

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-64962; File No. SR-EDGA-2011-21)

July 26, 2011

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend EDGA Rule 11.5(c)(8) regarding the description of the Non-Displayed order type

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 15, 2011, EDGA Exchange, Inc. (“EDGA” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by EDGA. 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 EDGA Rule 11.5(c)(8) regarding the description of the Non-Displayed order type. The text of the proposed rule change is available on the Exchange’s website at www.directedge.com, at the Exchange’s principal office, at the Public Reference Room of the Commission, and at the Commission’s website at www.sec.gov.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 11.5(c)(8) to correct an inadvertent error in the definition of “Non-Displayed Orders.”

Exchange Rule 11.5(c)(8) states, in part, that for a Non-Displayed order, “the System³ shall not accept a Non-Displayed Order that is priced better than the midpoint of the NBBO.”

However, currently, on EDGA, Non-Displayed orders are accepted and posted on the EDGA Book (“Book” or “EDGA Book”)⁴ at their specified limit price for limit orders or executed immediately for market orders. This occurs regardless of whether the Non-Displayed Orders are priced better than the midpoint of the NBBO.

The following examples illustrate the operation of Non-Displayed Orders:

Assume the NBBO is 1.00 x 1.10, and a Non-Displayed Order is entered to sell 100 shares at \$1.03. Such Non-Displayed Order will be posted to the EDGA Book at \$1.03 or executed if there is contra-side trading interest at \$1.03 or higher.⁵

Assume the NBBO changes and is now 1.04 x 1.10 and a Non-Displayed Order is entered to sell 100 shares at \$1.07. Such Non-Displayed Order will be posted to the EDGA Book at \$1.07 or executed if there is contra-side trading interest at \$1.07 or higher.

³ As defined in Rule 1.5(aa).

⁴ As defined in Rule 1.5(d).

⁵ This could include a Non-Displayed buy order or displayed buy order.

Assume the NBBO remains at 1.04 x 1.10 and a Non-Displayed Order is entered to sell 100 shares at \$1.04. Such Non-Displayed Order will be posted to the EDGA Book at \$1.04, executed if there is contra-side trading interest at \$1.04 or higher, or routed to an away market if the order is marked eligible for routing.

The Exchange believes that this proposed amendment provides more transparency regarding the System's processing of this order type by correcting an inadvertent error in the rule text of Non-Displayed Orders.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,⁶ which requires the rules of an exchange 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 and, in general, to protect investors and the public interest. The Exchange believes that providing that Non-Displayed orders may be accepted and posted on the Book regardless of whether they are priced better than the midpoint encourages liquidity and potential price improvement for transactions without arbitrarily restricting liquidity from being executed at the Exchange. The Exchange also believes that by correcting an inadvertent error in the definition of "Non-Displayed Orders" in EDGA Rule 11.5(c)(8), the proposed rule promotes the efficient execution of investor transactions, and thus investor confidence, over the long term.

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

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

⁶ 15 U.S.C. 78f(b)(5).

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 change.

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

Because the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after the date of the filing, 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 Act⁷ and Rule 19b-4(f)(6) thereunder.⁸

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because other national securities exchanges have adopted similar Non-displayed order types,⁹ and this proposal does not raise any novel issues. Therefore, the Commission designates the proposed rule change to be operative upon filing with the Commission.¹⁰

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to 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 satisfied this requirement.

⁹ See, e.g., BATS Rule 11.9(c)(11) and Nasdaq Rule 4751(e)(3).

¹⁰ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2011-21 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-2011-21. 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 such filing also will be available for inspection and copying at the principal office of EDGA. 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 publicly available. All submissions should refer to File Number SR-EDGA-2011-21 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

Elizabeth M. Murphy
Secretary

¹¹ 17 CFR 200.30-3(a)(12).