

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-76455; File No. SR-EDGA-2015-42)

November 17, 2015

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.11, Routing to Away Trading Centers

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 November 9, 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 and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend Rule 11.11, Routing to Away Trading Centers, to adopt a new routing option to be known as ALLB.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

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 amend Rule 11.11, Routing to Away Trading Centers, to adopt a new routing option to be known as ALLB. As proposed, ALLB would be a routing option under which the order checks the System⁵ for available shares and is then sent to the BATS Exchange, Inc. ("BZX"), BATS Y-Exchange, Inc. ("BYX"), and the EDGX Exchange, Inc. ("EDGX" collectively with the Exchange, BZX, and BYX, the "BGM Affiliated Exchanges"). Specifically, an order subject to the ALLB routing option would execute first against contra-side displayed and non-displayed liquidity on the EDGA Book⁶ at the National Best Bid or Offer ("NBBO") or better. Any remainder, would then be routed to BZX, BYX, and/or EDGX in accordance with the System routing table.⁷ If shares remain unexecuted after routing, they are

⁵ 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).

⁶ The term "EDGA Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(d).

⁷ The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.11(g).

posted to the EDGA Book, unless otherwise instructed by the User.⁸ In such case, the User may instruct the Exchange to cancel the remaining shares. ALLB is designed to comply with Rule 611 and all other provisions of Regulation NMS.⁹

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act¹¹ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change promotes just and equitable principles of trade because it would provide Users with greater flexibility in routing orders consistent with Regulation NMS without developing complicated order routing strategies on their own. The Exchange believes that the proposed routing option will also accomplish those ends by providing market participants with an additional voluntary routing option that will enable them to easily access liquidity available on all of the national securities exchanges operated by BGM Affiliated Exchanges. The Exchange expects the routing strategy will benefit firms that do not employ routing or trading strategies under which the firm itself would rapidly access liquidity provided on the multiple venues. ALLB would not provide any advantage to

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 17 CFR 242.611.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

Users when routing to the EDGX, BZX, or BYX as compared to other methods of routing or connectivity available to Users by the Exchange.

Lastly, the Exchange also notes that routing options enabling the routing of orders between affiliated exchanges is not unique and that the ALLB routing option is similar to routing options offered by other exchange groups that permit routing between affiliates. Specifically, the Nasdaq Stock Market LLC (“Nasdaq”), the Nasdaq OMX BX (“BX”), Nasdaq OMX PSX (“PSX”) offer routing options that enable an order, whether sent to Nasdaq, BX, or PSX, to check the Nasdaq, BX, and PSX books for liquidity before optionally posting to the Nasdaq, BX, or PSX book.¹² In addition, BZX previously offered a variation of a Destination Specific Order¹³ which routed to and executed by its affiliate, BYX, known as the B2B routing.¹⁴ Therefore, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as

¹² See Securities Exchange Act Release Nos. 63900 (February 14, 2011), 76 FR 9397 (February 17, 2011) (SR-Nasdaq-2011-026); 65470 (October 3, 2011), 76 FR 62489 (October 7, 2011) (SR-BX-2011-048); and 65469 (October 3, 2011), 76 FR 62486 (October 7, 2011) (SR-Phlx-2011-108) (Notices of Filing and Immediate Effectiveness to adopt the CART, BCRT, and PCRT routing options on Nasdaq, BX, and PSX respectively). See also Nasdaq Rule 4758(a)(1)(A)(xi); BX Rule 4758(a)(1)(A)(vii); and PSX Rule 3315(a)(1)(A)(vii).

¹³ See Exchange Rule 11.11(g)(14).

¹⁴ See Securities Exchange Act Release No. 63146 (October 21, 2010), 75 FR 66170 (October 27, 2010) (SR-BATS-2010-030). The Exchange notes that BYX offered similar routing capabilities to BZX. See Securities Exchange Act Release No. 63299 (November 10, 2010), 75 FR 70325 (November 17, 2010) (SR-BYX-2010-005).

amended. The Exchange provides routing services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service bureaus. In such an environment, system enhancements such as the changes proposed in this rule filing do not burden competition, because they can succeed in attracting order flow to the Exchange only if they offer investors higher quality and better value than services offered by others. Encouraging competitors to provide higher quality and better value is the essence of a well-functioning competitive marketplace.

Lastly, ALLB would not provide any advantage to Users when routing to the BZX, EDGX, or BYX as compared to other methods of routing or connectivity available to Users by the Exchange. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket 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

No comments were solicited or received on the proposed rule change.

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

Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁵ and

¹⁵ 15 U.S.C. 78s(b)(3)(A).

paragraph (f)(6) of Rule 19b-4 thereunder.¹⁶ The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that having this additional voluntary routing option will give market participants greater flexibility in routing orders and allow them to more easily access liquidity on BGM Affiliated exchanges. In addition, the Exchange states that the proposed rule change is similar to a routing option offered by other exchanges and does not propose any new or unique functionality. Based on the foregoing, the Commission believes that the waiver of the operative delay is consistent with the protection of investors and the public interest.¹⁷ Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹⁶ 17 CFR 240.19b-4.

¹⁷ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 No. SR-EDGA-2015-42 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 No. SR-EDGA-2015-42. 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such 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 No. SR-EDGA-2015-42, 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.¹⁸

Robert W. Errett
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).