SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66763; File No. SR-EDGA-2012-13)

April 6, 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 March 30, 2012 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, 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

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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.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to decrease the rebate for adding liquidity from $0.0004 per share to $0.0003 per share, and to decrease the rebates in Footnote 4 in the fee schedule from $0.0005 per share to $0.0004 per share as they relate to the calculation for the Total Consolidated Volume ("TCV") in order to move in lockstep with the proposed rebate of $0.0003 per share for adding liquidity. In addition, the Exchange proposes to make conforming amendments on Flags B, V, Y, 3 and 4 from a rebate of $0.0004 per share to a rebate of $0.0003 per share.

Flag E represents a customer internalization[4] charge per side if a Member inadvertently matches with itself. In order to provide additional transparency to Members, Flag E is proposed to be bifurcated into two flags: Flag EA (internalization on the adding liquidity side) and Flag ER (internalization on the removing liquidity side). The Exchange also proposes to increase the fee charged to Members to $0.0002 per share, per side, to move in lockstep with the maker/taker spread on EDGA, which the Exchange proposes to change to $0.0004. Similarly, the Exchange also proposes increasing the charge assessed in Flag 5 from $0.00015 to $0.0002.

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[4] This occurs when two orders presented to the Exchange from the same Member (i.e., MPID) are presented separately and not in a paired manner, but nonetheless inadvertently match with one another. Members are advised to consult Rule 12.2 respecting fictitious trading.

The Exchange proposes to add Flag PR for orders that remove liquidity from EDGA using eligible routing strategies ROUZ, ROUD or ROUQ.[5] The Exchange proposes to list the eligible routing strategies in Footnote 15. The Exchange proposes to assess no charge to Members that utilize Flag PR. Therefore, the Exchange proposes to append Footnote 1 to Flag PR so that the Members using Flag PR will also subject to the conditions of Footnote 1, which state that the removal rate on EDGA is contingent on the attributed MPID adding (including hidden) and/or routing a minimum average daily share volume, measured monthly, of 50,000 shares on EDGA. Any attributed MPID not meeting the aforementioned minimum will be charged $0.0030 per share for removing liquidity from EDGA for securities priced $1.00 and over and 0.20% of dollar value for securities priced less than $1.00.

The Exchange proposes to add Flag CR for orders that remove liquidity from EDGA using eligible routing strategies ROUT, RDOT, ROUE, ROUC, ROOC, ROCO, IOCT or ICMT.[6] The Exchange proposes to list the eligible routing strategies in Footnote 13. The Exchange proposes to assess no charge to Members that utilize Flag CR. Therefore, the Exchange proposes to append Footnote 1 to Flag CR so that Member's using Flag CR will also subject to the conditions of Footnote 1, which states that the removal rate on EDGA is contingent on the attributed MPID adding (including hidden) and/or routing a minimum average daily share volume, measured monthly, of 50,000 shares on EDGA. Any attributed MPID not meeting the aforementioned minimum will be charged $0.0030 per share for removing liquidity from EDGA for securities priced $1.00 and over and 0.20% of dollar value for securities priced less than $1.00.

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5 See Exchange Rule 11.9(b)(3).

6 Id.

The Exchange proposes to add Flag XR for orders that remove liquidity from EDGA using eligible routing strategies ROUX, RDOX, ROPA, INET, ROBB, ROBY, ROBX, ROBA, SWPA, SWPB, SWPC, ROLF, IOCX or IOCM.[7] The Exchange proposes to list the eligible routing strategies in Footnote 14. The Exchange proposes to assess a charge of $0.0007 per share to Members that utilize Flag XR, which corresponds to the default rate on EDGA for removing liquidity. Therefore, the Exchange proposes to append Footnote 1 to Flag XR so that Member's using Flag XR will also subject to the conditions of Footnote 1, which states that the removal rate on EDGA is contingent on the attributed MPID adding (including hidden) and/or routing a minimum average daily share volume, measured monthly, of 50,000 shares on EDGA. Any attributed MPID not meeting the aforementioned minimum will be charged $0.0030 per share for removing liquidity from EDGA for securities priced $1.00 and over and 0.20% of dollar value for securities priced less than $1.00.

The Exchange proposes to amend the description of Flag K in reference to orders routed to the PSX to include the ROUE routing strategy in addition to the ROUC routing strategy. The Exchange proposes to continue to assess a charge of $0.0025 per share.

Similarly, the Exchange proposes to amend the description of Flag BY in reference to orders routed to the BATS BYX Exchange to include the ROUE routing. The Exchange proposes to continue to offer a rebate of $0.0002 per share.

Currently, when an order is routed using the ROUQ or ROUC routing strategies, as defined in Rule 11.9(b)(3), a fee of $0.0020 per share is charged. The Exchange proposes to append footnote 16 to the Q flag to provide a lower rate for Q flag executions in the following circumstances: If a Member posts greater than or equal to 0.30% of the TCV in ADV on EDGA

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[7] Id.

and routes 2.5 million shares through the use of the Q flag, then the Member's rate for the Q flag decreases to $0.0015 per share. If a Member posts greater than or equal to 0.30% of the TCV in ADV on EDGA and routes 5 million shares through the use of the Q flag, then the Member's rate for the Q flag decreases to $0.0010 per share.

The Exchange also proposes to make a technical amendment to Footnote 1 on the fee schedule to remove "the" and replace it with "all," remove "is" and replace it with "are," and pluralize "rate." In addition, the Exchange also proposes to make a technical amendment to remove the word "customer" in the description of Flag 5.

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

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,[8] in general, and furthers the objectives of Section 6(b)(4),[9] 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 decrease the rebate for adding liquidity from $0.0004 per share to $0.0003 per share, and to decrease the rebate in Footnote 4 in the fee schedule from $0.0005 per share to $0.0004 per share as they relate to the calculation for the TCV in order to move in lockstep with the proposed rebate of $0.0003 per share for adding liquidity. In addition, the Exchange will make corresponding changes to Flags B, V, Y, 3 and 4 because these Flags also add liquidity to the EDGA book. In addition, the increased revenue to the Exchange from the decreased rebate allows the Exchange to have additional revenue to offset administrative and

8 15 U.S.C. 78f.

9 15 U.S.C. 78f(b)(4).

infrastructure costs, and to offset the no charge for Flags PR and CR as described below. The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

The Exchange believes that the proposed technical amendment to delete Flag E and replace it with Flags EA and ER promotes market transparency and improves investor protection by adding additional transparency to its fee schedule by more precisely delineating for Members whether they are "adders of liquidity" or "removers of liquidity" for purposes of paying an internalization fee. Similarly, the Exchange also proposes increasing the charge assessed in Flag 5 from \$0.00015 to \$0.0002 because it pertains to internalization. In addition, the internalization rebate is equitable in that it is in line with the EDGA fee structure[10] which currently has a maker/taker spread of \$0.0004 per share (the proposed standard rebate to add liquidity on EDGA is \$0.0003 per share, while the standard fee to remove liquidity is \$0.007 per share). EDGA also has a proposed tiered rate for adding liquidity of \$0.0004, which would make this spread \$0.0003 per share. As a result of the internalization charge, Members who internalize would be charged \$0.0002 per side of an execution (total of \$0.0004 per share) instead of capturing the maker/taker spread of \$0.0003 per share if Members achieve this tier. Therefore, the total net amount equals \$0.0004 per share, which would be an internalization rate that is no more favorable than the prevailing maker/taker spread. The Exchange also believes that the proposal is non-discriminatory because it applies to all Members.

The Exchange proposes to add Flag PR for orders that remove liquidity from EDGA using eligible routing strategies ROUZ, ROUD or ROUQ. The Exchange believes that the

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10 In SR-EDGA-2011-14 (April 29, 2011), the Exchange represented that it "will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread."

proposed rate of $0.0000 per share for Flag PR is an equitable allocation of reasonable dues, fees, and other charges because the rate correlates to the dues, fees, and other charges the Exchange receives when routing to low cost destinations. By routing to several low cost destinations using the eligible routing strategies, there is a greater potential for orders to be executed at these low cost destinations rather than a higher cost destination. For example, ROUD, as defined in Rule 11.9(b)(3)(b), is a routing option under which an order checks the System[11] for available shares and then is sent sequentially to low cost destinations on the System routing table. Therefore, the more low cost destinations that an order routes to allows the Exchange to pass on the savings it receives from such destinations to the Exchange's Members. In addition, the Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

The Exchange proposes to add Flag CR for orders that remove liquidity from EDGA using eligible routing strategies ROUT, RDOT, ROUE, ROUC, ROOC, ROCO, IOCT or ICMT, which route to a combination of low cost destinations and higher cost destinations. The Exchange believes that the proposed rate of $0.0000 per share for Flag CR is an equitable allocation of reasonable dues, fees, and other charges because the rate correlates to the dues, fees, and other charges the Exchange receives when routing to low cost destinations. By routing to several low cost destinations using the eligible routing strategies, there is a greater potential for orders to be executed at these low cost destinations. For example, RDOT, as defined in Rule 11.9(b)(3)(h), is a routing option under which an order checks the System for available shares and then is sent sequentially to low cost destinations on the System routing table. If shares remain unexecuted after routing, they are sent to the NYSE and can be re-routed by the NYSE,

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11 See Exchange Rule 1.5(cc).

which is a high cost destination. Therefore, the more low cost destinations that an order routes to allows the Exchange to pass on the savings it receives from such destinations to the Exchange's Members. In addition, the Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

In addition, the Exchange believes its proposed rate of $0.0000 per share for Flags PR and CR is equitable because Flags PR and CR both route to low cost destinations in the System.

The Exchange proposes to add Flag XR for orders that remove liquidity from EDGA using eligible routing strategies ROUX, RDOX, ROPA, INET, ROBB, ROBY, ROBX, ROBA, SWPA, SWPB, SWPC, ROLF, IOCX or IOCM. The Exchange believes that the proposed rate of $0.0007 per share for Flag XR which corresponds to the default rate on EDGA for removing liquidity, is an equitable allocation of reasonable dues, fees, and other charges because the rate is directly correlated with a higher number of high cost destinations; therefore, Flag XR creates a greater potential for an execution at a higher cost destination. For example, ROPA, as defined in Rule 11.9(b)(3)(k), is a routing option under which an order checks the System for available shares and then is sent, as an immediate or cancel (IOC) order, to NYSE Arca, which is a higher cost destination. Therefore, the Exchange passes through the charges associated with such higher cost destinations to the Exchange's Members. The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

The Exchange proposes to amend the description of Flag K in reference to orders routed to the PSX to include the ROUE routing strategy in addition to the ROUC routing strategy. The Exchange proposes to continue to assess a charge of $0.0025 per share. The Exchange believes that including the ROUE routing strategy will benefit Members because it provides another routing strategy to earn Flag K. In addition, the Exchange offers Members additional transparency in the fee schedule because Members can identify the routing strategy used to achieve Flag K. This encourages Members to utilize the Exchange to route to various destinations, which results in a lower overall routed rate for Members and allows the Exchange to pass on the savings it receives to the Exchange's Members. The Exchange believes that the proposed rebate is non-discriminatory in that it applies uniformly to all Members.

Similarly, the Exchange proposes to amend the description of Flag BY in reference to orders routed to the BATS BYX Exchange to include the ROUE routing strategy. The Exchange proposes to continue to offer a rebate of $0.0002 per share. The Exchange believes that including the ROUE routing strategy will benefit Members because it provides another routing strategy to earn Flag BY. In addition, the Exchange offers Members additional transparency in the fee schedule because Members can identify the routing strategy used to achieve Flag BY. This encourages Members to utilize the Exchange to route to various destinations, which results in a lower overall routed rate for Members and allows the Exchange to pass on the savings it receives to the Exchange's Members. The Exchange believes that the proposed rebate is non-discriminatory in that it applies uniformly to all Members.

The Exchange believes that the lower rate on the Q flag if a Member satisfies the conditions in proposed footnote 16 of the fee schedule represents and equitable allocation of reasonable dues, fees, and other charges as it is designed to incentivize Members to utilize the routing strategies on flag Q (ROUQ/ROUC) to route through EDGA before routing to other low cost destinations and other venues. If a Member does so and adds a significant amount of liquidity to EDGA (posts greater than or equal to 0.30% of the TCV in ADV on EDGA), while at the same time routes through ROUQ or ROUC a certain number of shares (2.5 million or 5 million shares), then the Member's rate will decrease to $0.0015 per share or $0.0010 per share, depending on the amount of liquidity routed using the ROUQ or ROUC routing strategies. The Exchange believes that volume discounts such as the ones proposed herein 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 lower rates. 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. Volume-based discounts such as the ones proposed herein have been widely adopted in the cash equities markets, and are equitable because they are open to all Members on an equal basis 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. In addition, the rates on the flag Q are reasonable when compared to competitive strategies on BATS, the DRT strategy[12], which is priced at $0.0020 per share and is similar to ROUQ; the ROUC routing strategy is similar to BATS's SLIM strategy[13] (rates ranging from $0.0022 per share to $0.0029 per share) and to NASDAQ's SAVE/SOLV strategies[14] (rates ranging from $0.0022 per share to $0.0027 per share).

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

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12 See the BATS BZX and BATS BYX Fee Schedules, http://batstrading.com/FeeSchedule

13 Id.

14 See NASDAQ Price List, http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2

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 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[15] and Rule 19b-4(f)(2)[16] 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.

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

16 17 CFR 19b-4(f)(2) [sic].

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-2012-13 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-2012-13. 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-2012-13 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.[17]

Kevin M. O'Neill
Deputy Secretary

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