote 4 of its fee schedule to state that all non-displayed orders (H Flag executions) count toward added/posting liquidity in both paragraphs of footnote 4. The Exchange also proposes to append footnote 4 to the H Flag on its fee schedule in connection with this. Similar to the way that the H Flag counts toward adding/posting liquidity tiers on the EDGX Exchange, Inc. (“EDGX”),⁴ the H Flag is another flag that can also add liquidity on EDGA. Currently,

⁴ See, e.g., Securities Exchange Act Release No. 65541 (October 12, 2011), 76 FR 64409 (October 18, 2011) (SR-EDGX-2011-31).

the flags that add liquidity on EDGA and count toward the tiers identified in footnote 4 are B, V, Y, 3, and 4.

Furthermore, the Exchange also proposes to amend the description in footnote 4 of its fee schedule to state that a Member has to post liquidity to EDGA in order to satisfy the tiers delineated in footnote 4. To do so, the Exchange proposes to insert the words “to EDGA” after the phrases “posts more than 1% of the TCV” and “posts more than .25% of the TCV” in footnote 4.

The Exchange proposes to delete footnote 13 from its fee schedule, as no Members have qualified for this tier. Footnote 13 states that for Members that route an average daily volume (ADV) more than 30,000,000 shares per day to NYSE using the RDOT or RDOX routing strategy, then their removal rate decreases to \$0.0022 per share.

The Exchange also proposes to amend its fee schedule to add footnote b to it to specify that trading activity on days when the market closes early⁵ does not count toward any volume tiers, which are currently found in footnotes 1, 2, 4, 6, 13.

The Exchange proposes to implement these amendments to its fee schedule on January 1, 2012.

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.

⁵ In 2012, these days include July 3, 2012, November 23, 2012, and December 24, 2012.

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(4).

The Exchange believes that amending the H Flag’s application toward the tiers outlined in footnote 4 on the Exchange’s fee schedule is an equitable allocation of reasonable dues, fees, and other charges. The H Flag is another flag that can also add liquidity on EDGA and counts towards the tiers identified in footnote 4. The Exchange believes that providing discounts for adding liquidity to the Exchange would incent liquidity. In addition, 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 higher rebate. The increased liquidity also benefits all investors by deepening EDGA’s liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. In addition, by making this amendment, the Exchange adds additional transparency to its fee schedule for Members.

The deletion of the tier in footnote 13 to the fee schedule is an equitable allocation of reasonable dues, fees, and other charges, as no Members have qualified for this tier and the Exchange generates administrative costs by maintaining it. In addition, by deleting this tier, the Exchange adds additional clarity to its fee schedule for Members. The Exchange believes that the proposed amendment is nondiscriminatory in that it applies uniformly to all Members.

The Exchange also proposes to amend its schedule by adding footnote b to specify that trading activity on days when the market closes early does not count toward volume tiers (footnotes 1, 2, 4, 6, 13). Since the Exchange is only open until 1PM Eastern Time (“ET”) on these days (e.g., the day after Thanksgiving),⁸ the Exchange believes that counting volume on

⁸ In 2012, these days include July 3, 2012, November 23, 2012, and December 24, 2012.

these days towards the tiers would not be illustrative of typical market activity or liquidity provision, since the trading day is shortened. Therefore, the Exchange proposes to exclude such shortened trading days from any volume tier calculations, as presently found in footnotes numbers 1, 2, 4, 6, and 13. The Exchange believes that the proposed amendment is non-discriminatory in that it applies uniformly to all Members and would more accurately represent their trading volume. In addition, the proposed amendment is in accordance with the practices employed by other Exchanges.⁹

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.

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

⁹ See fee schedules of Nasdaq and NYSE Arca found at: <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>; and https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_12_1_2011.pdf

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 Act¹⁰ and Rule 19b-4(f)(2)¹¹ 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-2011-42 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-2011-42. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 19b-4(f)(2).

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-2011-42 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.¹²

Kevin M. O'Neill
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).