

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67161; File No. SR-EDGA-2012-20)

June 7, 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 May 31, 2012 the 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 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.

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.

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 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

Purpose

Flag PA is yielded where orders utilize the midpoint routing strategy RMPT⁴ and add liquidity to EDGA. The Exchange proposes to reduce the charge it assesses for Members yielding Flag PA from \$0.0010 per share to \$0.0000 per share. The Exchange also proposes to make conforming changes to Footnote 17 to delete the tier associated with Flag PA, clarify that routing strategy RMPT corresponds with Flags PA, PT and PX, as well as to make other non-material grammatical changes.

Codification of Late Fees

Currently, the Exchange charges additional fees to Members that fail to pay all dues, fees, assessments and charges owed to the Exchange by the prescribed due date. Exchange Rule 15.1(a) states that the Exchange may prescribe such reasonable dues, fees, assessments or other charges as it may, in the Exchange discretion, deem appropriate. In addition, paragraph 13 of the

⁴ See Security and Exchange Act Release No. 66557 (March 9, 2012), 77 FR 15405 (March 15, 2012) (SR-EDGA-2012-06).

Exchange's User Agreement,⁵ which is signed by all Members as part of their membership in the Exchange, also provides that the Member agrees to pay the Exchange a late charge of 1% per month on all past due amounts that are not the subject of a legitimate and bona fide dispute. The Exchange proposes to codify this language in Footnote d on its fee schedule stating that the Exchange will assess a charge of 1% per month on the past due portion of the balance on a Member's account that is past due. This fee will begin to accrue on a daily basis for items not paid within the 30 day payment terms until the item is paid in full. Late fees incurred will be included as line items on subsequent invoices.

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

Basis

The Exchange believes that the proposed rule changes are 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 free rate for Flag PA (the RMPT routing strategy adding liquidity) is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other person using its facilities. The Exchange believes that reducing the charge assessed for Flag PA from \$0.0010 per share to \$0.0000 per share will

⁵ See the User Agreement posted to the Exchange's website at: <http://www.directedge.com/Portals/0/docs/MembDocs/EDGA%20Complete%20Exch%20Appl%201%20%28V%202.0%29.pdf>.

⁶ 15 U.S.C. 78f.

⁷ 15 U.S.C. 78f(b)(4).

incentivize Members to utilize the RMPT routing strategy to route through EDGA, thereby increasing the amount of liquidity on EDGA, before routing to other low cost destinations and other venues. The Exchange believes that increased liquidity may increase 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. In addition, the Exchange believes that the proposed rate is non-discriminatory because the charge will apply uniformly to all Members.

In order to provide additional transparency to Members, the Exchange proposes to codify its existing policy regarding late fees in Footnote d of the fee schedule. The Exchange believes that by including proposed Footnote d it will help to promote market transparency and improve investor protection by displaying the Exchange's policy regarding late fees to Members on its fee schedule along with the Exchange's other rebates and charges. The Exchange also notes that it is equitable and reasonable to charge a Member a late fee on past due balances because it offsets administrative and collection costs associated with past due accounts and incentivizes Members to pay on time in accordance with the terms of the Member's User Agreement. In addition, a late fee of 1% is reasonable because it is in line with the late fees assessed by other exchanges.⁸ The Exchange believes that the proposal is non-discriminatory because it applies to all Members.

⁸ See also, the late fees listed on the Chicago Board Options Exchange's fee schedule at: <http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf>; and NASDAQ Rule 7032 regarding late fees.

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 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 Act⁹ and Rule 19b-4(f)(2)¹⁰ 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.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 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-2012-20 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-2012-20. 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-2012-20 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.¹¹

Kevin M. O'Neill
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).