SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75593; File No. SR-EDGA-2015-29)

August 4, 2015

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use 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 July 28, 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b-4(f)(2) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend its fees and rebates applicable to Members[5] of the Exchange pursuant to EDGA Rule 15.1(a) and (c) ("Fee Schedule") to: (i) to remove fee codes 5, EA, and ER which are appended to trades that inadvertently match against each other

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

2 17 CFR 240.19b-4.

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

4 17 CFR 240.19b-4(f)(2).

5 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).

and share the same Market Participant Identifier ("MPID") ("Internalized Trade"); and (ii) amend the criteria for the MidPoint Discretionary Order Add Volume Tier.

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 Reference Room.

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 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to: (i) to remove fee codes 5, EA, and ER which are appended to Internalized Trades; and (ii) amend the criteria for the MidPoint Discretionary Order Add Volume Tier.

Fee Codes 5, EA, and ER

The Exchange proposes to remove fee codes 5, EA, and ER which are appended to Internalized Trades as well as footnote 13. During Regular Trading Hours,[6] fee code EA is appended to side of an Internalized Trade that adds liquidity while fee code ER is appended to

[6] The "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).

the side of an Internalized Trade that removes liquidity. Fee code 5 is appended to Internalized Trades that add or remove liquidity during the Pre-Opening[7] and Post-Closing Sessions.[8] Orders that yield fee codes 5, EA, or ER are charged a fee of $0.00015 per share in securities priced at or above $1.00 and are charged no fee in securities priced below $1.00. Going forward, each side of an Internalized Trade will be subject to the Exchange's standard fees or rebates. Under the Exchange's standard rates, a rebate of $0.0002 per share is provided to orders that remove liquidity in securities priced at or above $1.00. For orders that add liquidity, a charge of $0.0005 per share is applied for orders in securities priced at or above $1.00, unless the Member qualifies for a decreased fee. Orders in securities priced below $1.00 are free, regardless of whether they add or remove liquidity.

The Exchange also proposes to delete footnote 13, which states that a Member's monthly volume attributed to fee code 5 will be allocated accordingly between the added fee codes and removal fee codes when determining whether that Member satisfied a certain tier. The Exchange proposes to delete footnote 13 as it will no longer be necessary once fee code 5 is deleted.

<u>MidPoint Discretionary Order Add Volume Tier</u>

The Exchange proposes to amend the criteria for the MidPoint Discretionary Order Add Volume Tier. Under the tier, a Member qualifies for a reduced fee of $0.0003 per share where that Member: (i) adds an ADV of at least 0.20% of the TCV including non-displayed orders that add liquidity; and (ii) adds or removes an ADV of at least 500,000 shares yielding fee codes DM or DT. Fee code DM is applied to non-displayed orders that add liquidity using MidPoint

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7 The "Pre-Opening Session" is defined as "the time between 8:00 a.m. and 9:30 a.m. Eastern Time." <u>See</u> Exchange Rule 1.5(r).

8 The "Post-Closing Session" is defined as "the time between 4:00 p.m. and 8:00 p.m. Eastern Time." <u>See</u> Exchange Rule 1.5(s).

Discretionary Orders[9] and fee code DT is applied to non-displayed orders that remove liquidity using MidPoint Discretionary Orders. Orders that yield fee code DM or fee code DT that do not meet to the criteria of the MidPoint Discretionary Order Add Volume Tier are charged a fee of $0.00050 per share. The Exchange now proposes to decrease the TCV requirement to require that a Member adds an ADV of at least 0.15% of the TCV including non-displayed orders that add liquidity. Easing the criteria of the MidPoint Discretionary Order Add Volume Tier is intended to further incentive Members to submit an increased number of MidPoint Discretionary Orders to the Exchange, thereby increasing the liquidity on the Exchange at the midpoint of the National Best Bid or Offer ("NBBO").

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on August 3, 2015.

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. 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

[9] See Exchange Rule 11.8(e) for a description of MidPoint Discretionary Orders.

[10] 15 U.S.C. 78f.

[11] 15 U.S.C. 78f(b)(4).

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.

Fee Codes 5, EA, and ER

The Exchange believes that its proposal to delete fee codes 5, EA, and ER, as well as footnote 13 represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The Exchange notes that other exchanges do not charge separate fees for their member's Internalized Trades, thereby subjecting such trades to their standard fees and rebates.[12] In addition, the proposed fees for Internalized Trades are designed to continue to discourage Members from inadvertently matching their buy and sell orders with one another. Internalized Trades would now be subject to the Exchange's standard fees or rebates, therefore subjecting such trades to the Exchange's current maker/taker spreads.[13] The charge for Members inadvertently matching with themselves is equal to and continues to be no more favorable than the Exchange's maker/taker spread, enabling the Exchange to continue to discourage potential wash sales. The Exchange also believes that the proposed amendments are non-discriminatory because they will be apply to all Members uniformly.

12 Both the Nasdaq Stock Market LLC ("Nasdaq") and the New York Stock Exchange, Inc. ("NYSE") do not charge separate or different fees for Internalized Trades. See the Nasdaq Price List – Trading Connectivity, available at http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2 (last visited July 28, 2015); and NYSE Trading Fees available at https://www.nyse.com/markets/nyse/trading-info/fees (last visited July 28, 2015).

13 The Exchange's standard rates result in a maker/taker spread of \$0.0003 per share (\$0.0005 (fee) – \$0.0002 (rebate) = \$0.0003), equal to the total fee for an Internalized Trade that yields fee codes EA and ER (\$0.00015 (fee) + \$0.00015 (fee) = \$0.0003). The Exchange will continue to ensure that the fees applicable to Internalized Trades are no more favorable than the Exchange's prevailing maker/taker spread.

MidPoint Discretionary Order Add Volume Tier

The Exchange believes amending the criteria for the MidPoint Discretionary Order Add Volume Tier represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because it is designed to further incentivize Members to increase their use of MidPoint Discretionary Orders on EDGA. MidPoint Discretionary Orders increase displayed liquidity on the Exchange while also enhancing execution opportunities at the midpoint of the NBBO. Promotion of displayed liquidity at the NBBO enhances market quality for all Members. Members utilizing MidPoint Discretionary Orders provide liquidity at the midpoint of the NBBO increasing the potential for an order to receive price improvement, and easing the tier's criteria so that Members may be eligible for a decreased fee is a reasonable means by which to encourage the use of such orders. In addition, the Exchange believes that by encouraging the use of MidPoint Discretionary Orders by easing the tier's criteria, Members seeking price improvement would be more motivated to direct their orders to EDGA because they would have a heightened expectation of the availability of liquidity at the midpoint of the NBBO. The Exchange also believes that the proposed amendment to the MidPoint Discretionary Order Add Volume Tier is non-discriminatory because it will be available 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 Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. 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.

Fee Codes 5, EA, and ER

The Exchange believes that its proposal to delete fee codes 5, EA, and ER, as well as footnote 13 will not burden intermarket or intramarket competition as Internalized Trades would be subject to the Exchange's standard fee sand rebates resulting in rates for Internalized Trades that are equal to and no more favorable than Members achieving the maker/taker spreads between the Exchange's standard add and remove rates. The Exchange believes that its proposal would not burden intramarket competition because the proposed rebate would apply uniformly to all Members.

MidPoint Discretionary Order Add Volume Tier

The Exchange believes that its proposal to ease the criteria for the MidPoint Discretionary Order Add Volume Tier would increase intermarket competition because it would further incentivize Members to send an increased amount MidPoint Discretionary Orders to the Exchange in order to qualify for the tier's decreased fee. The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the MidPoint Discretionary Order Add Volume Tier would apply uniformly to all Members and the ability of some Members to meet the tier would only benefit other Members by contributing to increased liquidity at the midpoint of the NBBO and better market quality at the Exchange.

(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 Act[14] and paragraph (f) of Rule 19b-4 thereunder.[15] At any time within 60 days of the filing of the 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-2015-29 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-2015-29. 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).

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14 15 U.S.C. 78s(b)(3)(A).

15 17 CFR 240.19b-4(f).

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 will also 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-2015-29 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.[16]

Robert W. Errett
Deputy Secretary

[16] 17 CFR 200.30-3(a)(12).