



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. (“EDGX” or the “Exchange”), proposes to amend EDGX Rule 11.14 to extend the operation of the single stock circuit breaker pilot program (the “Pilot”) pursuant to the Rule until January 31, 2012. The text of the proposed rule change is attached as Exhibit 5 and is available on the Exchange’s website at [www.directedge.com](http://www.directedge.com), at the Exchange’s principal office, and at the Public Reference Room of the Commission.
- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of Directors of the Exchange on April 27, 2010. Exchange staff will advise the Exchange Board of Directors of any action taken pursuant to delegated authority. No further action by the Board of Directors or the membership of the Exchange is required. 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:

Thomas N. McManus  
Chief Regulatory Officer  
EDGX Exchange, Inc.  
201-418-3471

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

(a) Purpose

The Exchange proposes to amend EDGX Rule 11.14 to extend the operation of a Pilot that allows the Exchange to provide for uniform market-wide trading pause standards for NMS stocks through January 31, 2012.

Background

Pursuant to Rule 11.14, the Exchange is allowed to pause trading in any NMS stock when the primary listing market for such stock issues a trading pause in

such NMS stock. The Exchange will pause trading in such security until trading has resumed on the primary listing market.

EDGX Rule 11.14 was approved by the Commission on June 10, 2010 on a Pilot basis to end on December 10, 2010.<sup>1</sup> The Pilot was subsequently extended until April 11, 2011.<sup>2</sup> The Pilot was then further extended through the earlier of August 11, 2011 or the date on which a limit up / limit down mechanism to address extraordinary market volatility, if adopted, applies.<sup>3</sup>

In its initial filing to adopt EDGX Rule 11.14, the Exchange stated that the original Pilot list of securities was all securities included in the S&P 500<sup>®</sup> Index (“S&P 500”). The Exchange also noted in that filing that it would continue to assess whether additional securities needed to be added or removed from the Pilot list and whether the parameters of the rule needed to be modified to accommodate trading characteristics of different securities. As noted in comment letters to the initial filing to adopt EDGX Rule 11.14, concerns were raised that including only securities in the S&P 500 in the Pilot rule was too narrow. In particular, commenters noted that securities that experienced volatility on May 6, 2010, including ETFs, should be included in the Pilot.

In response to these concerns, various exchanges and national securities associations collectively determined to expand the list of Pilot securities to include securities in the Russell 1000 and specified ETPs to the Pilot beginning in September 2010.<sup>4</sup> The Exchange believed that adding these securities would address concerns that the scope of the Pilot may be too narrow, while at the same time recognizing that during the Pilot period, the markets would continue to review whether and when to add additional securities to the Pilot and whether the parameters of the rule should be adjusted for different securities.

As a result of consulting with other markets and the staff of the Commission, the Exchange subsequently included all NMS stocks within the Pilot that were not already included therein.<sup>5</sup> In particular, the additional stocks were those not

---

<sup>1</sup> See Securities Exchange Act Release No. 62252 (June 10, 2010) (SR-EDGX-2010-01), 75 FR 34186 (June 16, 2010).

<sup>2</sup> See Securities Exchange Act Release No. 63507 (December 9, 2010) (SR-EDGX-2010-22), 75 FR 78787 (December 16, 2010).

<sup>3</sup> See Securities Exchange Act Release No. 64205 (April 6, 2011) (SR-EDGX-2011-10), 76 FR 20417 (April 12, 2011).

<sup>4</sup> See Securities Exchange Act Release No. 62884 (September 10, 2010) (SR-EDGX-2010-05), 75 FR 56618 (September 16, 2010).

<sup>5</sup> See Securities Exchange Act Release No. 64375 (June 23, 2011) (SR-EDGX-2011-14), 76 FR 38243 (June 29, 2011).

included in the S&P 500, Russell 1000 Index, or specified ETPs, and therefore were more likely to be less liquid securities or securities with lower trading volumes. The Exchange stated that it would continue to assess whether the parameters for invoking a trading pause continued to be appropriate and whether the parameters should be modified.

The Exchange believes that an extension of the Pilot through January 31, 2012 would continue to promote uniformity regarding decisions to pause trading and continue to reduce the negative impacts of sudden, unanticipated price movements in NMS stocks. The Exchange believes that the Pilot is working well, that it has been infrequently invoked during the past four months, and that the Exchange will further assess the effect of the Pilot on the market or whether other initiatives should be adopted in lieu of the current Pilot. Therefore, the Exchange requests an extension of the Pilot through January 31, 2012.

(b) Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Securities Exchange Act of 1934 (the “Act”),<sup>6</sup> which requires the rules of an exchange to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>7</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes uniformity across markets concerning decisions to pause trading in a security when there are significant price movements. The Exchange believes that the Pilot is working well, that it has been infrequently invoked during the past four months, and that the extension of the Pilot will allow the Exchange to further assess the effect of the Pilot on the market or whether other initiatives should be adopted in lieu of the current Pilot.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

---

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78k-1(a)(1).

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>8</sup> of the Act and Rule 19b-4(f)(6)<sup>9</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The Exchange submits that the instant filing is non-controversial in that it merely facilitates the uninterrupted operation of a previously approved Pilot that is used only when the primary listing market for such stock issues a trading pause in any NMS stocks. Given the nature of the rule and the fact that it has been invoked relatively infrequently, the Exchange does not believe that an extension of the Pilot will cause any disadvantage for investors or the public interest; to the contrary, because it promotes the smooth and efficient operation of the capital markets, the Exchange believes that an immediately effective extension is justified under the Act and the applicable rule. For the foregoing reasons, the Exchange believes that this rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.<sup>10</sup>

---

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

The Exchange believes that this rule filing will maintain uniformity regarding decisions to pause trading and reduce the negative impacts of sudden, unanticipated price movements in NMS stocks.

As noted above, the Exchange believes that its proposal should become immediately effective and requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.<sup>11</sup> Waiver of this requirement will allow the Exchange to continue operating the Pilot without interruption. As explained above, the operation of the existing Pilot does not burden competition and operates to protect investors and the public interest by increasing uniformity regarding decisions to pause trading and reducing the negative impacts of sudden, unanticipated price movements in NMS stocks. For the foregoing reasons, the Exchange believes that this rule filing qualifies for a waiver of the 30-day delayed operative date so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6)<sup>13</sup> thereunder.

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

Not applicable.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed EDGX Rule 11.14.

---

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-EDGX-2011-23)

[Date]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend EDGX Rule 11.14 to extend the operation of the single stock circuit breaker pilot program until January 31, 2012

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 August 5, 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 EDGX Rule 11.14 to extend the operation of the single stock circuit breaker pilot program (the "Pilot") pursuant to the Rule until January 31, 2012. The text of the proposed rule change is attached as Exhibit 5 and is available on the Exchange's website at [www.directedge.com](http://www.directedge.com), at the Exchange's principal office, and at the Public Reference Room of the Commission.

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

In its filing with the Commission, the Exchange included statements concerning

---

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

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

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 Exchange proposes to amend EDGX Rule 11.14 to extend the operation of a Pilot that allows the Exchange to provide for uniform market-wide trading pause standards for NMS stocks through January 31, 2012.

Background

Pursuant to Rule 11.14, the Exchange is allowed to pause trading in any NMS stock when the primary listing market for such stock issues a trading pause in such NMS stock. The Exchange will pause trading in such security until trading has resumed on the primary listing market.

EDGX Rule 11.14 was approved by the Commission on June 10, 2010 on a Pilot basis to end on December 10, 2010.<sup>3</sup> The Pilot was subsequently extended until April 11, 2011.<sup>4</sup> The Pilot was then further extended through the earlier of August 11, 2011 or the date on which a limit up / limit down mechanism to address extraordinary market volatility, if adopted, applies.<sup>5</sup>

---

<sup>3</sup> See Securities Exchange Act Release No. 62252 (June 10, 2010) (SR-EDGX-2010-01), 75 FR 34186 (June 16, 2010).

<sup>4</sup> See Securities Exchange Act Release No. 63507 (December 9, 2010) (SR-EDGX-2010-22), 75 FR 78787 (December 16, 2010).

<sup>5</sup> See Securities Exchange Act Release No. 64205 (April 6, 2011) (SR-EDGX-

In its initial filing to adopt EDGX Rule 11.14, the Exchange stated that the original Pilot list of securities was all securities included in the S&P 500<sup>®</sup> Index (“S&P 500”). The Exchange also noted in that filing that it would continue to assess whether additional securities needed to be added or removed from the Pilot list and whether the parameters of the rule needed to be modified to accommodate trading characteristics of different securities. As noted in comment letters to the initial filing to adopt EDGX Rule 11.14, concerns were raised that including only securities in the S&P 500 in the Pilot rule was too narrow. In particular, commenters noted that securities that experienced volatility on May 6, 2010, including ETFs, should be included in the Pilot.

In response to these concerns, various exchanges and national securities associations collectively determined to expand the list of Pilot securities to include securities in the Russell 1000 and specified ETPs to the Pilot beginning in September 2010.<sup>6</sup> The Exchange believed that adding these securities would address concerns that the scope of the Pilot may be too narrow, while at the same time recognizing that during the Pilot period, the markets would continue to review whether and when to add additional securities to the Pilot and whether the parameters of the rule should be adjusted for different securities.

As a result of consulting with other markets and the staff of the Commission, the Exchange subsequently included all NMS stocks within the Pilot that were not already included therein.<sup>7</sup> In particular, the additional stocks were those not included in the S&P

---

2011-10), 76 FR 20417 (April 12, 2011).

<sup>6</sup> See Securities Exchange Act Release No. 62884 (September 10, 2010) (SR-EDGX-2010-05), 75 FR 56618 (September 16, 2010).

<sup>7</sup> See Securities Exchange Act Release No. 64375 (June 23, 2011) (SR-EDGX-2011-14), 76 FR 38243 (June 29, 2011).

500, Russell 1000 Index, or specified ETPs, and therefore were more likely to be less liquid securities or securities with lower trading volumes. The Exchange stated that it would continue to assess whether the parameters for invoking a trading pause continued to be appropriate and whether the parameters should be modified.

The Exchange believes that an extension of the Pilot through January 31, 2012 would continue to promote uniformity regarding decisions to pause trading and continue to reduce the negative impacts of sudden, unanticipated price movements in NMS stocks. The Exchange believes that the Pilot is working well, that it has been infrequently invoked during the past four months, and that the Exchange will further assess the effect of the Pilot on the market or whether other initiatives should be adopted in lieu of the current Pilot. Therefore, the Exchange requests an extension of the Pilot through January 31, 2012.

#### Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,<sup>8</sup> which requires the rules of an exchange to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>9</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes uniformity across markets concerning decisions to pause

---

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78k-1(a)(1).

trading in a security when there are significant price movements. The Exchange believes that the Pilot is working well, that it has been infrequently invoked during the past four months, and that the extension of the Pilot will allow the Exchange to further assess the effect of the Pilot on the market or whether other initiatives should be adopted in lieu of the current Pilot.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and Rule 19b-4(f)(6)<sup>11</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text

---

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The Exchange submits that the instant filing is non-controversial in that it merely facilitates the uninterrupted operation of a previously approved Pilot that is used only when the primary listing market for such stock issues a trading pause in any NMS stocks. Given the nature of the rule and the fact that it has been invoked relatively infrequently, the Exchange does not believe that an extension of the Pilot will cause any disadvantage for investors or the public interest; to the contrary, because it promotes the smooth and efficient operation of the capital markets, the Exchange believes that an immediately effective extension is justified under the Act and the applicable rule. For the foregoing reasons, the Exchange believes that this rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.<sup>12</sup>

The Exchange believes that this rule filing will maintain uniformity regarding decisions to pause trading and reduce the negative impacts of sudden, unanticipated price movements in NMS stocks.

As noted above, the Exchange believes that its proposal should become immediately effective and requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.<sup>13</sup> Waiver of this requirement will allow the Exchange to continue operating the Pilot without interruption. As explained above, the operation of the existing Pilot does not burden competition and operates to protect investors and the public interest by increasing uniformity regarding decisions to pause trading and reducing the negative impacts of sudden, unanticipated

---

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

price movements in NMS stocks. For the foregoing reasons, the Exchange believes that this rule filing qualifies for a waiver of the 30-day delayed operative date so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act<sup>14</sup> and Rule 19b-4(f)(6)<sup>15</sup> thereunder.

#### 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](mailto:rule-comments@sec.gov). Please include File No. SR-EDGX-2011-23 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-2011-23. 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

---

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

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-2011-23 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 Trading and Markets, pursuant to delegated authority.<sup>16</sup>

Secretary

---

<sup>16</sup> 17 CFR 200.30-3(a)(12).

Exhibit 5

Text of the proposed rule change (Additions are underlined; deletions are in [brackets].)

Rule 11.14. Trading Halts Due to Extraordinary Market Volatility

(a) – (e) No change

Interpretations and Policies:

.01 - .04 No change

.05 The provisions of paragraph (d) of this Rule shall be in effect during a pilot set to end on January 31, 2012 [the earlier of August 11, 2011 or the date on which a limit up / limit down mechanism to address extraordinary market volatility, if adopted, applies].