

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67300; File No. SR-EDGA-2012-24)

June 28, 2012

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 June 19, 2012 the EDGA Exchange, Inc. (the "Exchange" or the "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). All of the changes described herein are applicable to EDGA Members. The text of the proposed rule change is available on the Exchange's Internet website at <http://www.directedge.com>, at the Exchange's principal office, and at the Public Reference Room of the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Member is any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange.

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

Purpose

The Exchange proposes to add Flag DM to its fee schedule. Such flag will be yielded when Members add or remove liquidity in the discretionary (hidden) range using the Mid-Point Discretionary Order type ("MDO").⁴ The Exchange proposes to assess a charge of \$0.0005 per share. In addition, the Exchange proposes appending Footnote 18 to Flag DM that states that trading activity in Flag DM does not count towards volume tiers.

The Exchange proposes to implement this amendment to its fee schedule on June 19, 2012.

⁴ See SR-EDGA-2012-22 (June 8, 2012) (As stated in the filing, MDOs to buy would be displayed at and pegged to the national best bid (the "NBB"), with discretion to execute at prices up to and including the mid-point of the National Best Bid and Offer (the "NBBO"). MDOs to sell would be displayed at and pegged to the national best offer (the "NBO"), with discretion to execute at prices down to and including the mid-point of the NBBO. The displayed prices of MDOs would move in tandem with changes in the NBB (for buy orders) or the NBO (for sell orders). Moreover, MDOs would not independently establish or maintain an NBB or NBO; rather, the displayed prices of MDOs would be derived from the then current NBB or NBO).

Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,⁵ in general, and furthers the objectives of Section 6(b)(4),⁶ 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 believes that Flag DM is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other customers using the Exchange's facilities. As stated in SR-EDGA-2012-22, MDOs represent a combination of two existing order types:

The MDO has two discrete components – a displayed portion that is pegged to the NBB or NBO, and a non-displayed portion which gives discretion to execute to the mid-point of the NBBO, subject to certain limits. The displayed, pegged portion of the MDO is conceptually similar to the Exchange's Pegged Order.⁷ The non-displayed portion of the MDO is conceptually similar to the Exchange's Mid-Point Peg Order⁸ (insofar as it would be eligible to execute in 1/2 cent increments at the mid-point of the NBBO). And the MDO as a whole is conceptually similar to the Exchange's Discretionary Order⁹ (insofar as it would have displayed and undisplayed components, in both cases set to objectively determined parameters).

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4).

⁷ As defined in Exchange Rule 11.5(c)(6).

⁸ As defined in Exchange Rule 11.5(c)(7).

⁹ As defined in Exchange Rule 11.5(c)(13).

As such, the proposed rate for Flag DM is reflective of this concept. When the MDO adds liquidity like a displayed Pegged Order, the Exchange will continue to offer a rebate of \$0.0003 per share and the order will continue to receive Flags B, V, Y, 3, or 4. Where the MDO adds or removes liquidity, including upon entry, within the Member's specified discretionary (hidden) range, then it behaves like a Non-Displayed or Discretionary Order, which is proposed to now be assessed a rate of \$0.0005 per share. Today, without the addition of Flag DM, such Non-Displayed or Discretionary Orders would yield Flags HA or HR and be assessed a rate of \$0.0010 per share or \$0.0030 per share if the conditions in the volume tier are not satisfied by the Member.¹⁰ Therefore, the Exchange believes that assessing a proposed charge of \$0.0005 per share for Flag DM is equitable because it represents a blended or hybrid rate between the rates the Exchange currently assesses for Pegged Orders (rebate of \$0.0003) and the rates for Non-Displayed Orders that add or remove liquidity (fee of \$0.0010). In addition, the Exchange believes the proposed reduced rate from \$0.0010 to \$0.0005 for the Non-Displayed or discretionary aspect of the order is also equitable because it reflects the value the Exchange attributes to the MDO's contribution to price discovery, displayed depth of liquidity at the national best bid/offer, and the added benefit that the Member makes the order transparent as compared to a traditional Non-Displayed Order, which is hidden on the order book.

The Exchange proposes to exclude the volume generated from Flag DM from counting towards the volume tiers because a Member can potentially receive Flag DM if the Member either adds or removes liquidity using the MDO; therefore, the Exchange believes it would be less confusing to exclude these executions from volume tiers (which are typically achieved by

¹⁰ The Exchange notes that the rate of \$0.0010 per share for Flags HA and HR are contingent upon a Member adding or removing greater than 1,000,000 shares hidden on a daily basis, measured monthly. Members that do not meet this minimum will be charged \$0.0030 per share.

counting just the executions that add liquidity) and the footnote on the fee schedule would contribute towards more clarity and transparency for Members.

In addition, the Exchange believes that the proposed rate is non-discriminatory because the charge will apply uniformly to all Members.

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 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.

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

The proposed rule change does not impose any burden on 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

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) of the Act¹¹ and Rule 19b-4(f)(2)¹² 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:

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-2012-24 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-2012-24. 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

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 19b-4(f)(2).

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-2012-24 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.¹³

Kevin M. O'Neill
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).