

1. Text of the Proposed Rule Change

(a) EDGX Exchange, Inc. (“Exchange” or “EDGX”) proposes to amend its fees and rebates applicable to Members<sup>1</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c). 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 EDGX 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  
EDGX 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

Currently, for orders routed to Nasdaq BX in Tape A and C Securities and that remove liquidity, a rebate of \$0.0001 per share is provided to Members (yielding Flag “C”). The Exchange proposes to increase the rebate to \$0.0002 per share to reflect an increase in rebate provided by Nasdaq BX. The Exchange also proposes to delete the reference to Tape A and C securities in the Flag C description and thus, provide the rebate for orders in securities on all Tapes. A conforming amendment is proposed to the text of footnote 3 to reflect this amendment.

Currently, the “O” flag describes orders that are routed to the Nasdaq’s opening cross. Since the Exchange routes to multiple trading centers for the opening cross, such

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<sup>1</sup> 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.

as NYSE, the Exchange proposes to amend the description of the “O” flag to state that it applies to orders routed to the primary exchange’s opening cross.

The Exchange proposes to add an additional rebate and corresponding new flag to its fee schedule. Orders that are routed to BATS BYX Exchange that remove liquidity using order types ROUC or ROBY will yield a “BY” flag and be rebated \$0.0003 per share.

Finally, the Exchange proposes to clarify in the Flag K description that the BATS Exchange referred to is the BATS BZX Exchange.

EDGX Exchange proposes to implement these amendments to the Exchange fee schedule on December 1, 2010.

(b) Basis – The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Exchange Act,<sup>2</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>3</sup> 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 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 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.

#### 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.

#### 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.

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<sup>2</sup> 15 U.S.C. 78f.

<sup>3</sup> 15 U.S.C. 78f(b)(4).

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.

(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.

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 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-EDGX-2010-20

[Date]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGX Exchange, Inc. Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 1, 2010, the EDGX Exchange, Inc. (the "Exchange" or the "EDGX") 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<sup>3</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGX Members. The text of the proposed rule change is available on the Exchange's Internet Website at <http://www.directedge.com>.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 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 Statutory Basis for, the Proposed Rule Change

Purpose - Currently, for orders routed to Nasdaq BX in Tape A and C Securities and that remove liquidity, a rebate of \$0.0001 per share is provided to Members (yielding Flag “C”). The Exchange proposes to increase the rebate to \$0.0002 per share to reflect an increase in rebate provided by Nasdaq BX. The Exchange also proposes to delete the reference to Tape A and C securities in the Flag C description and thus, provide the rebate for orders in securities on all Tapes. A conforming amendment is proposed to the text of footnote 3 to reflect this amendment.

Currently, the “O” flag describes orders that are routed to the Nasdaq’s opening cross. Since the Exchange routes to multiple trading centers for the opening cross, such as NYSE, the Exchange proposes to amend the description of the “O” flag to state that it applies to orders routed to the primary exchange’s opening cross.

The Exchange proposes to add an additional rebate and corresponding new flag to its fee schedule. Orders that are routed to BATS BYX Exchange that remove liquidity using order types ROUC or ROBY will yield a “BY” flag and be rebated \$0.0003 per share.

Finally, the Exchange proposes to clarify in the Flag K description that the BATS Exchange referred to is the BATS BZX Exchange.

EDGX Exchange proposes to implement these amendments to the Exchange fee schedule on December 1, 2010.

Basis – The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>4</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>5</sup> 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 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 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.

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<sup>4</sup> 15 U.S.C. 78f.

<sup>5</sup> 15 U.S.C. 78f(b)(4).

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 Act<sup>6</sup> and Rule 19b-4(f)(2)<sup>7</sup> 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 No. SR-EDGX-2010-20 on the subject line.

Paper comments:

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 19b-4(f)(2).

- 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-EDGX-2010-20. 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 Commissions 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-EDGX-2010-20 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.<sup>8</sup>

Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).



**EXHIBIT 5**

Additions underlined

Deletions [bracketed]

**EDGX Exchange Fee Schedule**

Effective [November] December 1, 2010

Rebates & Charges for Adding, Removing or Routing Liquidity per Share for Tape A, B, & C Securities<sup>1,a</sup>:  
Rebates indicated by parentheses ( )

| Category                      | Adding Liquidity                | Removing Liquidity    | Routing Liquidity                    |
|-------------------------------|---------------------------------|-----------------------|--------------------------------------|
| Securities at or above \$1.00 | <u>\$(0.0026)<sup>1,a</sup></u> | \$0.0030 <sup>1</sup> | \$0.0029                             |
| Securities below \$1.00       | <u>\$(0.00003)</u>              | 0.10% of Dollar Value | 0.30% of Dollar Value <sup>3,a</sup> |

**Liquidity Flags and Associated Fees:**

*Unless otherwise noted, the following rebates and fees apply to orders in securities priced \$1 and over.*

| Flag             | Description  | Fee/(Rebate) |
|------------------|--|--------------|
| A                | Routed to Nasdaq, adds liquidity                       | (0.0020)     |
| B <sup>1,a</sup> | Add liquidity to EDGX book (Tape B)                    | (0.0026)     |
| C <sup>3,a</sup> | Routed to Nasdaq BX [(Tapes A & C)], removes liquidity | (0.000[1]2)  |
| D <sup>3,a</sup> | Routed or re-routed to NYSE, removes liquidity         | 0.0021       |
| E                | Customer internalization                               | FREE         |
| F                | Routed to NYSE, adds liquidity                         | (0.0013)     |
| G                | Routed to ARCA (Tapes A & C), removes liquidity        | 0.0030       |
| I                | Routed to EDGA   | 0.0029       |

|                    |  |                 |
|--------------------|--|-----------------|
| J <sup>3,a</sup>   | Routed to Nasdaq, removes liquidity  | 0.0030          |
| K                  | Routed to BATS <u>BZX Exchange</u> using ROBA order type (EDGX + BATS)               | 0.0025          |
| L <sup>3,7,a</sup> | Routed to Nasdaq using INET order type, removes liquidity (Tapes A & C)              | 0.0030          |
| M <sup>6,a</sup>   | Add liquidity on LavaFlow  | (0.0024)        |
| N <sup>1</sup>     | Remove liquidity from EDGX book (Tapes B & C)  | 0.0030          |
| O <sup>5,a</sup>   | [NOOP (Nasdaq opening cross)] <u>Routed to primary exchange's opening cross</u>      | 0.0005          |
| Q                  | Routed using ROUQ or ROUC order types  | 0.0020          |
| R                  | Re-routed by exchange  | 0.0030          |
| S                  | Directed ISO order   | 0.0033          |
| T                  | Routed using ROUD/ROUE order type  | 0.0020          |
| U <sup>6,a</sup>   | Remove liquidity from LavaFlow   | 0.0029          |
| V <sup>1,a</sup>   | Add liquidity to EDGX book (Tape A)  | (0.0026)        |
| W <sup>1</sup>     | Remove liquidity from EDGX book (Tape A)   | 0.0030          |
| X                  | Routed   | 0.0029          |
| Y <sup>1,a</sup>   | Add liquidity to EDGX book (Tape C)  | (0.0026)        |
| Z                  | Routed using ROUZ order type   | 0.0010          |
| 2 <sup>3,7,a</sup> | Routed to Nasdaq using INET order type, removes liquidity (Tape B)                   | 0.0030          |
| 3 <sup>1,a</sup>   | Add liquidity – pre & post market (Tapes A & C)                                      | (0.0026)        |
| 4 <sup>1,a</sup>   | Add liquidity – pre & post market (Tape B)   | (0.0026)        |
| 5                  | Customer Internalization – pre & post market   | FREE            |
| 6 <sup>1</sup>     | Remove liquidity – pre & post market (All Tapes)                                     | 0.0030          |
| 7                  | Routed – pre & post market   | 0.0030          |
| AA                 | Midpoint Match Cross (same MPID)   | FREE            |
| MM                 | Add liquidity to Midpoint Match  | 0.0010          |
| MT                 | Remove liquidity from Midpoint Match   | 0.0010          |
| OO                 | Direct Edge Opening  | 0.0010          |
| <u>BY</u>          | <u>Routed to BATS BYX Exchange, removes liquidity (using order types ROUC, ROBY)</u> | <u>(0.0003)</u> |

<sup>1</sup> Members can qualify for the Mega Tier and be provided a rebate of \$0.0032 per share for all liquidity posted on EDGX if they add or route at least 5,000,000 shares of average daily volume prior to 9:30 AM or after 4:00 PM (includes all flags except 6) AND add a minimum of 25,000,000 shares of average daily volume on EDGX in total, including during both market hours and pre and post-trading hours. In addition, for meeting the aforementioned criteria, Members will pay a reduced rate for removing liquidity of \$0.0029 for Flags N, W, and 6.

Members can also qualify for the Mega Tier and be provided a \$0.0032 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 0.75% of the Total Consolidated Volume ("TCV") in average daily volume. TCV is defined as volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities.

Members can qualify for the Ultra Tier and be provided a \$0.0031 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 0.50% of TCV in average daily volume to EDGX.

Members can qualify for the Super Tier and be provided a \$0.0030 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 10,000,000 shares or more of average daily volume to EDGX.

Any Member meeting the following criteria: (i) adding 10,000,000 shares or more of average daily volume of liquidity to EDGX, (ii) where such added liquidity on EDGX is at least 5,000,000 shares of average daily volume greater than the previous calendar month; and (iii) but for the liquidity added on EDGX, such Member would have qualified for a better rebate with respect to liquidity added on another exchange or ECN that the Member previously qualified for in the three calendar months prior to meeting the above-described criteria in (i) and (ii), shall be reimbursed the difference between the rebate received and the rebate potentially received, so long as source documentation evidencing the above is provided to the Exchange within fifteen (15) calendar days from the end of the relevant month. A Member can only receive reimbursement with respect to two consecutive calendar months. With respect to the second calendar month's reimbursement, the relevant period in determining whether criteria (iii) is satisfied is the period three calendar months prior to the first of the two consecutive calendar months the Member meets the above-described criteria in (i) and (ii).

<sup>2</sup> Intentionally omitted.

<sup>3</sup> Stocks priced below \$1.00 on the NYSE are charged \$0.0021 per share when removing liquidity. Stocks priced below \$1.00 are charged 0.10% of the dollar value of the transaction when routed to Nasdaq BX and removing liquidity in Tapes A, B, & C securities. Stocks priced below \$1.00 are charged 0.20% of the dollar value of the transaction when routed to Nasdaq and removing liquidity in securities on all Tapes.

<sup>4</sup> Intentionally omitted.

<sup>5</sup> Capped at \$10,000 per month per Member.

<sup>6</sup> If Member posts an average of 100,000 shares or more per day using strategy ROLF (yielding Flag M), then said Member's fee when removing liquidity from LavaFlow decreases to \$0.0023 per share (yielding Flag U).

<sup>7</sup> Members routing an average daily volume ("ADV"): (i) less than 5,000,000 shares will be charged \$0.0030 per share, as described in the schedule; (ii) equal to or greater than 5,000,000 shares but less than 20,000,000 shares will be charged Nasdaq's best removal tier rate per share; (iii) equal to or greater than 20,000,000 shares but less than 30,000,001 shares will be charged Nasdaq's best removal tier rate - \$0.0001 per share; and (iv) equal to or greater than 30,000,001 shares will be charged Nasdaq's best removal tier rate - \$0.0002 per share. The rates, in all cases, are calculated for shares removed from Nasdaq.

<sup>a</sup> Upon a Member's request, EDGX will aggregate share volume calculations for wholly owned affiliates on a prospective basis.

| ISE FIX Session Fees          | Amount   | Billable Unit | Frequency |
|-------------------------------|----------|---------------|-----------|
| ISE FIX Session               |          |               |           |
| First and second session      | \$250.00 | Session       | Monthly   |
| Third and additional sessions | \$50.00  | Session       | Monthly   |

For order type definitions, please see the table below:

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