OMB APPROVAL
OMB Number: 3235-0045
Expires: August 31, 2011
Estimated average burden hours per response............38

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2011 - * 17

Amendment No. (req. for Amendments *)

Proposed Rule Change by EDGX Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☑ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐ Extension of Time Period for Commission Action * Date Expires *

Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

EDGX Exchange, Inc. proposes to amend its fee schedule.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Eric Last Name * Hess
Title * General Counsel
E-mail * ehess@directedge.com
Telephone * (201) 942-8239 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 06/01/2011
By Eric W. Hess
(Name *)

General Counsel
(Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Eric Hess, ehess@directedge.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required) Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change (required) Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) EDGX Exchange, Inc. ("Exchange" or "EDGX") proposes to amend its fees and rebates applicable to Members[1] 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 person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

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

For customer internalization, which occurs when two orders presented to the Exchange from the same Member (i.e., MPID) are presented separately and not in a paired manner, but nonetheless inadvertently match with one another,[2] the Exchange charges $0.0001 per share per side of an execution (for adding liquidity and for removing liquidity) for Flags E and 5. This charge occurs in lieu of the standard or tiered rebate/removal rates. Therefore, Members incur a total transaction cost of $0.0002 per share for both sides of an execution for customer internalization.

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[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.

[2] Members are advised to consult Rule 12.2 respecting fictitious trading.

In SR-EDGX-2011-13 (April 29, 2011), the Exchange represented that "it will work promptly to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread." In order to ensure that the internalization fee is no more favorable than the prevailing maker/taker spread of $0.0007 for the standard add (rebate of $0.0023) – standard removal rate ($0.0030 charge per share), the Exchange is proposing to charge $0.00035 per side for customer internalization (Flags E and 5). However, if a Member posts 10,000,000 shares or more of average daily volume ("ADV") to EDGX, then the Member would get the current rate of $0.0001 per share per side for customer internalization.[3] If this occurs, then the Member's rate for inadvertently matching with itself decreases to $0.0001 per share per side, as the Member has met the least restrictive criteria to satisfy a tier (i.e., Super Tier, Ultra Tier, Mega Tier). The Exchange is proposing to add language clarifying this point to footnote 11 and append the reference to footnote 11 to Flags E and 5.

In each case (both tiered and standard rates), the charge for Members inadvertently matching with themselves is no more favorable than each maker/taker spread. The applicable rate for customer internalization thus allows the Exchange to discourage potential wash sales.

The Exchange also proposes to add footnote 1 to the "MM" flag to clarify that Flag MM executions (adding liquidity to MidPoint Match) count towards the tiered rates listed in footnote 1 (Super Tier, Ultra Tier, Mega Tier).

The Exchange proposes to amend footnote 3 to reflect NYSE's increase in charge from $0.0021 per share to $0.0023 per share for removing liquidity in stocks priced below $1.00.

Currently, Members can qualify for the Mega Tier and be provided a rebate of $0.0032 per share for liquidity added on EDGX in either of two ways: (i) if the Member on a daily basis, measured monthly, posts 0.75% of the Total Consolidated Volume ("TCV")[4] in average daily volume; or (ii) if the Member, on a daily basis, measured monthly, posts 15,000,000 shares more than their February 2011 average daily volume, provided that their February 2011 average daily volume equals or exceeds 1,000,000 shares added to EDGX. The Exchange proposes to amend the Mega Tier criteria in (ii),

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3 As noted in SR-EDGX-2011-13 (April 29, 2011), EDGX has a variety of tiered rebates ranging from $0.0030- $0.0034 per share, which makes its maker/taker spreads range from $0 (standard removal rate -Super Tier rebate), -$0.0001, (standard removal rate – Ultra Tier rebate)-$0.0002 (standard removal rate - Mega Tier rebate of $0.0032), and -$.0004 (standard removal rate - Mega Tier rebate of $0.0034 per share). As a result of the customer internalization charge, Members who internalized would be charged $0.0001 per share per side of an execution (total of $0.0002 per share) instead of capturing the maker/taker spreads resulting from achieving the tiered rebates.

4 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.

above, for achieving a $0.0032 rebate to indicate that Members will qualify for such rebate if, on a daily basis, measured monthly, they post 10,000,000 shares more than their February 2011 average daily volume added to EDGX. In an effort to make it easier for Members to achieve the Mega Tier rebate during lower transaction volume days, the Exchange would like to lower the current daily share posting requirement to 10,000,000 shares from 15,000,000 shares. Additionally, in order to allow more constituents to reach the Mega Tier in general, the Exchange would also like to remove, in its entirety, the baseline requirement that a Member's February 2011 average daily volume equals or exceeds 1,000,000 shares.

Finally, the Exchange proposes to decrease the rebate on Flag C (routed to Nasdaq BX, removes liquidity) from $0.0014 per share to $0.0005 per share.

EDGX Exchange proposes to implement these amendments to the Exchange fee schedule on June 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 the increased fee for customer internalization of $0.00035 per share per side of an execution for both Flags E (regular trading session) and 5 (pre and post market) represents an equitable allocation of reasonable dues, fees, and other charges as it is designed to introduce a fee for Members who inadvertently match with one another, thereby discouraging potential wash sales. The increased fee also allows the Exchange to offset its administrative, clearing, and other operating costs incurred in executing such trades. Finally, the fee is equitable in that it is in line[7] with the EDGX fee structure which currently has a maker/taker spread of $0.0007 per share (the standard rebate to add liquidity on EDGX is $0.0023 per share, while the standard fee to remove liquidity is $0.0030 per share).

With respect to Members that satisfy the criteria for various tiered rebates, EDGX notes that its maker/taker spreads range from $.0007 (standard add – standard removal rate), $0 (standard removal rate -Super Tier rebate), -$0.0001, (standard removal rate - Ultra Tier rebate)-$0.0002 (standard removal rate - Mega Tier rebate of $0.0032), and -$.0004 (standard removal rate - Mega Tier rebate of $0.0034 per share). As a result of

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[5] 15 U.S.C. 78f.

[6] 15 U.S.C. 78f(b)(4).

[7] In each case, the internalization fee is no more favorable to the Member than each prevailing maker/taker spread.

the proposed charge for Members inadvertently matching with themselves, such Members would be charged $0.00035 per share per side of an execution (total of $0.0007 per share) for those not meeting the criteria for the Super Tier (posting 10,000,000 shares or more of ADV to EDGX). For those meeting the criteria for any tier, Members would charged $0.0002 per share instead of capturing the maker/taker spreads resulting from achieving the tiered rebates, as described above.

This increased fee per side of an execution ($.00035 per side instead of $0.0001 per side per share), yielding a total cost of $0.0007, thus brings the internalization fee in line with the current maker/taker spreads.[8] The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

The increase in fee from $0.0021 per share to $0.0023 per share, as reflected in footnote 3, is assessed by NYSE for stocks priced below $1.00. This increase in fee is a pass through of NYSE's increased fee, effective January 3, 2011. The same rate change was made for orders in securities priced $1 and over for securities that are routed or re-routed to NYSE (Flag D) in the Exchange's fee filing effective January 1, 2011.[9] EDGX believes that it is reasonable and equitable to pass on these fees to its members.

The Exchange believes that amending the criteria to qualify for the Mega Tier represents an equitable allocation of reasonable dues, fees, and other charges since higher rebates are directly correlated with more stringent criteria.

The Mega Tier rebate of $0.0034/$0.0032 per share has some of the most stringent criteria associated with it, and is $0.0003/$0.0001 greater than the Ultra Tier rebate ($0.0031 per share) and $0.0004/$0.0002 greater than the Super Tier rebate ($0.0030 per share).

For example, based on average TCV for April 2011 (7.0 billion), in order for a Member to qualify for the Mega Tier rebate of $0.0034, the Member would have to add or route at least 4,000,000 shares of average daily volume during pre and post-trading hours and add a minimum of 38,000,000 shares of average daily volume on EDGX in total, including during both market hours and pre and post-trading hours. The criteria for this tier is the most stringent as fewer Members generally trade during pre and post-trading hours because of the limited time parameters associated with these trading sessions. The Exchange believes that this higher rebate awarded to Members would incent liquidity during these trading sessions. Such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a higher rebate.

8 The Exchange will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread.

9 See SR-EDGA-2010-26 (December 28, 2010).

Another way a Member can qualify for the Mega Tier (with a rebate of $0.0032 per share) would be to post 0.75% of TCV. Based on average TCV for April 2011 (7.0 billion), this would be 52.5 million shares on EDGX. A second method, as proposed in this filing, to qualify for the rebate of $0.0032 per share would be to post 10,000,000 shares more than the Member's February 2011 average daily volume added to EDGX. The Exchange believes that requiring Members to post 10,000,000 shares more than a February 2011 baseline average daily volume encourages Members to add increasing amounts of liquidity to EDGX each month. Such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a higher rebate. The increased liquidity also benefits all investors by deepening EDGX'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 rebates such as the one proposed herein have been widely adopted in the cash equities markets, and are equitable because they 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 processes.

In order to qualify for the Ultra Tier, which has less stringent criteria than the Mega Tier, the Member would have to post 0.50% of TCV. Based on average TCV for April 2011 (7.0 billion shares), this would be 35 million shares on EDGX.

Finally, the Super Tier has the least stringent criteria of the tiers mentioned above. In order for a Member to qualify for this rebate, the Member would have to post at least 10 million shares on EDGX. As stated above, these rebates also result, in part, from lower administrative and other costs associated with higher volume. The Exchange believes that the decreased rebate on Flag C when EDGX routes to Nasdaq BX is designed to provide for the equitable allocation of reasonable dues, fees and other charges as it represents a straight pass through of Nasdaq BX's decreased rebate from $0.0014 per share to $0.0005 per share, which is effective June 1, 2011. EDGX believes that it is reasonable and equitable to pass on these fees to its members.

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 changes reflect 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 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.

4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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.

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-2011-17

[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"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on June 1, 2011, 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[3] 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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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 Statutory Basis for, the Proposed Rule Change

Purpose

For customer internalization, which occurs when two orders presented to the Exchange from the same Member (i.e., MPID) are presented separately and not in a paired manner, but nonetheless inadvertently match with one another,[4] the Exchange charges $0.0001 per share per side of an execution (for adding liquidity and for removing liquidity) for Flags E and 5. This charge occurs in lieu of the standard or tiered rebate/removal rates. Therefore, Members incur a total transaction cost of $0.0002 per share for both sides of an execution for customer internalization.

In SR-EDGX-2011-13 (April 29, 2011), the Exchange represented that "it will work promptly to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread." In order to ensure that the internalization fee is no more favorable than the prevailing maker/taker spread of $0.0007 for the standard add (rebate of $0.0023) – standard removal rate ($0.0030 charge per share), the Exchange is

[4] Members are advised to consult Rule 12.2 respecting fictitious trading.

proposing to charge $0.00035 per side for customer internalization (Flags E and 5). However, if a Member posts 10,000,000 shares or more of average daily volume ("ADV") to EDGX, then the Member would get the current rate of $0.0001 per share per side for customer internalization.[5] If this occurs, then the Member's rate for inadvertently matching with itself decreases to $0.0001 per share per side, as the Member has met the least restrictive criteria to satisfy a tier (i.e., Super Tier, Ultra Tier, Mega Tier). The Exchange is proposing to add language clarifying this point to footnote 11 and append the reference to footnote 11 to Flags E and 5.

In each case (both tiered and standard rates), the charge for Members inadvertently matching with themselves is no more favorable than each maker/taker spread. The applicable rate for customer internalization thus allows the Exchange to discourage potential wash sales.

The Exchange also proposes to add footnote 1 to the "MM" flag to clarify that Flag MM executions (adding liquidity to MidPoint Match) count towards the tiered rates listed in footnote 1 (Super Tier, Ultra Tier, Mega Tier).

The Exchange proposes to amend footnote 3 to reflect NYSE's increase in charge from $0.0021 per share to $0.0023 per share for removing liquidity in stocks priced below $1.00.

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[5] As noted in SR-EDGX-2011-13 (April 29, 2011), EDGX has a variety of tiered rebates ranging from $0.0030- $0.0034 per share, which makes its maker/taker spreads range from $0 (standard removal rate -Super Tier rebate), -$0.0001, (standard removal rate – Ultra Tier rebate)-$0.0002 (standard removal rate - Mega Tier rebate of $0.0032), and -$.0004 (standard removal rate - Mega Tier rebate of $0.0034 per share). As a result of the customer internalization charge, Members who internalized would be charged $0.0001 per share per side of an execution (total of $0.0002 per share) instead of capturing the maker/taker spreads resulting from achieving the tiered rebates.

Currently, Members can qualify for the Mega Tier and be provided a rebate of $0.0032 per share for liquidity added on EDGX in either of two ways: (i) if the Member on a daily basis, measured monthly, posts 0.75% of the Total Consolidated Volume ("TCV")[6] in average daily volume; or (ii) if the Member, on a daily basis, measured monthly, posts 15,000,000 shares more than their February 2011 average daily volume, provided that their February 2011 average daily volume equals or exceeds 1,000,000 shares added to EDGX. The Exchange proposes to amend the Mega Tier criteria in (ii), above, for achieving a $0.0032 rebate to indicate that Members will qualify for such rebate if, on a daily basis, measured monthly, they post 10,000,000 shares more than their February 2011 average daily volume added to EDGX. In an effort to make it easier for Members to achieve the Mega Tier rebate during lower transaction volume days, the Exchange would like to lower the current daily share posting requirement to 10,000,000 shares from 15,000,000 shares. Additionally, in order to allow more constituents to reach the Mega Tier in general, the Exchange would also like to remove, in its entirety, the baseline requirement that a Member's February 2011 average daily volume equals or exceeds 1,000,000 shares.

Finally, the Exchange proposes to decrease the rebate on Flag C (routed to Nasdaq BX, removes liquidity) from $0.0014 per share to $0.0005 per share.

EDGX Exchange proposes to implement these amendments to the Exchange fee schedule on June 1, 2011.

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6 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.

Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Exchange 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 Exchange believes that the increased fee for customer internalization of $0.00035 per share per side of an execution for both Flags E (regular trading session) and 5 (pre and post market) represents an equitable allocation of reasonable dues, fees, and other charges as it is designed to introduce a fee for Members who inadvertently match with one another, thereby discouraging potential wash sales. The increased fee also allows the Exchange to offset its administrative, clearing, and other operating costs incurred in executing such trades. Finally, the fee is equitable in that it is in line[9] with the EDGX fee structure which currently has a maker/taker spread of $0.0007 per share (the standard rebate to add liquidity on EDGX is $0.0023 per share, while the standard fee to remove liquidity is $0.0030 per share).

With respect to Members that satisfy the criteria for various tiered rebates, EDGX notes that its maker/taker spreads range from $.0007 (standard add – standard removal rate), $0 (standard removal rate -Super Tier rebate), -$0.0001, (standard removal rate - Ultra Tier rebate)-$0.0002 (standard removal rate - Mega Tier rebate of $0.0032), and -

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7 15 U.S.C. 78f.

8 15 U.S.C. 78f(b)(4).

9 In each case, the internalization fee is no more favorable to the Member than each prevailing maker/taker spread.

$.0004 (standard removal rate - Mega Tier rebate of $0.0034 per share). As a result of the proposed charge for Members inadvertently matching with themselves, such Members would be charged $0.00035 per share per side of an execution (total of $0.0007 per share) for those not meeting the criteria for the Super Tier (posting 10,000,000 shares or more of ADV to EDGX). For those meeting the criteria for any tier, Members would charged $0.0002 per share instead of capturing the maker/taker spreads resulting from achieving the tiered rebates, as described above.

This increased fee per side of an execution ($.00035 per side instead of $0.0001 per side per share), yielding a total cost of $0.0007, thus brings the internalization fee in line with the current maker/taker spreads.[10] The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

The increase in fee from $0.0021 per share to $0.0023 per share, as reflected in footnote 3, is assessed by NYSE for stocks priced below $1.00. This increase in fee is a pass through of NYSE's increased fee, effective January 3, 2011. The same rate change was made for orders in securities priced $1 and over for securities that are routed or re-routed to NYSE (Flag D) in the Exchange's fee filing effective January 1, 2011.[11] EDGX believes that it is reasonable and equitable to pass on these fees to its members.

The Exchange believes that amending the criteria to qualify for the Mega Tier represents an equitable allocation of reasonable dues, fees, and other charges since higher rebates are directly correlated with more stringent criteria.

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[10] The Exchange will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread.

[11] See SR-EDGA-2010-26 (December 28, 2010).

The Mega Tier rebate of $0.0034/$0.0032 per share has some of the most stringent criteria associated with it, and is $0.0003/$0.0001 greater than the Ultra Tier rebate ($0.0031 per share) and $0.0004/$0.0002 greater than the Super Tier rebate ($0.0030 per share).

For example, based on average TCV for April 2011 (7.0 billion), in order for a Member to qualify for the Mega Tier rebate of $0.0034, the Member would have to add or route at least 4,000,000 shares of average daily volume during pre and post-trading hours and add a minimum of 38,000,000 shares of average daily volume on EDGX in total, including during both market hours and pre and post-trading hours. The criteria for this tier is the most stringent as fewer Members generally trade during pre and post-trading hours because of the limited time parameters associated with these trading sessions. The Exchange believes that this higher rebate awarded to Members would incent liquidity during these trading sessions. Such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a higher rebate.

Another way a Member can qualify for the Mega Tier (with a rebate of $0.0032 per share) would be to post 0.75% of TCV. Based on average TCV for April 2011 (7.0 billion), this would be 52.5 million shares on EDGX. A second method, as proposed in this filing, to qualify for the rebate of $0.0032 per share would be to post 10,000,000 shares more than the Member's February 2011 average daily volume added to EDGX. The Exchange believes that requiring Members to post 10,000,000 shares more than a February 2011 baseline average daily volume encourages Members to add increasing amounts of liquidity to EDGX each month. Such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a higher rebate. The increased liquidity also benefits all investors by deepening EDGX'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 rebates such as the one proposed herein have been widely adopted in the cash equities markets, and are equitable because they 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 processes.

In order to qualify for the Ultra Tier, which has less stringent criteria than the Mega Tier, the Member would have to post 0.50% of TCV. Based on average TCV for April 2011 (7.0 billion shares), this would be 35 million shares on EDGX.

Finally, the Super Tier has the least stringent criteria of the tiers mentioned above. In order for a Member to qualify for this rebate, the Member would have to post at least 10 million shares on EDGX. As stated above, these rebates also result, in part, from lower administrative and other costs associated with higher volume. The Exchange believes that the decreased rebate on Flag C when EDGX routes to Nasdaq BX is designed to provide for the equitable allocation of reasonable dues, fees and other charges as it represents a straight pass through of Nasdaq BX's decreased rebate from $0.0014 per share to $0.0005 per share, which is effective June 1, 2011. EDGX believes that it is reasonable and equitable to pass on these fees to its members.

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 changes reflect 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 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 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

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

13 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. EDGX-2011-17 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-EDGX-2011-17. 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-2011-17 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.[14]

Secretary

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

EXHIBIT 5

Additions underlined

Deletions [bracketed]

EDGX Exchange Fee Schedule

Effective June [May] [27]1, 2011

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

Category	Adding Liquidity	Removing Liquidity	Routing Liquidity
Securities at or above $1.00	$(0.0023)[1,a]	$0.0030[1]	$0.0029
Securities below $1.00	$(0.00003)	0.10% of Dollar Value	0.30% of Dollar Value[3,a]

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[1,a]	Add liquidity to EDGX book (Tape B)	(0.0023)
C[3,a]	Routed to Nasdaq BX, removes liquidity	[(0.0014)] (0.0005)
D[3,a]	Routed or re-routed to NYSE, removes liquidity	0.0023
E[11]	Customer internalization, per side	[0.0001] 0.00035
F	Routed to NYSE, adds liquidity	(0.0015)
G	Routed to ARCA (Tapes A & C), removes liquidity	0.0030
I	Routed to EDGA	0.0029
J[3,a]	Routed to Nasdaq, removes liquidity	0.0030

K	Routed to BATS BZX Exchange using ROBA routing strategy (EDGX + BATS) OR Routed to Nasdaq PSX using ROUC routing strategy	0.0025
L[3, 7,a]	Routed to Nasdaq using INET routing strategy, removes liquidity (Tapes A & C)	0.0030
M[6,a]	Add liquidity on LavaFlow	(0.0024)
N[1]	Remove liquidity from EDGX book (Tapes B & C)	0.0030
O[5,a]	Routed to primary exchange's opening cross	0.0005
Q	Routed using ROUQ or ROUC routing strategies	0.0020
R	Re-routed by exchange	0.0030
S	Directed ISO order	0.0033
T	Routed using ROUD/ROUE routing strategy	0.0012
U[6,a]	Remove liquidity from LavaFlow	0.0029
V[1,a]	Add liquidity to EDGX book (Tape A)	(0.0023)
W[1]	Remove liquidity from EDGX book (Tape A)	0.0030
X	Routed	0.0029
Y[1,a]	Add liquidity to EDGX book (Tape C)	(0.0023)
Z	Routed using ROUZ routing strategy	0.0010
2[3,7,a]	Routed to Nasdaq using INET routing strategy, removes liquidity (Tape B)	0.0030
3[1,a]	Add liquidity – pre & post market (Tapes A & C)	(0.0023)
4[1,a]	Add liquidity – pre & post market (Tape B)	(0.0023)
5[11]	Customer Internalization – pre & post market, per side	[0.0001] 0.00035
6[1]	Remove liquidity – pre & post market (All Tapes)	0.0030
7	Routed – pre & post market	0.0030
8	Routed to NYSE Amex using the ROOC routing strategy, adds liquidity	(0.0015)
9	Routed to NYSE Arca using the ROOC routing strategy, adds liquidity	(0.0021)
AA	Midpoint Match Cross (same MPID)	FREE
BY[10]	Routed to BATS BYX Exchange, removes liquidity (using routing strategies ROUC, ROBY)	(0.0004)
CL[9]	Routed to listing market closing process using ROOC routing strategy, except for NYSE Arca	0.0010

MM[1]	**Add liquidity to Midpoint Match**	**0.0012**
MT	**Remove liquidity from Midpoint Match**	**0.0012**
OO	**Direct Edge Opening**	**0.0010**
SW[8]	**Routed using SWPA/SWPB/SWPC routing strategies (except for removal of liquidity from NYSE)**	**0.0031**

[1] Members can qualify for the Mega Tier and be provided a rebate of $0.0034 per share for all liquidity posted on EDGX if they add or route at least 4,000,000 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 38,000,000 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 in either of two ways: (i) if the Member on a daily basis, measured monthly, posts 0.75% of the Total Consolidated Volume ("TCV") in average daily volume; or (ii) if the Member on a daily basis, measured monthly, posts 10[5],000,000 shares more than their February 2011 average daily volume[, provided that their February 2011 average daily volume equals or exceeds 1,000,000 shares] added to EDGX. 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 for the month prior to the month in which the fees are calculated.

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).

[2] Intentionally omitted.

[3] Stocks priced below $1.00 on the NYSE are charged $0.002[1]3 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 0.30% of the dollar value of the transaction when routed to Nasdaq and removing liquidity in securities on all Tapes.

[4] Intentionally omitted.

[5] Capped at $10,000 per month per Member.

[6] 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).

[7] 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.

[8] Flag D is assigned and a fee of $0.0023 per share is assessed if either an SWPA, SWPB, or SWPC routing strategy removes liquidity from NYSE.

[9] A Flag "O" will be yielded and a fee of $0.0005 will be assessed if an order is routed to NYSE Arca's closing process.

[10] Stocks priced below $1.00 are charged $0.0010 per share.

[11] If a Member posts 10,000,000 shares or more of ADV to EDGX, then the Member's rate for customer internalization decreases to $0.0001 per share per side.

[a] Upon a Member's request, EDGX will aggregate share volume calculations for wholly owned affiliates on a prospective basis.

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