SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67980; File No. SR-EDGA-2012-45)

October 4, 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 October 1, 2012 the 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 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 Members[3] of the Exchange pursuant to EDGA Rule 15.1(a) and (c). Text of the proposed rule change is attached as Exhibit 5 at http://www.directedge.com/Regulation/ExchangeRuleFilings/EDGA.aspx.

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

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

2 17 CFR 240.19b-4.

3 As defined in Exchange Rule 1.5(n).

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

1. Purpose

On the Exchange's fee schedule, the Exchange currently charges a Member $0.0020 per share for orders that yield Flag Q, where the Member's order is routed using the ROUQ[4] or ROUC[5] routing strategy and executes at non-exchange destinations. The pricing of Flag Q is also subject to the volume tiers detailed in Footnote 16, which currently states that where a Member posts greater than or equal to 0.30% of the Total Consolidated Volume ("TCV") in Average Daily Volume ("ADV") on EDGA and routes 2.5 million shares via Flag Q, then the Member's rate for Flag Q decreases to $0.0015 per share. Footnote 16 also states that where a Member posts greater than or equal to 0.30% of the TCV in ADV on EDGA and routes 5 million shares via Flag Q, then the Member's rate for Flag Q decreases to $0.0010 per share. The Exchange proposes to expand the volume tiers in Footnote 16 to add additional criteria to achieve a lower rate of $0.0015 per share. Specifically, Members will be assessed a charge of $0.0015 per share for orders that yield Flag Q where a Member executes greater than or equal to an average daily volume of 12 million shares using the ROUC routing strategy and yields Flags C, D, I, K, Q, X, BY, CR and MT. The Exchange notes that Flags C, D, I, K, Q, X, BY, CR and

4 As defined in Exchange Rule 11.9(b)(3)(c)(iv).

5 As defined in Exchange Rule 11.9(b)(3)(a).

MT correspond to the destinations on the System routing table[6] where orders using the ROUC routing strategy may be executed; therefore, the Exchange proposes to count the volume generated from these flags in the proposed volume tier for Flag Q as described in Footnote 16.

The Exchange proposes to amend the description of Flag Q on the Exchange's fee schedule in order to provide Members additional transparency that orders that are routed using ROUQ or ROUC may execute at non-exchange destinations, yielding Flag Q. Therefore, the Exchange proposes to revise the description of Flag Q to state that Flag Q encompasses orders routed using the ROUQ or ROUC routing strategy that execute at non-exchange destinations on the System routing table. The Exchange notes that its proposal does not modify the existing routing functionality associated with Flag Q; but rather, the Exchange's proposal clarifies that orders yielding Flag Q are executed at non-exchange destinations.

The Exchange proposes to amend the description of Flag MT on the Exchange's fee schedule in order to provide Members additional transparency. Currently, the Exchange's fee schedule states that orders routed to EDGX Exchange, Inc., ("EDGX") Mid-Point Match ("MPM") using the IOCM or ROCO routing strategies, as defined in Exchange Rule 11.9(b)(3), will yield Flag MT. The Exchange proposes to revise the description of Flag MT on the Exchange's fee schedule to include ICMT and ROUC, as defined in Exchange Rule 11.9(b)(3), among the routing strategies listed. Accordingly, Members' orders that are routed to EDGX MPM using ICMT, IOCM, ROCO or ROUC routing strategies will yield Flag MT. The Exchange notes that its proposal does not modify the existing routing functionality associated

6 Exchange Rule 11.9(b)(3) defines the "System routing table" as the proprietary process for determining the specific trading venues to which the System, as defined in Exchange Rule 1.5(cc), routes orders and the order in which the System routes to them.

with Flag MT; but rather, the Exchange's proposal modifies the fee schedule to reflect the specific routing strategies utilized and yielding Flag MT.

Currently, the Exchange offers Members a rebate of $0.0005 per share for orders that are routed to NASDAQ OMX BX, Inc. (the "BX") and remove liquidity, yielding Flag C. The Exchange proposes to increase the rebate earned by Members' orders that yield Flag C to a $0.0014 per share rebate.[7] The Exchange also proposes to remove Footnote 7 in its entirety, which is appended to Flag C, thereby removing the condition that requires Members to post an ADV of 25,000 shares to the BX (yielding Flag RB) because the Exchange is proposing a rebate of $0.0014 per share for all Members' orders that yield Flag C.

The Exchange proposes to assess a fee of $0.0025 per share in lieu of the current fee of $0.0023 per share for Members' orders that are routed or re-routed to the New York Stock Exchange ("NYSE") and remove liquidity, yielding Flag D. This proposed change represents a pass-through of the rate that Direct Edge ECN LLC d/b/a DE Route ("DE Route"), the Exchange's affiliated routing broker dealer, is charged for routing orders to NYSE, in response to the pricing changes in NYSE's filing with the Securities and Exchange Commission (the "SEC").[8]

The Exchange proposes to implement these amendments to its fee schedule on October 1, 2012.

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7 Currently, the Exchange offers Members a default rebate of $0.0005 per share for orders that yield Flag C, where "default" refers to the standard rebate offered by the Exchange to Members for orders that yield Flag C absent Members qualifying for additional volume tiered pricing. The Exchange offered Members a rebate of $0.0014 per share where Members posted an ADV of 25,000 shares to the BX (yielding Flag RB).

8 See NYSE's Trader Update at http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2010%201%202012.pdf (discussing NYSE's fee changes effective October 1, 2012).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[9] in general, and furthers the objectives of Section 6(b)(4),[10] 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 its proposal to expand the volume tiers in Footnote 16 to also assess a charge of $0.0015 per share for orders that yield Flag Q where a Member executes greater than or equal to an average daily volume of 12 million shares using the ROUC routing strategy, which yields Flags C, D, I, K, Q, X, BY, CR and MT, represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The ROUC routing strategy initially routes orders to non-exchange destinations on the System routing table, which are associated with higher rebates and lower fees, before the orders are routed to higher cost exchange destinations. The Exchange believes that by initially routing orders to non-exchange destinations, the likelihood of the order being executed at the non-exchange destination increases. Accordingly, the Exchange proposes to pass along the potential cost savings to Members that DE Route achieves in the form of a reduced charge for orders that yield Flag Q where those orders are routed to and executed on these non-exchange destinations.

In addition, the Exchange also believes that charging Members a lower rate for achieving volume tiers in Footnote 16 will incentivize liquidity to the Exchange by increasing the use of the ROUC routing strategy, which is consistent with EDGA's low cost exchange model because ROUC offers the Exchange potential cost savings that it can pass on to its Members given that ROUC routes to a series of low cost destinations on the System routing table. Such increased

[9] 15 U.S.C. 78f.

[10] 15 U.S.C. 78f(b)(4).

volumes increase potential revenue to the Exchange, and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, which results in lower per share costs. The Exchange may then pass on these savings to Members in the form of lower charges. The increased liquidity also benefits all investors by deepening EDGA's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. Volume-based discounts such as these have been widely adopted in the cash equities markets, and are equitable because volume-based discounts are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery process. Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that the proposed tier is equitable and reasonable when compared with the existing tier in Footnote 16 that also offers a discounted rate of $0.0015 per share because the Exchange regards the criteria of each tier as equally stringent: Members posting greater than or equal to 0.30% of the TCV in ADV on EDGA and routing 2.5 million shares via Flag Q or Members posting greater than or equal to an average daily volume of 12 million shares using the ROUC routing strategy and yielding a variety of flags (i.e., Flags C, D, I, K, Q, X, BY, CR and MT). As discussed above, because of the potential cost savings to the Exchange where Members use the ROUC routing strategy, the Exchange can offer Members a reduced charge of $0.0015 per share and require less volume than in the existing tier to achieve this rate given that the these two tiers are equally beneficial to the Exchange in terms of their contribution towards liquidity.

The Exchange believes that its proposal to amend the description of Flag Q on the Exchange's fee schedule to state that Flag Q encompasses orders routed using ROUQ or ROUC and executed at non-exchange destinations represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because it supports the Exchange's efforts to provide additional transparency to Members when reading the fee schedule. Accordingly, the proposed revised description will advise Members that Flag Q encompasses orders routed using the ROUQ or ROUC routing strategy that execute at non-exchange destinations on the System routing table and yield Flag Q. The Exchange also believes that its proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to amend the description of Flag MT on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because it supports the Exchanges' efforts to provide additional transparency to Members when reading the fee schedule. Currently, the Exchange's fee schedule states that orders routed to EDGX MPM using the IOCM or ROCO routing strategies will yield Flag MT. The Exchange proposes to revise the description of Flag MT on the Exchange's fee schedule to include ICMT and ROUC among the routing strategies listed. Accordingly, the proposed revised description will advise Members that orders that are routed to EDGX MPM using ICMT, IOCM, ROCO or ROUC routing strategies will yield Flag MT. The Exchange also believes that its proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to increase the rebate earned by Members' orders that yield Flag C from $0.0005 per share to $0.0014 per share represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange notes that it will provide to its Members the $0.0014 per share rebate regardless of whether DE Route achieves the BX tier that requires posting an ADV of 25,000 shares. The Exchange believes that its proposal to increase the rebate earned by Members' orders that yield Flag C from $0.0005 per share to $0.0014 per share is also reasonable given that the BATS BZX Exchange, Inc., the BATS BYX Exchange, Inc., and NASDAQ OMX Group, Inc. also offer their customers a rebate of $0.0014 per share for orders that are routed to the BX.[11] The Exchange also notes that routing through DE Route is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange currently offers Members a more favorable rebate of $0.0014 per share for removing liquidity from BX where Members post an ADV of 25,000 shares to BX, as described in Footnote 7. The Exchange proposes to eliminate the volume tier requirement in Footnote 7 in its entirety and any references thereto, and the Exchange proposes to offer Members a rebate of $0.0014 per share regardless of their volume. The Exchange believes that its proposal to delete Footnote 7 from the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because

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11 See NASDAQ OMX Group, Inc., Price List – Trading & Connectivity at http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2. See also BATS BZX Exchange, Inc., BATS BZX Exchange Fee Schedule (Effective September 10, 2012) and BATS BYX Exchange, Inc., BATS BYX Exchange Fee Schedule (effective September 10, 2012), http://cdn.batstrading.com/resources/regulation/rule_book/BATS-Exchanges_Fee_Schedules.pdf.

the Exchange is proposing to amend the rate for orders that yield Flag C to a rebate of $0.0014 per share. The Exchange also notes that with the deletion of this tier, Members will continue to be subject to the other fees and tiers listed on the Exchange's fee schedule, and routing through DE Route is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The rates associated with routing orders to NYSE through DE Route on the Exchange's fee schedule are pass-through rates from DE Route to the Exchange and represent an equitable allocation of reasonable dues, fees, and other charges among Members of the Exchange and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to NYSE through DE Route. The Exchange notes that routing through DE Route is voluntary. Currently, for orders yielding Flag D, NYSE charges DE Route a fee of $0.0023 per share, which, in turn, is passed through to the Exchange. The Exchange, in turn, charges its Members a fee of $0.0023 per share as a pass-through. In NYSE's pricing changes for October 1, 2012, NYSE increased the rate it charges its customers, such as DE Route, from $0.0023 per share to a charge of $0.0025 per share for orders that are routed or re-routed to NYSE and remove liquidity. Therefore, the Exchange believes that the proposed change for Flag D from a fee of $0.0023 per share to a fee of $0.0025 per share is equitable and reasonable because it accounts for the pricing changes on NYSE. In addition, the proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed or re-routed to NYSE and remove liquidity using DE Route. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies 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)(A) of the Act[12] and Rule 19b-4(f)(2)[13] 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.

12 15 U.S.C. 78s(b)(3)(A).

13 17 CFR 19b-4(f)(2).

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-2012-45 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-2012-45. 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-2012-45 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.[14]

Kevin M. O'Neill
Deputy Secretary

[14] 17 CFR 200.30-3(a)(12).