

1. Text of the Proposed Rule Change

(a) EDGA Exchange, Inc. (“Exchange” or “EDGA”) proposes to amend its fee schedule applicable to Members¹ and non-members of the Exchange pursuant to EDGA Rule 15.1(a) and (c). Pursuant to the proposed rule change, the Exchange will commence charging fees for Members and non-members for certain logical ports used to enter orders into the Exchange’s systems. The Exchange also proposes to amend its fees for physical ports. The Exchange intends to implement this rule proposal effective January 1, 2011. Text of the proposed rule change is attached as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on April 27, 2010. Exchange staff will advise the EDGA Exchange Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change. Therefore, the Exchange's internal procedures with respect to the proposed change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Eric W. Hess
General Counsel
EDGA Exchange
201-942-8239

3. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

(a) Purpose

The purpose of the proposed rule change is to begin charging a monthly fee for logical ports used to enter orders in the Exchange’s trading system. The Exchange recently began charging for “physical” ports, which are ports that are used by a Member or non-member to literally plug into the Exchange at the data centers where the Exchange’s servers are located (*i.e.*, either a cross-connection or an external telecommunication circuit). By contrast, a “logical” port (also commonly referred to as a

¹ 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.

TCP/IP port) represents a port established by the Exchange within the Exchange's system for trading and billing purposes. Each logical port established is specific to a Member or non-member and grants that Member or non-member the ability to operate a specific application, such as FIX or High Performance API for order entry, or to receive market data. Multiple logical ports can be created and exist over a single physical port. The Exchange proposes to charge \$500 per month for any logical ports other than ports used to receive or request retransmission of market data. Thus, this proposed charge will apply to all Exchange FIX, High Performance API, and DROP ports for both accessing the Exchange directly (Direct)² or through the ECN Translator.³ Members and non-members will receive the first ten (10) sessions free of charge for Direct Sessions only and thereafter be charged the \$500 fee per month. Free sessions will not apply to ECN Translator sessions to incent members and non-members to use Direct Sessions.

Based on the proposal, the change applies to Members that obtain ports for direct access to the Exchange and non-member service bureaus that act as conduit for orders entered by Exchange Members that are their customers. The Exchange believes that the imposition of logical port fees will help the Exchange to continue to maintain and improve its infrastructure, while also encouraging Exchange customers to request and enable only the ports that are necessary for their operations related to the Exchange.

The Exchange notes that other market centers provide similar services to their Members and non-members.⁴

Physical Ports

The Exchange currently charges Members and non-members the following annual fees for physical ports based on the connectivity service type:

² Direct Sessions will consist on one port at the Exchange's primary data center and one port at the Exchange's secondary data center.

³ The ECN translator allows a Member or non-member who previously connected to Direct Edge's ECN to be re-directed automatically to EDGA Exchange, Inc. It can only be accessed through a FIX port.

⁴ See, e.g., Rule 7015 of The NASDAQ Stock Market LLC ('NASDAQ') (setting forth, among other fees for access services, port fees charged to members and non-members used to enter orders into NASDAQ trading systems). See also Securities Exchange Act Release Nos. 60546 (August 20, 2009), 74 FR 43184 (August 26, 2009) (SR-NASDAQ-2009-058) (increasing the monthly fee for each port used to enter orders in NASDAQ trading systems from \$400 per month to \$500 per month); 59337 (February 2, 2009), 74 FR 6441 (February 9, 2009) (SR-BX-2009-004) (establishing fees for ports used by members to enter orders). See Securities Exchange Act Release No. 60586 (August 28, 2009), 74 FR 46256 (September 8, 2009) (SR-BATS-2009-026) (establishing fees for ports used by members and non-members to enter orders).

| Connection Service Type | Annual Fee per Physical port |
|--------------------------------|-------------------------------------|
| 1 Gb Copper | \$5,000 |
| 1 Gb Fiber | \$7,500 |
| 10 Gb Fiber | \$10,000 |

Beginning January 1, 2011, the Exchange proposes to amend these physical port fees to offer Members and non-members the option of being charged month to month. The fees will be 20% higher on a monthly basis to offset increased administrative costs associated with processing monthly payments. The proposed monthly fees based on connectivity service type are as follows:

| Connection Service Type | Monthly Fee per Physical port |
|--------------------------------|--------------------------------------|
| 1 Gb Copper | \$500 |
| 1 Gb Fiber | \$750 |
| 10 Gb Fiber | \$1,000 |

The Exchange will implement the proposed rule change on January 1, 2011.

(b) Basis – The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Exchange 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 its proposed logical and physical port fees are reasonable in light of the benefits to members of direct market access. In addition, the Exchange believes that its fees are equitably allocated among its constituents based upon the number of access ports that they require to submit orders to the Exchange. Furthermore, the fees associated with logical and physical ports will be equitably allocated to all constituents as the fees will be uniform in application to all Members and non-members. Finally, the Exchange believes that the fees obtained will enable it to cover its infrastructure costs associated with allowing Members and non-members to establish logical and physical ports to connect to the Exchange's systems and continue to maintain and improve its infrastructure, market technology, and services.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. Fees for market access will be a component of the overall fees charged by the Exchange to execute and route orders through the Exchange. As the Commission has recognized, the

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4).

market for execution and routing services is extremely competitive.⁷ Market participants that choose not to connect directly to the Exchange can readily access liquidity available on the Exchange by directing their order flow to other venues that, under Regulation NMS, must route to the Exchange if it has posted the best price. Accordingly, the Exchange must set its fees, including access service fees, at a level that will not deter market participants from connecting to the Exchange; otherwise, potential users of the Exchange's services will simply direct order flow to the Exchange's multiple competitors. In addition, the Exchange believes that the proposed logical and physical port fees are consistent with the port fees charged by its competitors.

5. 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.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) This proposed rule change is filed pursuant to paragraph (A) of section 19(b)(3) of the Exchange Act.⁸

(b) This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Exchange Act Section 19(b)(3)(A).

(c) Inapplicable.

(d) Inapplicable.

⁷ See Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) (SR-NYSEArca-2006-21).

⁸ See Section 916 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 Act, which amended paragraph (A) of Section 19(b)(3) of the Act by inserting the phrase "on any person, whether or not the person is a member of the self-regulatory organization" after "due, fee or other charge imposed by the self-regulatory organization." As a result, all SRO rule proposals establishing or changing dues, fees, or other charges are immediately effective upon filing regardless of whether such dues, fees, or other charges are imposed on members of the SRO, non-members, or both.

8. Proposed Rule change Based on Rules of Another Self-Regulatory Organization or of the Commission

This proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the *Federal Register*.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EDGA-2010-22)

[Date]

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 December 3, 2010, 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 fee schedule applicable to Members³ and non-members of the Exchange pursuant to EDGA Rule 15.1(a) and (c). Pursuant to the proposed rule change, the Exchange will commence charging fees for Members and non-members for certain logical ports used to enter orders into the Exchange's systems. The Exchange also proposes to amend its fees for physical ports. The text of the proposed

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.

rule change is available on the Exchange's Internet website at

<http://www.directedge.com>.

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 Statutory Basis for, the Proposed Rule Change

Purpose

The purpose of the proposed rule change is to begin charging a monthly fee for logical ports used to enter orders in the Exchange's trading system. The Exchange recently began charging for "physical" ports, which are ports that are used by a Member or non-member to literally plug into the Exchange at the data centers where the Exchange's servers are located (*i.e.*, either a cross-connection or an external telecommunication circuit). By contrast, a "logical" port (also commonly referred to as a TCP/IP port) represents a port established by the Exchange within the Exchange's system for trading and billing purposes. Each logical port established is specific to a Member or non-member and grants that Member or non-member the ability to operate a specific application, such as FIX or High Performance API for order entry, or to receive market data. Multiple logical ports can be created and exist over a single physical port. The Exchange proposes to charge \$500 per month for any logical ports other than ports used

to receive or request retransmission of market data. Thus, this proposed charge will apply to all Exchange FIX, High Performance API, and DROP ports for both accessing the Exchange directly (Direct)⁴ or through the ECN Translator.⁵ Members and non-members will receive the first ten (10) sessions free of charge for Direct Sessions only and thereafter be charged the \$500 fee per month. Free sessions will not apply to ECN Translator sessions to incent members and non-members to use Direct Sessions.

Based on the proposal, the change applies to Members that obtain ports for direct access to the Exchange and non-member service bureaus that act as conduit for orders entered by Exchange Members that are their customers. The Exchange believes that the imposition of logical port fees will help the Exchange to continue to maintain and improve its infrastructure, while also encouraging Exchange customers to request and enable only the ports that are necessary for their operations related to the Exchange.

The Exchange notes that other market centers provide similar services to their Members and non-members.⁶

⁴ Direct Sessions will consist on one port at the Exchange's primary data center and one port at the Exchange's secondary data center.

⁵ The ECN translator allows a Member or non-member who previously connected to Direct Edge's ECN to be re-directed automatically to EDGA Exchange, Inc. It can only be accessed through a FIX port.

⁶ See, e.g., Rule 7015 of The NASDAQ Stock Market LLC ('NASDAQ') (setting forth, among other fees for access services, port fees charged to members and non-members used to enter orders into NASDAQ trading systems). See also Securities Exchange Act Release Nos. 60546 (August 20, 2009), 74 FR 43184 (August 26, 2009) (SR-NASDAQ-2009-058) (increasing the monthly fee for each port used to enter orders in NASDAQ trading systems from \$400 per month to \$500 per month); 59337 (February 2, 2009), 74 FR 6441 (February 9, 2009) (SR-BX-2009-004) (establishing fees for ports used by members to enter orders). See Securities Exchange Act Release No. 60586 (August 28, 2009), 74 FR 46256 (September 8, 2009) (SR-BATS-2009-026) (establishing fees for ports used by members and non-members to enter orders).

Physical Ports

The Exchange currently charges Members and non-members the following annual fees for physical ports based on the connectivity service type:

| Connection Service Type | Annual Fee per Physical port |
|--------------------------------|-------------------------------------|
| 1 Gb Copper | \$5,000 |
| 1 Gb Fiber | \$7,500 |
| 10 Gb Fiber | \$10,000 |

Beginning January 1, 2011, the Exchange proposes to amend these physical port fees to offer Members and non-members the option of being charged month to month. The fees will be 20% higher on a monthly basis to offset increased administrative costs associated with processing monthly payments. The proposed monthly fees based on connectivity service type are as follows:

| Connection Service Type | Monthly Fee per Physical port |
|--------------------------------|--------------------------------------|
| 1 Gb Copper | \$500 |
| 1 Gb Fiber | \$750 |
| 10 Gb Fiber | \$1,000 |

The Exchange will implement the proposed rule change on January 1, 2011.

Basis

The Exchange believes that the proposed rule change is consistent with the objectives of the Act,⁷ in general, and furthers the objectives of Section 6(b)(4),⁸ 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

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

Exchange believes that its proposed logical and physical port fees are reasonable in light of the benefits to members of direct market access. In addition, the Exchange believes that its fees are equitably allocated among its constituents based upon the number of access ports that they require to submit orders to the Exchange. Furthermore, the fees associated with logical and physical ports will be equitably allocated to all constituents as the fees will be uniform in application to all Members and non-members. Finally, the Exchange believes that the fees obtained will enable it to cover its infrastructure costs associated with allowing Members and non-members to establish logical and physical ports to connect to the Exchange's systems and continue to maintain and improve its infrastructure, market technology, and services.

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 Act⁹ and Rule 19b-4(f)(2)¹⁰ thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 19b-4(f)(2).

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 No. SR-EDGA-2010-22 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-EDGA-2010-22. 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 Web site (<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

inspection and copying in the Commission's Public Reference Room. 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 Number SR-EDGA-2010-22 and should be submitted by [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Additions underlined

Deletions [bracketed]

EDGA Exchange Fee Schedule

* * * * *

Port Fees

The following fees are effective January 1, 2011:

| | <u>Amount</u> | <u>Billable Unit</u> | <u>Frequency</u> |
|--|-----------------|----------------------|------------------|
| <u>FIX, HP-API, DROP (DIRECT) Logical Port Fees*</u> | <u>\$500.00</u> | <u>Session</u> | <u>Monthly</u> |
| <u>FIX (ECN Translator) Logical Port Fees</u> | <u>\$500.00</u> | <u>Session</u> | <u>Monthly</u> |

*First ten (10) DIRECT Logical Ports are provided free of charge

Ports used to receive or re-transmit market data are provided free of charge.

Effective August 10, 2010
Physical Connectivity Fees:

Members and non-members can choose either an annual or monthly fee for physical connectivity per the table below:

| <u>Connection Service Type</u> | <u>Annual Fee per Physical Port</u> | <u>Monthly Fee per Physical Port*</u> |
|--------------------------------|-------------------------------------|---------------------------------------|
| 1 Gb Copper | \$5,000 | <u>\$500</u> |
| 1 Gb Fiber | \$7,500 | <u>\$750</u> |
| 10 Gb Fiber | \$10,000 | <u>\$1,000</u> |

* Effective January 1, 2011

* * * * *