

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72844; File No. SR-EDGA-2014-22)

August 14, 2014

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 August 11, 2014, 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) (“Fee Schedule”) to: (1) harmonize the definitions of Average Daily Trading Volume (“ADV”) and Total Consolidated Volume (“TCV”) with those contained in the BATS Exchange, Inc. (“BATS”) and BATS-Y Exchange, Inc. (“BYX”) fee schedules; and (2) amend the criteria of both Step-Up Tier 1 and Step-Up Tier 2 under Footnote 4.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

The text of the proposed rule change is available on the Exchange's Internet website at 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 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 amend its Fee Schedule to: (1) harmonize the definitions of ADV and TCV with those contained in the BATS and BYX fee schedules; and (2) amend the criteria of both Step-Up Tier 1 and Step-Up Tier 2 under Footnote 4.

ADV and TCV Definitions

On January 31, 2014, Direct Edge Holdings LLC ("DE Holdings"), the former parent company of the Exchange, completed its business combination with BATS Global Markets, Inc., the parent company of BATS and BYX.⁴ As part of its effort to reduce

⁴ See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGA-2013-34). Upon completion of the combination, DE Holdings and BATS Global Markets, Inc. each became intermediate holding companies, held under a single new holding company. The new holding company, formerly named "BATS Global Markets Holdings, Inc.," changed its

regulatory duplication and relieve firms that are members of the Exchange, BATS, and BYX of conflicting or unnecessary regulatory burdens, the Exchange is now engaged in the process of reviewing and amending certain Exchange, BATS, and BYX Rules. To conform to comparable BATS and BYX rules for purposes of its harmonization efforts due to its business combination, the Exchange proposes to amend the definitions of ADV and TCV to make each definition similar to those contained in the BATS and BYX fee schedules.

Currently, the Exchange determines the liquidity adding reduced fee that it will provide to Members based on the Exchange's tiered pricing structure based on the calculation of ADV,⁵ and/or average daily TCV.⁶ Like BATS and BYX, the Exchange currently excludes from its definition of ADV and TCV days where its system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours,⁷ and the last Friday in June (the "Russell Reconstitution Day"). BATS and BYX

name to "BATS Global Markets, Inc."

⁵ As provided in the Fee Schedule, "ADV" is currently defined as "the average daily volume of shares that a Member executed on the Exchange for the month in which the fees are calculated. ADV is calculated on a monthly basis, excluding shares on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours ("Exchange System Disruption") and on the last Friday in June (the "Russell Reconstitution Day"). With prior notice to the Exchange, a Member may aggregate ADV with other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD)."

⁶ As provided in the Fee Schedule, "TCV" is currently defined as "the 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 in which the fees are calculated, excluding volume on any day that the Exchange experiences an Exchange System Disruption or the Russell Reconstitution Day."

⁷ "Regular Trading Hours" is defined as "the time between 9:30 a.m. and 4:00 p.m. Eastern Time." See Exchange Rule 1.5(y).

also exclude from its definitions of ADV and TCV days with a scheduled early market close.⁸ Similarly, the General Notes section of the Exchange's Fee Schedule states that trading activity on days when the market closes early are not counted toward volume tiers.⁹ To harmonize the definitions of ADV and TCV with BATS and BYX, the Exchange proposes relocate this exclusion from the General Notes section of the Fee Schedule and include it the definitions of ADV and TCV. By amending the definitions of ADV and TCV, the Exchange is not proposing to modify any of the existing rates or the percentage thresholds at which a Member may qualify for certain reduced fees pursuant to the tiered pricing structure.

Step Up Tiers 1 and 2

Footnote 4 of the Fee Schedule contains the Step-Up Tier 1 and Step-Up Tier 2 (collectively, the "Step-Up Tiers"). Step-Up Tier 1 provides Members with a reduced fee of \$0.0003 per share for adding liquidity to the Exchange when the Member, on an MPID basis, adds more than 0.10% of the TCV on EDGA on a daily basis, measured monthly, more than the MPID's December 2012 or September 2013 added ADV. The Step-Up Tier 2 provides Members with a reduced fee of \$0.0003 per share to add liquidity to the Exchange when the Member: (i) on an MPID basis, adds more than 0.05% of the TCV on EDGA on a daily basis, measured monthly, more than the MPID's December 2012 or September 2013 added ADV; and (ii) has an "added liquidity" to "added plus removed liquidity" ratio of at least 85%. Under both tiers, where an MPID's December 2012 and

⁸ See Securities Exchange Act Release Nos. 72590 (July 10, 2014), 79 FR 41605 (July 16, 2014) (SR-BYX-2014-009); and 72589 (July 10, 2014), 79 FR 41618 (July 16, 2014) (SR-BATS-2014-025).

⁹ Days with a scheduled early market close are December 24, 2014, the trading day after Thanksgiving, and the trading day before July 4th.

September 2013 ADV is zero, the Exchange would apply a default ADV baseline of 10,000,000 shares. The Exchange now proposes to delete default ADV baseline of 10,000,000 shares for both tiers.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on August 11, 2014.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(4),¹¹ 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.

ADV and TCV Definitions

The Exchange believes that the proposal to amend the definitions of ADV and TCV are reasonable, as they are 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 proposed rule change will provide greater harmonization between similar Exchange, BATS and BYX rules, resulting in greater uniformity and less burdensome and more consistent standards for common members. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(4).

to and perfect the mechanism of a free and open market and a national market system. By amending the definitions of ADV and TCV, the Exchange is not proposing to amend the thresholds a Member must achieve to become eligible for, or the dollar value associated with, the tiered fees. The Exchange currently excludes trading activity on days where the market closes early and is simply proposing to relocate this provision from the General Notes section of its Fee Schedule to the definitions of ADV and TCV. Doing so would enable the Exchange to maintain definitions of ADV and TCV similar to those of BATS and BYX. Lastly, the Exchange believes that the proposed change is not unfairly discriminatory because it applies uniformly to all Members.

Step-Up Tiers 1 and 2

The Exchange believes its proposal to delete the default ADV baseline of 10,000,000 shares for the Step-Up Tiers represents an equitable allocation of reasonable dues, fees, and other charges. The objective to removing the default ADV baseline for the Step-Up Tiers is to increase the number of Members who may be eligible to achieve the tier and to encourage firms who are currently not Members to become Members of the Exchange. Specifically, firms who were not Members during either December 2012 or September 2013 would have previously defaulted to the ADV baseline of 10,000,000 shares. The deletion of the default ADV baseline of 10,000,000 is, therefore, reasonable and equitable because it will enhance the value of the Step-Up Tiers to Members whose market was unable to meet the baseline eligibility because they were not Members in December 2012 or September 2013, thereby encouraging them to increase their volume on the Exchange in order to qualify for the Step-Up Tiers or incentive firms who are not currently Members to become Members. Such increased volume would increase

potential revenue to the Exchange and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, which would result in lower per share costs. The Exchange may then pass on these savings to Members in the form of reduced fees. The increased liquidity would also benefit 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. Lastly, the Exchange believes that the proposed change is not unfairly discriminatory because it applies uniformly to all Members.

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

The Exchange believes its proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendment to the definition of ADV and TCV is not designed to address any competitive issues but rather to provide greater harmonization among similar Exchange and BATS and BYX rules, resulting in less burdensome and more efficient and consistent standards for common members. The Exchange also believes that its proposal to delete the default ADV baseline of 10,000,000 shares for the Step-Up Tiers would increase intermarket competition because it offers Members increased opportunities to be eligible for the Step-Up Tiers and receive the discounted rate, thereby encouraging them to increase their volume on the Exchange in order to qualify for the Step-Up Tiers or incentive firms who are not currently Members to become Members. In addition, the Exchange believes that deleting the default ADV baseline of 10,000,000 shares for the Step-Up Tiers would enhance intramarket competition, as it is intended to increase the competitiveness of and draw additional

volume to the Exchange. 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 structures to be unreasonable or excessive. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

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)(A) of the Act¹² and Rule 19b-4(f)(2)¹³ 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:

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(2).

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-2014-22 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-EDGA-2014-22. 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-2014-22, 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).