SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74435; File No. SR-EDGA-2015-10)

March 4, 2015

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing of a Proposed Rule
Change, as Modified by Amendment No. 1, to Amend Rules 11.6, 11.8, 11.9, 11.10 and 11.11 of
EDGA Exchange, Inc.

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 February 20, 2015, 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. On February 27, 2015, the Exchange

filed Amendment No. 1 to the proposal.[3] The Commission is publishing this notice, as modified

by Amendment No. 1, to solicit comments on the proposed rule change from interested persons.

I.   Self-Regulatory Organization's Statement of the Terms of the Substance of the Proposed
        Rule Change

The Exchange filed a proposal to amend Rules 11.6, 11.8, 11.9, 11.10 and 11.11 to

clarify and to include additional specificity regarding the current functionality of the Exchange's

System,[4] including the operation of its order types and order instructions, as further described

below.

The text of the proposed rule change is available at the Exchange's website at

www.batstrading.com, at the principal office of the Exchange, and at the Commission's Public

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[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

[3]   Amendment No. 1 replaces SR-EDGA-2015-10 and supersedes such filing in its entirety.

[4]   The term "System" is defined as "the electronic communications and trading facility
        designated by the Board through which securities orders of Users are consolidated for
        ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(cc).

Reference Room.

II.   Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange 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 Exchange has prepared summaries, set forth in Sections A, B and C

below, of the most significant parts of such statements.

A.   Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1.   Purpose

On June 5, 2014, Chair Mary Jo White asked all national securities exchanges to conduct

a comprehensive review of each order type offered to members and how it operates.[5] The

Exchange notes that a comprehensive rule filing clarifying and updating Exchange rules was

recently approved.[6] However, based on the request from Chair White, the Exchange did indeed

conduct further review of each order types and its operation. The proposals set forth below are

based on this comprehensive review and are intended to clarify and to include additional

specificity regarding the current functionality of the Exchange's System, including the operation

of its order types and order instructions. The proposals set forth below are intended to

supplement the recently approved filing based on further review conducted by the Exchange and

are intended to clarify and enhance the understandability of the Exchange's rules related to the

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[5]   See Mary Jo White, Chair, Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference, (June 5, 2014) (available at http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.VD2HW610w6Y).

[6]   Securities Exchange Act Release No. 73592 (November 13, 2014), 79 FR 68937 (November 19, 2014) (SR-EDGA-2014-20).

2

ranking and execution of orders. The proposal is also intended to add additional detail with respect to the handling of orders with a Discretionary Range[7] instruction. The Exchange is not proposing any substantive modifications to the System.

Orders with a Discretionary Range

Pursuant to current Rule 11.6(d), the Exchange defines a Discretionary Range as an instruction the User[8] may attach to an order to buy (sell) a stated amount of a security at a specified, displayed price with discretion to execute up (down) to a specified, non-displayed price. For purposes of this proposal, the Exchange will use the term "Discretionary Range" to describe the amount between the displayed price to and including the highest price at which a buyer is willing to buy or lowest price at which a seller is willing to sell. The Exchange proposes to make clear that although an order with a Discretionary Range instruction may be accompanied by a Displayed[9] instruction, an order with a Discretionary Range instruction may also be accompanied by a Non-Displayed instruction, and if so, will have a non-displayed ranked price as well as a discretionary price. The Exchange further proposes to specifically state that resting orders with a Discretionary Range instruction will be executed at a price that uses the minimum amount of discretion necessary to execute the order against an incoming order. In addition, the Exchange proposes to make clear certain circumstances where the Discretionary Range of an order is temporarily reduced due to contra-side interest resting on the EDGA Book.[10]

The Exchange also proposes to specify certain situations where the Discretionary Range

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[7]   See Exchange Rule 11.6(d).

[8]   The term "User" is defined as "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3." See Exchange Rule 1.5(ee).

[9]   See Exchange Rule 11.6(e)(1).

[10]   The term "EDGA Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(d).

of an order could be temporarily reduced based on contra-side interest resting on the Exchange. The Exchange notes that an order with a Post Only instruction[11] will, in all cases, remove contra-side liquidity from the EDGA Book because under its current taker-maker pricing structure, the remover of liquidity is provided a rebate while the provider of liquidity is charged a fee. Therefore, in all cases, the value of the execution to remove liquidity will equal or exceed the value of such execution once posted to the EDGA Book, including the applicable fees charged or rebates received. However, the Exchange proposes to adopt language to reflect the operation of the System in the event the Exchange's fee structure is modified and an order with a Post Only instruction is able to be posted to the EDGA Book without removing liquidity. The Exchange notes that if this were the case, it would be possible for an order with a Discretionary Range instruction to have its Discretionary Range temporarily reduced based on contra-side interest resting on the Exchange because an incoming order with a Post Only instruction would be posted to the EDGA Book rather than executing against the Discretionary Range of a resting order.

With respect to displayed contra-side liquidity, the Exchange proposes to make clear that if an order posted to the EDGA Book has a Discretionary Range and there is a contra-side order that is displayed by the System on the EDGA Book within such Discretionary Range, the order with a Discretionary Range will not be permitted to execute at the price of or at a price more aggressive than such contra-side displayed order unless and until there is no contra-side displayed order on the EDGA Book within the Discretionary Range. In such case, the order with a Discretionary Range will have discretion to one Minimum Price Variation[12] below (above) the contra-side offer (bid) that is displayed by the System on the EDGA Book.

With respect to non-displayed contra-side liquidity, the Exchange proposes to make clear

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[11]   See Exchange Rule 11.6(n)(4).

[12]   See Exchange Rule 11.6(i).

that if an order posted to the EDGA Book has a Discretionary Range and there is a contra-side order with a Non-Displayed instruction,[13] the order with a Discretionary Range will not be permitted to execute at a price more aggressive than the ranked price of such contra-side order unless and until there is no contra-side order on the EDGA Book within the Discretionary Range. In such case, the order with a Discretionary Range will have discretion to the ranked price of the contra-side offer (bid) with a Non-Displayed instruction that is maintained by the System on the EDGA Book.

The Exchange notes that the language proposed with respect to the temporary reduction of the Discretionary Range of an order is consistent with the Exchange's recently amended rules.[14] Specifically, the Exchange suspends the discretion of an order subject to the Displayed Price Sliding[15] instruction for so long as a contra-side order that equals the Locking Price[16] is displayed by the System on the EDGA Book. The Exchange suspends this discretion to avoid an apparent priority issue. In particular, in such a situation the Exchange believes a User representing an order that is displayed on the Exchange might believe that an incoming order was received by the Exchange and then bypassed such displayed order, removing some other non-displayed liquidity on the same side of the market as such displayed order. For the same reason, the Exchange believes it is appropriate to prevent an order with a Discretionary Range instruction to execute at the same price or at a price more aggressive than a contra-side order that is displayed on the EDGA Book. Similarly, although the Exchange believes it is appropriate to

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[13]   The Exchange notes that the reference to orders with a Non-Displayed instruction is intended to apply to all orders that are not displayed on the Exchange, such as MidPoint Peg Orders as defined in Rule 11.8(d).

[14]   See supra note 6.

[15]   See Exchange Rule 11.6(l)(1)(B).

[16]   See Exchange Rule 11.6(f).

permit an order with a Discretionary Range instruction to execute at the same price as a contra-side order with a Non-Displayed instruction, the Exchange suspends such discretion at any more aggressive prices in order to avoid trading through orders that have been ranked on and are resting on the EDGA Book.

Below are examples of the operation of orders with a Discretionary Range.

Example No. 1: Modification and Reinstatement of Discretionary Range with a Displayed Contra-Side Order

Assume the NBBO is $10.00 by $10.10, that the best-priced order to buy in the System is a displayed bid at $9.99, and that the best-priced order to sell in the System is a displayed offer at $10.11. Also assume that orders with a Post Only instruction do not remove liquidity from the EDGA Book because the value of an execution would not equal or exceed the value of an execution if posted at its limit price, including the applicable fees charged or rebates provided under proposed Rule 11.6(n)(4).[17] A Limit Order[18] to buy 100 shares at $10.00 with a Discretionary Range of $0.05 is entered into the System. The order will be displayed on the EDGA Book at $10.00 with discretion to execute up to $10.05. If a Limit Order to sell 100 shares at $10.05 with a Displayed instruction and a Post Only instruction[19] is entered into the System such order will be posted and displayed by the System on the EDGA Book as an order to sell 100 shares at $10.05. The buy order with the Discretionary Range instruction will have its discretion to execute at $10.05 temporarily suspended but such order will continue to have discretion to execute up to $10.04. The following examples demonstrate various potential outcomes following the temporary suspension of the buy order's discretion to execute at $10.05.

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[17]   As described elsewhere in the proposal, under the Exchange's current pricing structure a Limit Order with a Post Only instruction will remove contra-side liquidity in all cases.

[18]   See Exchange Rule 11.8(b).

[19]   See Exchange Rule 11.6(n)(4).

- If a non-routable Limit Order to sell 100 shares at $10.05 is entered into the System, depending on applicable User instructions, such order will either be posted and displayed by the System on the EDGA Book as an order to sell 100 shares (i.e., with priority behind the order to sell that is already displayed on the EDGA Book at $10.05) or will be cancelled back to the entering User.

- If, instead, a Limit Order to sell 100 shares at $10.04 is entered into the System, such order will execute at $10.04 against the resting buy order with a Discretionary Range instruction.

- If, instead, a Limit Order to sell 100 shares at $10.02 is entered into the System, such order will execute at $10.02 against the resting buy order with a Discretionary Range instruction.

- If, instead, a Limit Order to sell 100 shares at $10.00 or lower or a Market Order to sell 100 shares is entered into the System, such order will execute at $10.00 against the resting buy order with a Discretionary Range instruction.

- If, instead, the sell order at $10.05 with a Post Only instruction is then canceled, the buy order with a Discretionary Range instruction with have its discretion to execute up to $10.05 reinstated.

- If, instead, a Limit Order to buy 100 shares at $10.05 or higher or a Market Order to buy 100 shares is then entered into the System, such order will execute at $10.05 against the displayed order to sell with a Post Only instruction and the buy order with a Discretionary Range instruction with have its discretion to execute up to $10.05 reinstated.

<u>Example No. 2: Modification and Reinstatement of Discretionary Range with a Non-Displayed Contra-Side Order</u>

Assume the NBBO is $10.00 by $10.10, that the best-priced order to buy in the System is a displayed bid at $9.99, and that the best-priced order to sell in the System is a displayed offer at $10.11. Also assume that orders with a Post Only instruction do not remove liquidity from the EDGA Book because the value of an execution would not equal or exceed the value of an execution if posted at its limit price, including the applicable fees charged or rebates provided under proposed Rule 11.6(n)(4).[20] A Limit Order with to buy 100 shares at $10.00 with a Discretionary Range of $0.07 is entered into the System. The order will be ranked and displayed on the EDGA Book at $10.00 with discretion to execute up to $10.07. If a Limit Order to sell 100 shares at $10.06 with a Non-Displayed instruction and a Post Only instruction is entered into the System such order will be posted by the System on the EDGA Book as an order to sell 100 shares at $10.06. The buy order's discretion to execute at $10.07 will be temporarily suspended but such order will continue to have discretion to execute up to $10.06. The following examples demonstrate various potential outcomes following the temporary suspension of the buy order's discretion to execute at $10.07.

- If a non-routable Limit Order to sell 100 shares at $10.07 with a Displayed instruction is entered into the System, depending on applicable User instructions, such order will be posted and displayed by the System on the EDGA Book as an order to sell 100 shares at $10.07 or will be cancelled back to the entering User.

- If, instead, a Limit Order to sell 100 shares at $10.06 is entered into the System, such order will execute at $10.06 against the resting buy order with a Discretionary Range

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[20]   As described elsewhere in the proposal, under the Exchange's current pricing structure a Limit Order with a Post Only instruction will remove contra-side liquidity in all cases.

instruction.

- If, instead, a Limit Order to sell 100 shares at $10.02 is entered into the System, such order will execute at $10.02 against the resting buy order with a Discretionary Range instruction.

- If, instead, a Limit Order to sell 100 shares at $10.00 or lower or a Market Order to sell 100 shares is entered into the System, such order will execute at $10.00 against the resting buy order with a Discretionary Range instruction.

- If, instead, the sell order with a Non-Displayed instruction of 100 shares that is ranked at $10.06 is then canceled, the buy order with a Discretionary Range instruction will have its discretion to execute up to $10.07 reinstated.

The Exchange's handling of orders with a Discretionary Range instruction is intended to reflect the relatively passive nature of orders with a Discretionary Range. In all cases, although the Users submitting such orders have indicated a willingness to execute at a more aggressive price, such orders are ranked at a lower price to buy or a higher price to sell. In turn, if an order is executed at its ranked price, rather than at a price within the Discretionary Range, then the User that submitted the order receives a better result in each case (i.e., buys for less or sells for more). With this background, the Exchange believes it is reasonable that an order with a Discretionary Range instruction might temporarily become not executable at certain prices because such prices are more aggressive than their ranked price (i.e., higher prices for orders to buy or lower prices for orders to sell). Further, to the extent a User would prefer an execution at more aggressive price levels, such User could simply choose other order type instructions that would increase the likelihood of execution at these prices (e.g., a routable order rather than a non-routable order or an order that is ranked at its full price rather than an order ranked at a less

9

aggressive price with a Discretionary Range).

In addition to the changes described above, the Exchange proposes to re-locate within Rule 11.8(b) and re-word the statement regarding the inclusion of a Discretionary Range on a Limit Order. Current Rule 11.8(b)(8) currently states that a "User may include a Discretionary Range instruction." This ability to include a Discretionary Range instruction on a Limit Order is currently grouped with other functionality that can be elected for Limit Orders that also include a Post Only or Book Only instruction as well as specified time-in-force instructions for orders that can be entered into the System and post to the EDGA Book. However, the System does not allow the combination of a Discretionary Range and a Post Only instruction. Accordingly, the Exchange proposes to re-locate the reference to the Discretionary Range instruction within Rule 11.8(b) so that it is no longer grouped with other orders that can be combined with a Post Only instruction. The Exchange also proposes to state in Rule 11.8(b) that: (i) a Limit Order with a Discretionary Range instruction may also include a Book Only instruction; and (ii) a Limit Order with a Discretionary Range instruction and a Post Only instruction will be rejected. Further, the Exchange proposes to refer to the ability of a Limit Order to include a Discretionary Range instruction, rather than a "User" that may include a Discretionary Range instruction.

Priority and Execution Algorithm

With respect to the Exchange's priority and execution algorithm, the Exchange is proposing various minor and structural to changes that are intended to emphasize the processes by which orders are accepted, priced, ranked, displayed and executed, as well as a new provision related to the ability of orders to rest at locking prices that is consistent with the changes to provisions related to the operation of orders with a Discretionary Range instruction described above. First, the Exchange has proposed modifications to Rule 11.9, Priority of Orders, to make

clear that the ranking of orders described in such rule is in turn dependent on Exchange rules related to the execution of orders, primarily Rule 11.10. The Exchange believes that this has always been the case under Exchange rules but there was not previously a description of the cross-reference to Rule 11.10 within such rules. Accordingly, the Exchange proposes to add reference to the execution process in addition to the numeric cross-reference to Rule 11.10. The Exchange also proposes to change certain references within Rule 11.9 to refer to ranking rather than executing equally priced trading interest, as the Rule as a whole is intended to describe the manner in which resting orders are ranked and maintained, specifically in price and time priority, while awaiting execution against incoming orders. The Exchange does not believe that the proposed modifications substantively modify the operation of the rules but the Exchange believes that it is important to make clear that the ranking of orders is a separate process from the execution of orders. The Exchange also proposes changes to Rule 11.9(a)(4) and (a)(5) to specify that orders retain and lose "time" priority under certain circumstances as opposed to priority generally because retaining or losing price priority does not require the same descriptions, as price priority will always be retained unless the price of an order changes.

Next, the Exchange proposes to move language contained within sub-paragraph (a)(2) of Rule 11.10 to the main paragraph, paragraph (a), such that the language is more generally applicable to the rules. Although sub-paragraph (a)(2) contains information relevant to executability, in that it describes orders that are executable in compliance with Regulation NMS or otherwise do not trade through quotations of other markets, there are other provisions set forth in paragraph (a) that relate to executability. Accordingly, the Exchange proposes to relocate language stating that any order falling within the parameters of this paragraph shall be referred to as "executable" and that an order will be cancelled back to the User, if based on market

11

conditions, User instructions, applicable Exchange Rules and /or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to another Trading Center pursuant to Rule 11.11 or cannot be posted to the EDGA Book.

The Exchange proposes to adopt paragraph (C) of Rule 11.10(a)(4) to provide further clarity regarding the situations where orders are not executable, which although covered in other existing rules, would focus on the incoming order on the same side of an order displayed on the EDGA Book rather than the resting order that is rendered not executable because it is opposite such order displayed on the EDGA Book. Proposed paragraph (C) would further state that if an incoming order is on the same side of the market as an order displayed on the EDGA Book and upon entry would execute against contra-side interest at the same price as such displayed order, such incoming order will be cancelled or posted to the EDGA Book and ranked in accordance with Rule 11.9. As described above, the Exchange suspends the ability of an order subject to the Displayed Price Sliding instruction to execute at the Locking Price for so long as a contra-side order that equals the Locking Price is displayed by the System on the EDGA Book. Similarly, as proposed to be added to EDGA Rules, the Exchange temporarily suspends the ability of an order to execute at the same price as a contra-side displayed order for any order with a Discretionary Range instruction. The Exchange temporarily suspends this discretion to avoid an apparent priority issue where a User representing an order that is displayed on the Exchange either believes such order has time priority among displayed orders at that price or that the displayed order is the only order at such price level and then sees an execution published by the Exchange at that price.

To demonstrate the functionality in place on the Exchange described above, assume the NBBO is $10.00 by $10.01. Also assume that orders with a Post Only instruction do not remove

12

liquidity from the EDGA Book because the value of an execution would not equal or exceed the

value of an execution if posted at its limit price, including the applicable fees charged or rebates

provided under proposed Rule 11.6(n)(4).[21] A non-routable Limit Order to buy 100 shares at

$10.01 with a Displayed Price Sliding instruction is entered into the System. The order will be

displayed on the EDGA Book at $10.00 and ranked at $10.01. If a Limit Order to sell 100 shares

at $10.01 with a Displayed instruction and a Post Only instruction is entered into the System

such order will be posted and displayed by the System on the EDGA Book as an order to sell 100

shares at $10.01. The buy order with the Displayed Price Sliding instruction will no longer be

executable at $10.01 but will continue to be displayed and executable at $10.00. The following

examples demonstrate various potential outcomes following the temporary suspension of the buy

order's ability to execute at $10.01.

- If a non-routable Limit Order to sell 100 shares at $10.01 is entered into the System,
  depending on applicable User instructions, such order will either be posted and
  displayed by the System on the EDGA Book as an order to sell 100 shares (i.e., with
  priority behind the order to sell that is already displayed on the EDGA Book at
  $10.01) or will be cancelled back to the entering User.

- If, instead, a Limit Order to sell 100 shares at $10.00 is entered into the System, such
  order will execute at $10.00 against the resting buy order with a Displayed Price
  Sliding instruction.

- If, instead, a Limit Order to buy 100 shares at $10.01 or higher or a Market Order to
  buy 100 shares is entered into the System,[22] such order will execute at $10.01 against

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[21]   As described elsewhere in the proposal, under the Exchange's current pricing structure a
         Limit Order with a Post Only instruction will remove contra-side liquidity in all cases.

[22]   The Exchange notes that an incoming order for purposes of comparison to a resting order

13

the resting sell order displayed on the EDGA Book, as such resting order is fully

executable and displayed as an offer on the EDGA Book.

The Exchange notes that it is proposing to add descriptive titles to paragraphs (A) and (B)

of Rule 11.10(a)(4), which describe the process by which executable orders are matched within

the System. Specifically, so long as it is otherwise executable, an incoming order to buy will be

automatically executed to the extent that it is priced at an amount that equals or exceeds any

order to sell in the EDGA Book and an incoming order to sell will be automatically executed to

the extent that it is priced at an amount that equals or is less than any other order to buy in the

EDGA Book. These rules further state that an order to buy shall be executed at the price(s) of

the lowest order(s) to sell having priority in the EDGA Book and an order to sell shall be

executed at the price(s) of the highest order(s) to buy having priority in the EDGA Book. The

Exchange emphasizes these current rules only insofar as to highlight the interconnected nature of

the priority rule.

The Exchange also proposes to modify paragraph (h) of Rule 11.11 to clarify the

Exchange's rule regarding the priority of routed orders. Paragraph (h) currently sets forth the

proposition that a routed order does not retain priority on the Exchange while it is being routed to

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can be any incoming order unless the terms of that incoming order itself preclude
execution. In this example, a Limit Order to buy 100 shares at $10.01 that executes
against the order to sell displayed at $10.01 on the EDGA Book could be a Limit Order
with a Displayed instruction, a Limit Order with a Non-Displayed instruction, a Limit
Order with a Displayed Price Sliding instruction, a Limit Order with a Price Adjust
instruction, a routable Limit Order, a non-routable Limit Order, an order with a Limit
Price of $10.00 and a Discretionary Range of $0.01, or any other type of incoming Limit
Order to buy that is executable at $10.01. Thus, this example demonstrates that on entry
the incoming order is compared to contra-side orders on the EDGA Book regardless of
the modifiers that will determine how it will be displayed, ranked or otherwise handled
by the System and that unless the ability of an order to execute has been suspended based
on the Exchange's rules, the resting contra-side order with priority at that price will be
executed against the incoming order.

14

other markets. The Exchange believes that its proposed clarification to paragraph (h) is appropriate because it more clearly states that a routed order is not ranked and maintained in the EDGA Book pursuant to Rule 11.9(a), and therefore is not available to execute against incoming orders pursuant to Rule 11.10.

2.   Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act")[23] and further the objectives of Section 6(b)(5) of the Act[24] because they are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. The proposed rule changes are also designed to support the principles of Section 11A(a)(1)[25] of the Act in that they seek to assure fair competition among brokers and dealers and among exchange markets.

Specifically, the Exchange also believes that the changes to provide additional clarity and specificity regarding the functionality of the System with respect to an order with a Discretionary Range instruction would promote just and equitable principles of trade and remove impediments to a free and open market by providing greater transparency concerning the operation of the System. The Exchange also believes that the proposed amendments to clarify and re-structure the Exchange's priority, execution and routing rules will contribute to the protection of investors and the public interest by making the Exchange's rules easier to understand. As described above, the Exchange has proposed to adopt rules that describe functionality in the System that

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[23]   15 U.S.C. 78f(b).

[24]   15 U.S.C. 78f(b)(5).

[25]   15 U.S. C. 78k-1(a)(1).

will only be implicated to the extent an order with a Post Only instruction does not remove liquidity on entry and is posted to the EDGA Book. As also described above, under the Exchange's current pricing structure, an order with a Post Only instruction will, in all cases, remove contra-side liquidity from the EDGA Book. However, the Exchange proposes to adopt language to reflect the operation of the System in the event the Exchange's fee structure is modified and an order with a Post Only instruction is able to be posted to the EDGA Book without removing liquidity.

The Exchange believes that it is consistent with the Act to temporarily reduce the Discretionary Range of an order that has been posted to the EDGA Book for so long as there is contra-side liquidity on the EDGA Book because this functionality prevents an apparent priority issue on the EDGA Book as described above as well as the ability of an order to execute at a price that trades through the ranked price of an order resting on the EDGA Book. The Exchange reiterates that such behavior, as described above, is temporary in nature; an order's full Discretionary Range will be returned as soon as the contra-side liquidity that caused the reduction in the first place is no longer maintained on the EDGA Book. The Exchange believes that its overall handling of orders, including the temporary suspension of the ability of an order with a Discretionary Range to execute at one or more prices is consistent with the Act because it removes impediments to and perfects the mechanism of a free and open market and a national market system by reflecting the relatively passive nature of an order with a Discretionary Range instruction while honoring the instructions of a User submitting a contra-side order that does not remove liquidity on entry. As explained above, the Exchange's handling of orders with a Discretionary Range instruction is intended to reflect the relatively passive nature of orders with a Discretionary Range. The Exchange believes it is reasonable that an order with a Discretionary

Range instruction might temporarily become not executable at certain prices because such prices are more aggressive than their ranked price (i.e., higher prices for orders to buy or lower prices for orders to sell). Further, to the extent a User would prefer an execution at more aggressive price levels, such User could simply choose other order type instructions that would increase the likelihood of execution at these prices. Finally, the Exchange believes that its proposal to re-locate and re-word the Discretionary Range instruction reference within Rule 11.8(b), related to Limit Orders, is consistent with the Act because the change will correct an error within the Exchange's rules and prevent potential confusion regarding the ability to combine a Discretionary Range instruction with a Post Only instruction.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes are not designed to address any competitive issue but rather to add specificity and clarity to Exchange rules, thus providing greater transparency regarding the operation of the System.

C.   Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule changes.

III.   Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will: (a) by order approve or disapprove such proposed

rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV.   Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, 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-2015-10 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-EDGA-2015-10. 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-2015-10 and should be submitted on or before [insert date 21 days

from publication in the <u>Federal</u> <u>Register</u>].

For the Commission, by the Division of Trading and Markets, pursuant to delegated

authority.[26]

Brent J. Fields
Secretary

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[26]   17 CFR 200.30-3(a)(12).