

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 27

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

File No.* SR - 2012 - * 07

Amendment No. (req. for Amendments *)

Proposed Rule Change by EDGA 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 *).

EDGA Exchange, Inc. proposes to amend its fees and rebates applicable to Members of the Exchange pursuant to EDGA Rule 15.1(a) and (c).

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 * Thomas Last Name * McManus

Title * Chief Regulatory Officer

E-mail * tmcmanus@directedge.com

Telephone * (201) 418-3471 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 02/29/2012

By Thomas N. McManus
(Name *)

Chief Regulatory Officer

(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.

tmcmanus@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)

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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)

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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

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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

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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

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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

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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

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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) EDGA Exchange, Inc. (“Exchange” or “EDGA”) proposes to amend its fees and rebates applicable to Members¹ of the Exchange pursuant to EDGA 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 EDGA Exchange Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change. Therefore, the Exchange's internal procedures with respect to the proposed change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Thomas N. McManus
Chief Regulatory Officer
EDGA Exchange
201-418-3471

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

(a) Purpose

The Exchange proposes to make a technical amendment to the description of Footnote 9 and Flag CL to reflect the Securities and Exchange Commission’s (“SEC” or the “Commission”) approval of the BATS BZX Exchange (“BATS BZX”) as a primary listing exchange.² Therefore, Footnote 9 will state that Flag O will be yielded and a fee of \$0.0005 per share will be assessed if an order is routed to NYSE Arca & BATS BZX’s closing process. This fee in footnote 9 (\$0.0005 per share) gives a flat rate for the NYSE Arca & BATS BZX’s closing processes, which is lower than other primary listing

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 See Securities and Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

markets. Flag CL will apply to orders routed to a primary listing market's closing process except NYSE Arca and BATS BZX. In addition, the Exchange proposes to revise the descriptions on Flags CL, 8, and 9 to broaden their applicability to several routing strategies rather than just ROOC.³ Therefore, the Exchange proposes that Flag CL state "Routed to listing market closing process except NYSE Arca & BATS BZX." The Exchange proposes conforming amendments to Flags 8 and 9 to delete the ROOC routing strategy from the descriptions of these flags.

The Exchange proposes to delete Flag H, which represents all non-displayed orders that add or remove liquidity, and bifurcate it by replacing it with Flags HA and HR. Flag HA will identify all non-displayed orders that add liquidity to EDGA and the Exchange will assess a fee of \$0.0010 per share. Flag HR will identify all non-displayed orders that remove liquidity from EDGA and the Exchange will assess a fee of \$0.0010 per share. Additionally, footnote 2 is proposed to be revised to read "rate contingent upon Member adding or removing (emphasis added) greater than 1,000,000 shares hidden on a daily basis..." as both Flags HA and HR count toward this tier since they are both forms of hidden liquidity. This change allows Members who utilize both forms of hidden liquidity (add and remove) to satisfy this tier. Footnote 4 is proposed to be clarified that only non-displayed orders that add liquidity count toward the following tier listed there: "If a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume ("TCV") in average daily volume on EDGA, including all non-displayed orders (H Flag), then the Member will receive a rebate of \$0.0005 per share. 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. If a Member, on a daily basis, measured monthly, posts more than .25% of the TCV on EDGA, including all non-displayed orders (H Flag), and removes more than .25% of TCV in average daily volume, then the Member will receive a rebate of \$0.0005 per share." To correspond with these changes, footnotes 2 and 4 are proposed to be appended to Flag HA and footnote 2 is proposed to be appended to Flag HR. Finally, the references to the yielded flags (B, H, V, Y, 3-4) in text of footnotes 2 and 4 are duplicative of the footnotes next to the applicable Flags in the fee schedule and are therefore proposed to be deleted to simplify the schedule.

The Exchange proposes to amend Flag 9 and add new Flag 10 to its fee schedule. At this time, NYSE Arca offers its Members a rebate of \$0.0021 for orders that add liquidity on Tapes A or C and a rebate of \$0.0022 for orders that add liquidity on Tape B. The Exchange proposes to amend Flag 9 to account for the pass-through of the NYSE Arca rebate for adding liquidity through Tapes A or C and to create Flag 10 to account for the pass-through of the NYSE Arca rebate for adding liquidity on Tape B. Finally, the Exchange proposes to make technical amendments to Flags N, 3, and 9 to replace the "and" connector with "or" (i.e., "Tapes A or C" instead of "Tapes A and C") to make these references accurate.

³ See EDGA Exchange Rule 11.9(b)(3)(n).

The Exchange proposes to add Flag PA for orders that utilize the midpoint routing strategy RMPT⁴ and add liquidity to EDGA. The Exchange proposes to assess a charge of \$0.0010 per share.

The Exchange proposes to add Flag PT for orders that utilize the midpoint routing strategy RMPT⁵ and remove liquidity. The Exchange proposes to assess a charge of \$0.0010 per share.

The Exchange proposes to add Flag PX for orders that utilize the midpoint routing strategy RMPT⁶ and are routed to other destinations on the Exchange's System routing table. The Exchange proposes to assess a charge of \$0.0020 per share.

In SR-EDGA-2011-39,⁷ the Exchange amended several routing options contained in Rule 11.9(b)(3) to allow Users⁸ more discretion if shares remain unexecuted after routing. In particular, Rule 11.9(b)(3)(c)(i)-(iii) was amended to provide that Users may elect that any remainder of an order be posted to another destination on the System routing table. In conjunction with this amendment, the Exchange proposes to create the following new flags:⁹

The Exchange proposes to add Flag RB for orders that are routed from EDGA to Nasdaq OMX BX and add liquidity. The Exchange proposes to assess a charge of \$0.0018 per share to account for the pass-through of the Nasdaq OMX BX fee for adding liquidity.

The Exchange proposes to add Flag RC for orders that are routed from EDGA to the National Stock Exchange, Inc. ("NSX") and add liquidity. The Exchange proposes to offer Members a rebate of \$0.0026 per share to account for the pass-through of the NSX rebate for adding liquidity.

The Exchange proposes to add Flag RM for orders that are routed from EDGA to the Chicago Stock Exchange, Inc. ("CHX") and add liquidity. The Exchange proposes to assess no charge to account for the pass-through of the CHX fee for adding liquidity.

The Exchange proposes to add Flag RS for orders that are routed from EDGA to the Nasdaq OMX PSX ("PSX") and add liquidity. The Exchange proposes to offer

⁴ See SR-EDGA-2012-06 (February 24, 2012).

⁵ Id.

⁶ Id.

⁷ See Securities Exchange Act Release No. 65902 (December 6, 2011), 76 FR 77286 (December 12, 2011).

⁸ As defined in EDGA Exchange Rule 1.5(cc).

⁹ These flags account for all postable destinations that are not already accounted for by other flags on the fee schedule.

Members a rebate of \$0.0024 per share to account for the pass-through of the PSX rebate for adding liquidity.

The Exchange proposes to add Flag RW for orders that are routed from EDGA to the CBOE Stock Exchange, LLC (“CBSX”) and add liquidity. The Exchange proposes to assess a charge of \$0.0017 per share to account for the pass-through of the CBSX fee for adding liquidity.

The Exchange proposes to add Flag RY for orders that are routed from EDGA to the BATS BYX and add liquidity. The Exchange proposes to assess a charge of \$0.0003 per share to account for the pass-through of the BATS BYX fee for adding liquidity.

The Exchange proposes to add Flag RZ for orders that are routed from EDGA to the BATS BZX that add liquidity. The Exchange proposes to offer Members a rebate of \$0.0025 per share to account for the pass-through of the BATS BZX rebate for adding liquidity to BATS BZX.

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

(b) Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Securities and Exchange Act of 1934 (the “Act”),¹⁰ in general, and furthers the objectives of Section 6(b)(4),¹¹ 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 proposed technical amendments to Footnotes 2 and 4 and Flags 3, 9, and N add additional transparency to its fee schedule for investors. The Exchange believes that the proposed technical amendments to Footnote 9 and Flag CL to include BATS BZX as one of the primary listing exchanges adds additional transparency to its fee schedule for investors as it brings the schedule up-to-date to account for a new listing exchange. The Exchange also believes that the amendments to Flags 8,9, and CL to remove the specific “ROOC routing strategy” from those flags descriptions provides additional transparency to the fee schedule by broadening those flags applicability to several routing strategies. This encourages Members to utilize the Exchange to route to various destinations. The Exchange believes that the proposed amendment to delete Flag H and replace it with Flags HA and HR support the quality of price discovery, promote market transparency and improve investor protection by adding additional transparency to its fee schedule for Members by more precisely delineating for Members whether they have posted hidden liquidity or removed hidden liquidity.

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(4).

In addition, the amendment to footnote 2 to allow Members that remove hidden liquidity (Flag HR), rather than just add hidden liquidity (Flag HA), to achieve a favorable rate of \$0.0010 per share opens this tier to those Members who remove hidden liquidity. The Exchange believes that providing an additional way to achieve the lower fee of \$0.0010 per share (instead of \$0.0030 per share) represents an equitable allocation of reasonable dues, fees, and other charges since it allows Members another means to achieve this lower fee and encourages Members to add to or remove liquidity from EDGA which is greater than 1,000,000 shares hidden on a daily basis. 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 lower fees.

The Exchange believes that the rate for flags PA/PT (the RMPT routing strategy adding/removing liquidity) is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other person using its facilities. The rate of \$0.0010 for Mid-Point Peg Orders routed through the RMPT routing strategy is equitable in that Mid-Point Peg Orders behave in a similar fashion to non-displayed orders, which are currently priced at \$0.0010 per share. Mid-Point Peg Orders like non-displayed orders are non-displayed orders that remain hidden on the Exchange's book at various price points. The rate is also comparable to fees for non-displayed liquidity on other exchanges. For example, Nasdaq OMX BX charges \$0.0018 to add non-displayed liquidity,¹² while BATS BYX charges \$0.001 to add non-displayed (hidden) liquidity to its order book.¹³ In addition, EDGA believes that it is reasonable and equitable to charge the same rates for non-displayed orders, and it is non-discriminatory because the charge will apply uniformly to all Members.

The Exchange believes the proposed fee of \$0.0020 associated with Flag PX is reasonable and equitable as it represents a flat rate charged by different exchanges and is consistent with how other exchanges pass through charges plus or minus a differential for orders routed to a different exchange. The rate represents a flat routing rate for EDGA members. The flat-rate provides simplicity for Members instead of passing through the actual rates that EDGA receives from various destinations on its schedule. This type of rate is similar to other rates that EDGA charges, such as the flat rates for the ROUT routing strategy (yielding Flag RT and priced at \$0.0025 per share) and for Flag 7 executions (\$0.0027 per share). In this rate, EDGA takes into account the rates that it is charged or rebated when routing to other destinations. It is also consistent with the processing of similar routing strategies by EDGA's competitors, such as Nasdaq's DOTM routing strategy¹⁴ for which Nasdaq charges \$0.0030 per share. The Exchange

¹² See Nasdaq OMX BX fee schedule at: http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing

¹³ See BATS BYX fee schedule at: <http://www.batstrading.com/FeeSchedule>

¹⁴ Nasdaq's DOTM routing strategy posts on a primary listing market for the open and then acts like Nasdaq's STGY routing strategy for the rest of the trading session. See NASDAQ Rule 4758 and NASDAQ Pricing List at:

believes that the proposed fee is non-discriminatory in that it applies uniformly to all Members.

In addition, the Exchange believes that the proposed pass-through of rates for Flags RZ, 9, 10, RB, RC, RM, RS, RW, and RY represent an equitable allocation or reasonable dues, fees and other charges since it reflects the pass-through of the rates associated with transactions done on other exchanges, as described above. In addition, EDGA believes that it is reasonable and equitable to pass-through certain rates to its Members. The Exchange also believes that the proposed pass-through of rates is non-discriminatory because they apply to all Members.

The Exchange also notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

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.

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 1SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EDGA-2012-07)

[Date]

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 29, 2012 the EDGA Exchange, Inc. (the "Exchange" or the "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its fees and rebates applicable to Members³ of the Exchange pursuant to EDGA Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGA Members. The text of the proposed rule change is

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.

available on the Exchange's Internet website at <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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

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

Purpose

The Exchange proposes to make a technical amendment to the description of Footnote 9 and Flag CL to reflect the Securities and Exchange Commission's ("SEC" or the "Commission") approval of the BATS BZX Exchange ("BATS BZX") as a primary listing exchange.⁴ Therefore, Footnote 9 will state that Flag O will be yielded and a fee of \$0.0005 per share will be assessed if an order is routed to NYSE Arca & BATS BZX's closing process. This fee in footnote 9 (\$0.0005 per share) gives a flat rate for the NYSE Arca & BATS BZX's closing processes, which is lower than other primary listing markets. Flag CL will apply to orders routed to a primary listing market's closing process except NYSE Arca and BATS BZX. In addition, the Exchange proposes to revise the descriptions on Flags CL, 8, and 9 to broaden their

⁴ See Securities and Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

applicability to several routing strategies rather than just ROOC.⁵ Therefore, the Exchange proposes that Flag CL state “Routed to listing market closing process except NYSE Arca & BATS BZX.” The Exchange proposes conforming amendments to Flags 8 and 9 to delete the ROOC routing strategy from the descriptions of these flags.

The Exchange proposes to delete Flag H, which represents all non-displayed orders that add or remove liquidity, and bifurcate it by replacing it with Flags HA and HR. Flag HA will identify all non-displayed orders that add liquidity to EDGA and the Exchange will assess a fee of \$0.0010 per share. Flag HR will identify all non-displayed orders that remove liquidity from EDGA and the Exchange will assess a fee of \$0.0010 per share. Additionally, footnote 2 is proposed to be revised to read “rate contingent upon Member adding or removing (emphasis added) greater than 1,000,000 shares hidden on a daily basis...” as both Flags HA and HR count toward this tier since they are both forms of hidden liquidity. This change allows Members who utilize both forms of hidden liquidity (add and remove) to satisfy this tier. Footnote 4 is proposed to be clarified that only non-displayed orders that add liquidity count toward the following tier listed there: “If a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume (“TCV”) in average daily volume on EDGA, including all non-displayed orders (H Flag), then the Member will receive a rebate of \$0.0005 per share. 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. If a Member, on a daily basis, measured monthly, posts more than .25% of the TCV on EDGA, including all non-displayed orders (H Flag), and removes more than .25% of

⁵ See EDGA Exchange Rule 11.9(b)(3)(n).

TCV in average daily volume, then the Member will receive a rebate of \$0.0005 per share.” To correspond with these changes, footnotes 2 and 4 are proposed to be appended to Flag HA and footnote 2 is proposed to be appended to Flag HR. Finally, the references to the yielded flags (B, H, V, Y, 3-4) in text of footnotes 2 and 4 are duplicative of the footnotes next to the applicable Flags in the fee schedule and are therefore proposed to be deleted to simplify the schedule.

The Exchange proposes to amend Flag 9 and add new Flag 10 to its fee schedule. At this time, NYSE Arca offers its Members a rebate of \$0.0021 for orders that add liquidity on Tapes A or C and a rebate of \$0.0022 for orders that add liquidity on Tape B. The Exchange proposes to amend Flag 9 to account for the pass-through of the NYSE Arca rebate for adding liquidity through Tapes A or C and to create Flag 10 to account for the pass-through of the NYSE Arca rebate for adding liquidity on Tape B. Finally, the Exchange proposes to make technical amendments to Flags N, 3, and 9 to replace the “and” connector with “or” (i.e., “Tapes A or C” instead of “Tapes A and C”) to make these references accurate.

The Exchange proposes to add Flag PA for orders that utilize the midpoint routing strategy RMPT⁶ and add liquidity to EDGA. The Exchange proposes to assess a charge of \$0.0010 per share.

The Exchange proposes to add Flag PT for orders that utilize the midpoint routing strategy RMPT⁷ and remove liquidity. The Exchange proposes to assess a charge of \$0.0010 per share.

⁶ See SR-EDGA-2012-06 (February 24, 2012).

⁷ Id.

The Exchange proposes to add Flag PX for orders that utilize the midpoint routing strategy RMPT⁸ and are routed to other destinations on the Exchange's System routing table. The Exchange proposes to assess a charge of \$0.0020 per share.

In SR-EDGA-2011-39,⁹ the Exchange amended several routing options contained in Rule 11.9(b)(3) to allow Users¹⁰ more discretion if shares remain unexecuted after routing. In particular, Rule 11.9(b)(3)(c)(i)-(iii) was amended to provide that Users may elect that any remainder of an order be posted to another destination on the System routing table. In conjunction with this amendment, the Exchange proposes to create the following new flags:¹¹

The Exchange proposes to add Flag RB for orders that are routed from EDGA to Nasdaq OMX BX and add liquidity. The Exchange proposes to assess a charge of \$0.0018 per share to account for the pass-through of the Nasdaq OMX BX fee for adding liquidity.

The Exchange proposes to add Flag RC for orders that are routed from EDGA to the National Stock Exchange, Inc. ("NSX") and add liquidity. The Exchange proposes to offer Members a rebate of \$0.0026 per share to account for the pass-through of the NSX rebate for adding liquidity.

⁸ Id.

⁹ See Securities Exchange Act Release No. 65902 (December 6, 2011), 76 FR 77286 (December 12, 2011).

¹⁰ As defined in EDGA Exchange Rule 1.5(cc).

¹¹ These flags account for all postable destinations that are not already accounted for by other flags on the fee schedule.

The Exchange proposes to add Flag RM for orders that are routed from EDGA to the Chicago Stock Exchange, Inc. (“CHX”) and add liquidity. The Exchange proposes to assess no charge to account for the pass-through of the CHX fee for adding liquidity.

The Exchange proposes to add Flag RS for orders that are routed from EDGA to the Nasdaq OMX PSX (“PSX”) and add liquidity. The Exchange proposes to offer Members a rebate of \$0.0024 per share to account for the pass-through of the PSX rebate for adding liquidity.

The Exchange proposes to add Flag RW for orders that are routed from EDGA to the CBOE Stock Exchange, LLC (“CBSX”) and add liquidity. The Exchange proposes to assess a charge of \$0.0017 per share to account for the pass-through of the CBSX fee for adding liquidity.

The Exchange proposes to add Flag RY for orders that are routed from EDGA to the BATS BYX and add liquidity. The Exchange proposes to assess a charge of \$0.0003 per share to account for the pass-through of the BATS BYX fee for adding liquidity.

The Exchange proposes to add Flag RZ for orders that are routed from EDGA to the BATS BZX that add liquidity. The Exchange proposes to offer Members a rebate of \$0.0025 per share to account for the pass-through of the BATS BZX rebate for adding liquidity to BATS BZX.

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

Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,¹² in general, and furthers the objectives of Section 6(b)(4),¹³ 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 proposed technical amendments to Footnotes 2 and 4 and Flags 3, 9, and N add additional transparency to its fee schedule for investors. The Exchange believes that the proposed technical amendments to Footnote 9 and Flag CL to include BATS BZX as one of the primary listing exchanges adds additional transparency to its fee schedule for investors as it brings the schedule up-to-date to account for a new listing exchange. The Exchange also believes that the amendments to Flags 8,9, and CL to remove the specific “ROOC routing strategy” from those flags descriptions provides additional transparency to the fee schedule by broadening those flags applicability to several routing strategies. This encourages Members to utilize the Exchange to route to various destinations. The Exchange believes that the proposed amendment to delete Flag H and replace it with Flags HA and HR support the quality of price discovery, promote market transparency and improve investor protection by adding additional transparency to its fee schedule for Members by more precisely delineating for Members whether they have posted hidden liquidity or removed hidden liquidity.

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(4).

In addition, the amendment to footnote 2 to allow Members that remove hidden liquidity (Flag HR), rather than just add hidden liquidity (Flag HA), to achieve a favorable rate of \$0.0010 per share opens this tier to those Members who remove hidden liquidity. The Exchange believes that providing an additional way to achieve the lower fee of \$0.0010 per share (instead of \$0.0030 per share) represents an equitable allocation of reasonable dues, fees, and other charges since it allows Members another means to achieve this lower fee and encourages Members to add to or remove liquidity from EDGA which is greater than 1,000,000 shares hidden on a daily basis. 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 lower fees.

The Exchange believes that the rate for flags PA/PT (the RMPT routing strategy adding/removing liquidity) is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other person using its facilities. The rate of \$0.0010 for Mid-Point Peg Orders routed through the RMPT routing strategy is equitable in that Mid-Point Peg Orders behave in a similar fashion to non-displayed orders, which are currently priced at \$0.0010 per share. Mid-Point Peg Orders like non-displayed orders are non-displayed orders that remain hidden on the Exchange's book at various price points. The rate is also comparable to fees for non-displayed liquidity on other exchanges. For example, Nasdaq OMX BX charges \$0.0018 to add non-displayed liquidity,¹⁴ while BATS BYX charges \$0.001 to add non-

¹⁴ See Nasdaq OMX BX fee schedule at:
http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing

displayed (hidden) liquidity to its order book.¹⁵ In addition, EDGA believes that it is reasonable and equitable to charge the same rates for non-displayed orders, and it is non-discriminatory because the charge will apply uniformly to all Members.

The Exchange believes the proposed fee of \$0.0020 associated with Flag PX is reasonable and equitable as it represents a flat rate charged by different exchanges and is consistent with how other exchanges pass through charges plus or minus a differential for orders routed to a different exchange. The rate represents a flat routing rate for EDGA members. The flat-rate provides simplicity for Members instead of passing through the actual rates that EDGA receives from various destinations on its schedule. This type of rate is similar to other rates that EDGA charges, such as the flat rates for the ROUT routing strategy (yielding Flag RT and priced at \$0.0025 per share) and for Flag 7 executions (\$0.0027 per share). In this rate, EDGA takes into account the rates that it is charged or rebated when routing to other destinations. It is also consistent with the processing of similar routing strategies by EDGA's competitors, such as Nasdaq's DOTM routing strategy¹⁶ for which Nasdaq charges \$0.0030 per share. The Exchange believes that the proposed fee is non-discriminatory in that it applies uniformly to all Members.

In addition, the Exchange believes that the proposed pass-through of rates for Flags RZ, 9, 10, RB, RC, RM, RS, RW, and RY represent an equitable allocation or reasonable dues, fees and other charges since it reflects the pass-through of the rates

¹⁵ See BATS BYX fee schedule at: <http://www.batstrading.com/FeeSchedule>

¹⁶ Nasdaq's DOTM routing strategy posts on a primary listing market for the open and then acts like Nasdaq's STGY routing strategy for the rest of the trading session. See NASDAQ Rule 4758 and NASDAQ Pricing List at: <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>

associated with transactions done on other exchanges, as described above. In addition, EDGA believes that it is reasonable and equitable to pass-through certain rates to its Members. The Exchange also believes that the proposed pass-through of rates is non-discriminatory because they apply to all Members.

The Exchange also notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

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

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

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3) of the Act¹⁷ and Rule 19b-4(f)(2)¹⁸ thereunder. At any time within 60 days of the filing of

¹⁷ 15 U.S.C. 78s(b)(3)(A).

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-EDGA-2012-07 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-EDGA-2012-07. 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

¹⁸ 17 CFR 19b-4(f)(2).

rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-EDGA-2012-07 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.¹⁹

Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Additions underlined

Deletions [bracketed]

EDGA Exchange Fee Schedule – Effective [February 13] March 1, 2012

Download in pdf format.

[The schedule can be downloaded in both excel and pdf formats.]

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

Category	Adding Liquidity	Removing Liquidity	Routing Liquidity
Securities at or above \$1.00	\$(0.0004) ⁴	\$0.0007 ^{1,a}	\$0.0029
Securities below \$1.00	FREE	FREE ^{1,a}	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] <u>NASDAQ</u> , adds liquidity	(0.0020)
B ⁴	Add liquidity to EDGA book (Tape B)	(0.0004)

C^{3,a}	Routed to [Nasdaq] BX, removes liquidity	(0.0005)
D^{3,a}	Routed or re-routed to NYSE, removes liquidity	0.0023
E	Customer internalization, per side	0.00015
F	Routed to NYSE, adds liquidity	(0.0015)
G	Routed to <u>NYSE Arca</u> [ARCA] (Tapes A & C), removes liquidity	0.0030
[H^{a,2,4}]	[Non-Displayed orders]	[0.0010]
I	Routed to EDGX	0.0029
J^{3,a}	Routed to [Nasdaq] <u>NASDAQ</u>, removes liquidity	0.0030
K	Routed to BATS BZX Exchange using ROBA routing strategy (EDGA + BATS) OR Routed to [Nasdaq] PSX using ROUC routing strategy	0.0025
L³	Routed to [Nasdaq] <u>NASDAQ</u> using INET routing strategy, removes liquidity (Tapes A & C)	0.0030
M^{6,a}	Add liquidity on LavaFlow	(0.0024)
N^{1,a}	Remove liquidity from EDGA book (Tapes B <u>or</u>[&] C)	0.0007
O^{5,a}	Routed to primary exchange's opening cross	0.0005
P	Adds liquidity on EDGX, including pre & post market	(0.0027)
Q	Routed using ROUQ or ROUC routing strategy	0.0020
R	Re-routed by exchange	0.0030
S	Directed ISO order	0.0032
T	Routed using ROUD/ROUE routing strategy	0.0012
U^{6,a}	Remove liquidity from LavaFlow	0.0029
V⁴	Add liquidity to EDGA book (Tape A)	(0.0004)
W^{1,a}	Remove liquidity from EDGA book (Tape A)	0.0007
X	Routed	0.0029

Y⁴	Add liquidity to EDGA book (Tape C)	(0.0004)
Z	Routed using ROUZ routing strategy	0.0010
2³	Routed to [Nasdaq] <u>NASDAQ</u> using INET routing strategy, removes liquidity (Tape B)	0.0030
3⁴	Add liquidity – pre & post market (Tapes A <u>or</u>[&] C)	(0.0004)
4⁴	Add liquidity – pre & post market (Tape B)	(0.0004)
5	Customer Internalization – pre & post market, per side	0.00015
6^{1,a}	Remove liquidity – pre & post market (All Tapes)	0.0007
7	Routed – pre & post market	0.0027
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 (Tapes A or C)	(0.0021)
<u>10</u>	<u>Routed to NYSE Arca, adds liquidity (Tape B)</u>	<u>(0.0022)</u>
BY¹²	Routed to BATS BYX Exchange, removes liquidity (using routing strategies ROUC, ROBY, ROBB, or ROCO)	(0.0002)
CL⁹	Routed to listing market closing process [using ROOC order type], except NYSE Arca & BATS BZX	0.0010
<u>HA^{a,2,4}</u>	<u>Non-Displayed Orders, adds liquidity</u>	<u>0.0010</u>
<u>HR^{a,2}</u>	<u>Non-Displayed Orders, removes liquidity</u>	<u>0.0010</u>
MT	Routed to EDGX MPM using IOCM or ROCO routing strategy	0.0012
OO	Direct Edge Opening	FREE
<u>PA</u>	<u>Mid Point Routing Strategy (RMPT), adds liquidity</u>	<u>0.0010</u>
<u>PT</u>	<u>Mid Point Routing Strategy (RMPT), removes liquidity</u>	<u>0.0010</u>
<u>PX</u>	<u>Mid Point Routing Strategy (RMPT), routed out</u>	<u>0.0020</u>

<u>RB</u>	<u>Routed to BX, adds liquidity</u>	<u>0.0018</u>
<u>RC</u>	<u>Routed to NSX, adds liquidity</u>	<u>(0.0026)</u>
<u>RM</u>	<u>Routed to CHX, adds liquidity</u>	<u>FREE</u>
<u>RR</u>	<u>Routed to EDGX using routing strategies IOCX or IOCT, removes liquidity</u>	<u>0.0029</u>
<u>RS</u>	<u>Routed to PSX, adds liquidity</u>	<u>(0.0024)</u>
<u>RT</u>¹⁰	<u>Routed using the ROUT or ROOC routing strategy</u>	<u>0.0025</u>
<u>RW</u>	<u>Routed to CBSX, adds liquidity</u>	<u>0.0017</u>
<u>RX</u>¹¹	<u>Routed using the ROUX routing strategy</u>	<u>0.0027</u>
<u>RY</u>	<u>Routed to BATS BYX, adds liquidity</u>	<u>0.0003</u>
<u>RZ</u>	<u>Routed to BATS BZX, adds liquidity</u>	<u>(0.0025)</u>
<u>SW</u>⁸	<u>Routed using SWPA/SWPB/SWPC routing strategies (except for removal of liquidity from NYSE)</u>	<u>0.0031</u>

¹ The removal rate on EDGA is contingent on the attributed MPID adding (including hidden) and/or routing a minimum average daily share volume, measured monthly, of 50,000 shares on EDGA. Any attributed MPID not meeting the aforementioned minimum will be charged \$0.0030 per share for removing liquidity from EDGA for securities priced \$1.00 and over and 0.20% of dollar value for securities priced less than \$1.00.

² Rate contingent upon Member adding or removing greater than 1,000,000 shares hidden on a daily basis [(yielding Flag H)], measured monthly or Member posting greater than 8,000,000 shares on a daily basis, measured monthly [(yielding Flags B,V, Y, 3 or 4)]. Members not meeting either minimum will be charged \$0.0030 per share.

³ Stocks priced below \$1.00 on the NYSE are charged \$0.0023 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] NASDAQ and removing liquidity in securities on all Tapes.

⁴ If a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume (“TCV”) in average daily volume on EDGA, including [all] non-displayed orders that add liquidity [(H Flag)], then the Member will receive a rebate of \$0.0005 per share. 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.

If a Member, on a daily basis, measured monthly, posts more than .25% of the TCV on EDGA, including [all] non-displayed orders that add liquidity [(H Flag)], and removes more than .25% of TCV in average daily volume, then the Member will receive a rebate of \$0.0005 per share.

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 Intentionally omitted.

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

⁹ A Flag “O” will be yielded and a fee of \$0.0005 per share will be assessed if an order is routed to NYSE Arca & BATS BZX’s closing process.

¹⁰ A Flag “RX” will be yielded and a fee of \$0.0027 per share will be assessed when an order is routed to EDGX Exchange using the ROUT routing strategy.

¹¹ A Flag “I” will be yielded and a fee of \$0.0030 per share will be assessed when an order is routed to EDGX Exchange.

¹² Stocks priced below \$1.00 are charged \$0.0010 per share.

^a Upon a Member’s request, EDGA will aggregate share volume calculations for wholly owned affiliates on a prospective basis.

^b Trading activity on days when the market closes early does not count toward volume tiers.

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