

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74238; File No. SR-EDGA-2015-07)

February 10, 2015

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of the Exchange

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 January 30, 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 Act³ 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 Members⁵ of the Exchange pursuant to EDGA Rule 15.1(a) and (c) (“Fee Schedule”) to: (i) amend the definitions of ADV and TCV to remove a provision to exclude shares on each day from January

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).

12, 2015 up to and including January 16, 2015; (ii) update the description of fee code D to include routing using the RDOT routing strategy; (iii) delete fee codes M and U, as well as remove the ROLF routing strategy from Footnote 7, all of which route to LavaFlow; and (iv) make a number of non-substantive and organizational amendments.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to: (i) amend the definitions of ADV and TCV to remove a provision to exclude shares on each day from January 12, 2015 up to and including January 16, 2015; (ii) update the description of fee code D to include routing using the RDOT routing strategy; (iii) delete fee codes M and U, as well as remove the ROLF routing strategy from Footnote 7, all of which route to LavaFlow; and (iv) make a number of non-substantive and organizational amendments.

ADV and TCV Definitions

Earlier this year, the Exchange and its affiliate, EDGX Exchange, Inc. (“EDGX”) received approval to effect a merger (the “Merger”) of the Exchange’s parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BATS (together with BATS, EDGA and EDGX, the “BGM Affiliated Exchanges”).⁶ In the context of the Merger, the BGM Affiliated Exchanges worked to migrate EDGX and EDGA onto the BATS technology platform, and align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. The migration of EDGX and EDGA onto the BATS technology platform occurred during the week of January 12, 2015.

Currently, the Exchange determines the tiered pricing that it will provide to Members according to the Exchange’s tiered pricing structure, which is based on the calculation of ADV⁷ and/or average daily TCV.⁸ The Exchange currently excludes from its calculation of ADV and TCV those shares traded on each day from January 12, 2015 up to and including January 16, 2015 in order to avoid penalizing Members that, because of the technology migration that occurred during the week of January 12, 2015, did not participate on the Exchange during that week to the extent that they might have otherwise participated.⁹ As described above, such exclusion only applied to tier calculations in January, meaning that the language has no effect moving forward. As such, the Exchange proposes to remove the provisions from the definitions

⁶ See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

⁷ As provided in the Fee Schedule, “ADV” is currently defined as “average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis.”

⁸ As provided in the Fee Schedule, “TCV” is currently defined as “total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.”

⁹ See Securities Exchange Act Release Nos. 74025 (January 9, 2015), 80 FR 2154 (January 15, 2015) (SR-EDGA-2014-36); and 74021 [sic] (January 9, 2015), 80 FR 2142 (January 15, 2015) (SR-EDGX-2014-37).

of ADV and TCV that exclude trading activity that occurred on each day from January 12, 2015 up to and including January 16, 2015 as the exclusion period has passed and these provisions are no longer necessary.

Fee Code D

Currently, fee code D is appended to orders routed to the NYSE. Orders yielding fee code D are charged a fee of \$0.0027 per share in securities priced at or above \$1 and 0.30% of the dollar value of the trade in securities priced below \$1. The Exchange proposes to amend the description of fee code D to include routing using the RDOT routing strategy, in addition to orders routed to the NYSE. RDOT is a routing option under which an order checks the System¹⁰ for available shares and then is sent to destinations on the System routing table,¹¹ which may include non-exchange destinations. If shares remain unexecuted after routing, they are sent to the New York Stock Exchange, Inc. (“NYSE”) and can be re-routed by the NYSE. Any remainder will be posted to the NYSE, unless otherwise instructed by the User.¹² Historically, fee code D is appended by the System to orders routed using the RDOT routing strategy that are executed on a destination on the System routing table prior to reaching the NYSE as well as to those RDOT orders that remove liquidity from the NYSE. Therefore, the Exchange proposes to update the description of fee code D to make clear that it also includes orders routed using the RDOT routing strategy. The Exchange notes that fee code F is and will remain appended to orders routed using the RDOT routing strategy that add liquidity to NYSE.

¹⁰ 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.”

¹¹ 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).

¹² See Exchange Rule 11.11(g)(5).

Fee Codes M and U, Footnote 7

The Exchange proposes to amend its Fee Schedule to delete fee code M, which routes to LavaFlow and adds liquidity, as well as fee code U, which routes to LavaFlow. The Exchange also proposes to amend Footnote 7 to remove references to the ROLF routing strategy, under which an order will check the Exchange for available shares and then will be sent to LavaFlow. These changes are being proposed in response to LavaFlow's announcement that it will cease market operations and its last day of trading will be Friday, January 30, 2015. For orders yielding fee code M, the Exchange currently provides a rebate of \$0.0024 per share in securities priced at or above \$1.00 and no rebate in securities priced below \$1.00. For orders yielding fee code U, the Exchange currently charges a fee of \$0.0028 per share in securities priced at or above \$1.00 and no fee in securities priced below \$1.00. The rates for orders that yield fee codes M or U represent a pass through of the rate that BATS Trading, the Exchange's affiliated routing broker-dealer, is subject to for routing orders to LavaFlow. As of February 2, 2015, the Exchange, via BATS Trading, will no longer be able to route orders to LavaFlow because it ceased operations, and, therefore, proposes to delete fee codes M and U, as well as references to the ROLF routing strategy in Footnote 7.

Non-Substantive and Organizational Changes to Fee Code and Associated Fees

The Exchange also proposes to make two non-substantive and organizational changes to its Fee Schedule to provide greater clarity to Members on how the Exchange assesses fees and calculates rebates. The Exchange proposes to reorder the fee codes under the section entitled, Fee Codes and Associated Fees, as well as indicate the amount of the fees and rebates as five decimal points, rather than four decimal points, by adding a zero to the end of each fee and rebate, to reflect the order pricing format on the Exchange's website. The Exchange notes that

none of these changes amend any fee or rebate, nor do they alter the manner in which it assesses fees or calculates rebates.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on February 2, 2015.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹³ in general, and furthers the objectives of Section 6(b)(4),¹⁴ 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 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.

ADV and TCV Definitions

The Exchange believes that its proposed amendments to the definitions of ADV and TCV to remove a provision to exclude shares during the week the Exchange is migrated onto BATS technology is reasonable because, as explained above, it is no longer necessary as the exclusion

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(4).

period has passed. The Exchange is not proposing to amend the thresholds a Member must achieve to become eligible for, or the dollar value associated with, the tiered rebates or fees. The initial proposal to exclude these trading days from the calculation of ADV and TCV was designed to provide Members additional time to monitor the migration of the Exchange onto BATS technology. In addition, the Exchange believes that the proposed changes to its Fee Schedule are equitably allocated among Exchange constituents and not unfairly discriminatory as the methodology for calculating ADV and TCV will apply equally to all Members.

Fee Code D

The Exchange believes that its proposal to update fee code D to also include order routed using the RDOT routing strategy represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Historically, fee code D has been appended by the System to orders routed using the RDOT routing strategy that are executed on a destination on the System routing table prior to reaching the NYSE as well as to orders that remove liquidity from NYSE. Therefore, the Exchange believes that updating fee code to specifically state that fee code D is appended to orders using the RDOT routing strategy would benefit Members by providing clear guidance in its Fee Schedule regarding which orders fee code D would be appended to. In addition, the Exchange believes that the proposed change to its Fee Schedule is equitably allocated among Exchange constituents and not unfairly discriminatory as the application of fee code D will apply equally to all Members who use the RDOT routing strategy.

Fee Codes M and U, Footnote 7

The Exchange believes that its proposal to delete fee codes M and U in its Fee Schedule as well as remove references to the ROLF routing strategy from Footnote 7 represents an

equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The proposed change is in response to LavaFlow's announcement that it will cease market operations and its last day of trading will Friday, January 30, 2015. As of February 2, 2015, the Exchange, via BATS Trading, will no longer be able to route orders to LavaFlow and, therefore, proposes to remove fee codes M and U as well as a reference to the ROLF routing strategy in Footnote 7. The Exchange believes that the proposed amendments are intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

Non-Substantive and Organizational Changes to Fee Code and Associated Fees

The Exchange believes that the non-substantive clarifying changes to its Fee Schedule are reasonable because they are designed to provide greater transparency to Members with regard to how the Exchange assesses fees and calculates rebates. The Exchange notes that none of the proposed non-substantive clarifying changes are designed to amend any fee, nor alter the manner in which it assesses fees or calculates rebates. These non-substantive and organizational changes to the Fee Schedule as intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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.

ADV and TCV Definitions

The proposal to remove a provision to exclude shares from January 12, 2015 up to and including January 16, 2015 from the ADV and TCV calculations would not affect intermarket nor intramarket competition because it is no longer necessary as the exclusion period has passed.

Fee Code D

The Exchange believes that its proposal to update fee code D to also include order routed using the RDOT routing strategy would not affect intermarket nor intramarket competition because this change is not designed to amend any fee or rebate or alter the manner in which the Exchange assesses fees for orders yielding fee code D amend the orders to which fee code D applies. It is simply proposed to update the description of fee code D to make clear that it also includes orders routed using the RDOT routing strategy, in addition to orders routed to the NYSE.

Fee Codes M and U, Footnote 7

The Exchange believes that its proposal to delete fee codes M and U and amend Footnote 7 would not affect intermarket nor intramarket competition because this change is not designed to amend any fee or rebate or alter the manner in which the Exchange assesses fees or calculates rebates. It is simply proposed in response to LavaFlow's announcement that it will cease market

operations and its last day of trading will be Friday, January 30, 2015.

Non-Substantive and Organizational Changes to Fee Code and Associated Fees

The Exchange believes that non-substantive and organizational changes to the Fee Schedule would not affect intermarket nor intramarket competition because none of these changes are designed to amend any fee or alter the manner in which the Exchange assesses fees or calculates rebates. These changes are intended to provide greater clarity to Members with regard to how the Exchange assesses fees and calculates rebates.

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 Act¹⁵ and paragraph (f) of Rule 19b-4 thereunder.¹⁶ 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:

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f).

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-2015-07 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 Number SR-EDGA-2015-07. 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-2015-07, 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.¹⁷

Brent J. Fields
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).