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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2012 - * 19
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)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☐ 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 introduce the Message Efficiency Incentive Program to its fee schedule and codify it in footnote c of the 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 * Jeffrey Last Name * Rosenstrock

Title * General Counsel

E-mail * jrosenstrock@directedge.com

Telephone * (201) 942-8295 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 05/29/2012

By Jeffrey Rosenstrock
(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.

jrosenstrock@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) EDGA Exchange, Inc. ("Exchange" or "EDGA") proposes to amend its fees and rebates applicable to Members[1] 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 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, Inc.
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 introduce the Message Efficiency Incentive Program ("MEIP") to its fee schedule and codify it in footnote c of the fee schedule. Under the MEIP, Members will receive standard rebates and tier rebates as provided on the EDGA fee schedule so long as the Member's average inbound message-to-trade ratio, measured monthly, is at or less than 100:1 for that month. The Exchange notes that the message-to-trade ratio is calculated by including total messages as the numerator (orders, cancels, and cancel/replace messages) and dividing it by total executions.[2] The Exchange also

[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] The Exchange notes that it counts only the first partial or complete execution resulting from an order if it is filled in parts. So, if a 1,000 share orders results in three partial executions of 400 shares, 300 shares, and 300 shares, it counts only

notes that any cancel/replace message, regardless of whether it is a partial cancel, is considered a new order. Members who do not satisfy this criteria will have their rebates reduced by $0.0001 per share, regardless of any tiers for which the Member would otherwise qualify.

The Exchange notes that Members sending fewer than 1 million messages per day are exempt from MEIP. Because of a Market Maker's[3] importance in liquidity provision and their ongoing obligations in Rule 11.21(d)[4] to maintain continuous two-sided interest, Members that are registered as Market Makers[5] will be exempt from the MEIP requirements in all securities provided that a Market Maker is registered in at least 100 securities over the course of a given month and is meeting its continuous, two-sided quoting obligations in those 100 securities as provided for in Rule 11.21(d) on at least 10 consecutive trading days in the month, where the Exchange believes that 10 days represents a consistent quoting obligation from the Member.[6] Because a Member's trading activity is not segregated by market participant identifiers (MPID), the Market Making exemption applies to the parent firm and all wholly owned affiliates upon the satisfaction of the Market Maker exemption criteria by one MPID. All MPIDs that are wholly-owned affiliates are exempt from the MEIP as long as one MPID satisfies the criteria for an exemption under market making. In recognition of the value that the Exchange derives from such market making, any Member that meets the market making obligations pursuant to Rule 11.21(d) on at least 10 consecutive trading days in the month will be exempt from a MEIP rebate reduction.

The Exchange may exclude one or more days of data for purposes of calculating the message-to-trade ratio for a Member if the Exchange determines, in its sole discretion, that one or more Members or the Exchange experienced a bona fide systems problem.[7] Any Member seeking relief as a result of a systems problem will be required

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the first execution of 400 shares toward the denominator. Thus, the Exchange counts all fills against an order as one trade for purposes of "total executions."

3 As defined in Rule 1.5(l).

4 Rule 11.21(d) provides that "For each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation") that is displayed in the Exchange's System at all times."

5 Registration requirements for Market Makers are outlined in Rule 11.20.

6 The Exchange notes that all registered Market Makers are obligated to meet continuous, two-sided quoting obligations under Rule 11.21(d) whether or not they qualify for the exemption under the MEIP.

7 An example of bona fide systems problem includes, but is not limited to, an Exchange systems problem that causes a Member to continually attempt to update or withdraw its orders, generating a large volume of traffic. In those cases, where

to notify the Exchange via e-mail with a description of the systems problem. The Exchange shall keep a record of all such requests and whether the request was deemed by the Exchange to be a bona fide systems problem resulting in waiving that day's activity from the calculation of the message-to-trade ratio.

The Exchange proposes to implement these amendments to its fee schedule on June 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"),[8] in general, and furthers the objectives of Section 6(b)(4),[9] 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 MEIP 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 MEIP will promote a more efficient marketplace and enhance the trading experience of all Members by encouraging Members to more efficiently participate in the marketplace, ensuring that systems capacity/bandwidth is utilized efficiently while still encouraging the provision of liquidity in volatile, high-volume markets and provide Members with order management flexibility. Unfettered growth in bandwidth consumption can have a detrimental effect on all market participants who are potentially compelled to upgrade capacity as a result of the bandwidth usage of other participants. All Members are still free to manage their order and message flow as is consistent with their business models. However, Members who more efficiently participate by sending average monthly inbound message-to-trade ratios of equal to or less than 100:1 for that month are rewarded with the standard rebates and tiered fees provided in the fee schedule. The Exchange believes that this will promote a more efficient marketplace, encourage liquidity provision and enhance the trading experience of all Members on an ongoing basis. The Exchange notes that its technology and infrastructure are still able to handle high-volume and high-volatility situations for those Members that do not satisfy the criteria of the MEIP. The Exchange believes that the proposal is equitable and non-discriminatory in that it applies uniformly

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the bona fide systems problem is at the Exchange, the Exchange will exclude the day's activity from the calculation of the message-to-trade ratio for all Members that were impacted by the bona fide systems problem. See Securities Exchange Act Release No. 65341 (September 14, 2011), 76 FR 58555 (September 21, 2011) (SR-NYSEAmex-2011-68) for substantially similar exclusions from their "Messages Fee."

[8] 15 U.S.C. 78f.

[9] 15 U.S.C. 78f(b)(4).

to all Members, except with respect to its Members that are registered as Market Makers who meet certain criteria, as discussed in more detail below.

The MEIP is also reasonable in that it is similar to other programs offered by equities exchanges, namely Nasdaq OMX ("Nasdaq"), NYSE, and NYSE Arca. The Exchange believes the MEIP encourages Members to avoid sending extraneous messages to the Exchange's system and thereby encourages more efficient amounts of liquidity to be added to EDGA each month. The Exchange believes that the MEIP will thus discourage trading practices that offer little benefit from liquidity posted to or routed through the EDGA book that may place unwarranted burdens on EDGA's systems. Such increased "efficient" volume lowers operational, bandwidth, and surveillance costs of the Exchange and promotes more relevant quotes, which may result in lower per share costs for all Members. The increased liquidity also benefits all investors by deepening EDGA'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.

In addition, the rebate is also reasonable in that other exchanges likewise employ similar pricing mechanisms. For example, Nasdaq[10] and NYSE Arca[11] offer investor

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10 See Nasdaq Rule 7014. Similarly, Nasdaq established an Investor Support Program ("ISP") targeting retail and institutional investor orders where firms receive a higher rebate if they meet all of the following criteria: 1) Add at least 10 million shares of liquidity per day via ISP-designated ports; 2) Maintain a ratio of orders-to-orders executed of less than 10 to 1 (counting only liquidity-providing orders and excluding certain order types) on ISP-designated ports; 3) Exceed the firm's August 2010/2011 "baseline" volume of liquidity added across all the firm's ports. For a detailed description of the Investor Support Program as originally implemented, see Securities Exchange Act Release No. 63270 (November 8, 2010), 75 FR 69489 (November 12, 2010) (SR-Nasdaq-2010-141) (notice of filing and immediate effectiveness) (the "ISP Filing"). See also Securities Exchange Act Release Nos. 63414 (December 2, 2010), 75 FR 76505 (December 8, 2010) (SR-Nasdaq-2010-153) (notice of filing and immediate effectiveness); 63628 (January 3, 2011), 76 FR 1201 (January 7, 2011) (SR-Nasdaq-2010-154) (notice of filing and immediate effectiveness); 63891 (February 11, 2011), 76 FR 9384 (February 17, 2011) (SR-Nasdaq-2011-022) (notice of filing and immediate effectiveness); and 64050 (March 8, 2011), 76 FR 13694 (March 14, 2011) (SR-Nasdaq-2011-034). See also Securities Exchange Act Release No. 65717 (November 9, 2011), 76 FR 70784 (November 15, 2011) (SR- Nasdaq-2011-150).

11 NYSE Arca also implemented investor tiers where they allow Members to earn a credit of $ 0.0032 per share for executed orders that provide liquidity to the Book for Tape A, Tape B and Tape C securities when they meet all of the following criteria on a monthly basis: 1) Maintain a ratio of cancelled orders to total orders of less than 30%; 2) Maintain a ratio of executed liquidity adding volume to total volume of greater than 80%; and 3) Firms must add liquidity that represents 0.45% or more of the total US average daily consolidated share volume ("ADV")

support programs and investor tiers, respectively. Such programs reward liquidity provision attributes and encourage price discovery by encouraging a low cancellation rate on liquidity-providing orders. MEIP is similar to Nasdaq's/NYSE Arca's programs in they both encourage efficient liquidity provision. It is similar to Nasdaq's Investor Support Program in that for Nasdaq members to qualify, among a firm's liquidity-providing orders, it must maintain a ratio of "orders" to "orders executed" of less than ten to one (i.e., at least one out of every ten liquidity-providing orders submitted must be executed rather than cancelled). Similarly, NYSE Arca's investor tiers require its members to maintain a ratio of cancelled orders to total orders of less than 30% and maintain a ratio of executed liquidity adding volume to total volume of greater than 80%, among other criteria. The MEIP is similar to NYSE Arca's investor tiers in that like NYSE Arca's investor tiers, the Exchange's goal is to incentivize Members to maintain low cancellation rates and provide liquidity that supports the quality of price discovery and promotes market transparency. In addition, similar to the investor tiers of NYSE Arca, the MEIP "reward[s] providers whose orders stay on the [b]ook and do not rapidly cancel a large portion of their orders placed, which makes the price discovery process more efficient and results in higher fill rates, greater depth and lower volatility. It serves to encourage customers to post orders that are more likely to be executed."[12]

The MEIP is also similar to Nasdaq's "excessive message fee", in which Nasdaq charges a per order fee for its members that make inefficient use of certain features of Nasdaq's routing facility.[13] When Nasdaq members route to the NYSE after having their orders check the Nasdaq book, they may designate their orders as eligible for posting to the Nasdaq book after accessing available liquidity at NYSE and elsewhere, or they may designate their orders for posting the NYSE book. Nasdaq's excessive message fee applies to round lot or mixed lot orders that attempt to execute on Nasdaq for the full size of the order prior to routing, but that are designated as not eligible to post on Nasdaq ("DOTI Orders"). If a member sends an average of more than 10,000 DOTI Orders per day during the month, and the ratio between total DOTI Orders and DOTI Orders that are fully or partially executed (either at Nasdaq or NYSE) exceeds 300 to 1, then the Nasdaq member will be charged a fee of $ 0.01 for each order that exceeds the ratio.

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per month (volume on days when the market closes early is excluded from the calculation of ADV). See Securities Exchange Act Release No. 64593 (June 3, 2011), 76 FR 33380 (June 8, 2011) (SR-NYSEArca-2011-34); Securities Exchange Act Release No. 66115 (January 6, 2012), 77 FR 1969 (January 12, 2012) (SR-NYSEArca-2011-101) (notice of filing and immediate effectiveness of a proposed rule change replacing numerical thresholds with percentage thresholds for the Investor Tiers' volume requirements). See also Securities Exchange Act Release No. 66378 (February 10, 2012), 77 FR 9278 (February 16, 2012) (SR-NYSEArca-2012-13).

12 See Securities Exchange Act Release No. 64593 (June 3, 2011), 74 FR 33380 (June 8, 2011) (SR-NYSEArca-2011-34).

13 See Securities Exchange Act Release No. 59455 (February 25, 2009), 74 FR 9457 (March 4, 2009) (SR-Nasdaq-2009-013).

Similar to the Exchange, Nasdaq introduced the excessive message fee to encourage more efficient liquidity provision – namely, "to address the practice of [its] members routing an order to the NYSE book through NASDAQ and quickly cancelling the order and resubmitting it at a different price if it does not execute within a short period of time. The practice offers no benefits in terms of liquidity posted to the NASDAQ book or execution or routing revenues, and could place unwarranted burdens on NASDAQ routing systems."[14] Nasdaq stated that "Members wishing to continue to use this routing strategy may do so through other means of routing to NYSE, but will be discouraged from doing so through NASDAQ systems."[15] The Exchange shares these same objectives in introducing MEIP.

The MEIP is also similar to the NYSE Amex options exchange's "Messages Fee," which promotes efficient usage of system capacity by assessing a fee against its members that enter excessive amounts of orders and quotes that produce little or no volume based on the ratio of quotes and orders to contracts traded. Like NYSE Amex, the Exchange believes it is in the best interest of all Members who access its markets to encourage efficient usage of capacity.[16] In addition, the MEIP is also similar to a host of other options exchanges that assess cancellation fees based on the number of order cancellations, as such high cancellations increases these market centers' costs by requiring them to spend increased amounts on systems and other hardware to process increased order traffic flow.[17]

Finally, the lower rebates offered to Members who do not satisfy the MEIP criteria allows the Exchange to recoup costs associated with the higher costs of surveillance, data, storage, bandwidth, and other infrastructure associated with higher message traffic compared to those Members with lower message traffic. The Exchange believes it to be equitable for Members to get lower rebates when their higher message traffic causes the Exchange to incur higher costs and for Members to receive higher rebates when their message traffic causes the Exchange to incur lower costs.

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[14] Id.

[15] Id.

[16] See Securities Exchange Act Release No. 64655 (June 13, 2011), 76 FR 35495 (June 17, 2011) (SR-NYSEAmex-2011-37); See also Securities Exchange Act Release No. 65341 (September 14, 2011), 76 FR 58555 (September 21, 2011) (SR-NYSEAmex-2011-68).

[17] See Securities and Exchange Act Release No. 62744 (August 19, 2010), 75 FR 52558 (August 26, 2010) (SR-Phlx-2010-105); Securities and Exchange Act Release No. 53226 (February 3, 2006), 71 FR 7602 (February 13, 2006) (SR-Phlx-2005-92); Securities and Exchange Act Release No. 49802 (June 3, 2004), 69 FR 32391 (June 9, 2004) (SR-PCX-2004-31); Securities and Exchange Act Release No. 46189 (July 11, 2002), 67 FR 47587 (July 19, 2002) (SR-ISE-2002-16); Securities and Exchange Act Release No. 44607 (July 27, 2001), 66 FR 40757 (August 3, 2001) (SR-CBOE-2001-40).

The Exchange believes that the proposal is allocated in a reasonable and equitable manner because it exempts Members that are registered as Market Makers that contribute to market quality by providing higher volumes of liquidity and have enhanced obligations under Exchange Rule 11.21(d) to maintain fair and orderly markets and quote continuous, two-sided markets. The proposal is equitable because it provides 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. The Exchange believes that allowing Market Makers to be exempt from the MEIP will attract additional order flow and liquidity to the Exchange. This concept is similar to the structure of varying rebate schedules on other exchanges, where it is common to tie rebates to market making obligations. For example, rewarding Market Makers with better rebates tied to their market making obligations is consistent with how Supplemental Liquidity Providers ("SLPs") and Designated Market Makers ("DMMs") are rebated on NYSE[18] and Lead Market Makers ("LMMs") are rebated on NYSE Arca.[19] NYSE offers rebates to Designated Market Makers ranging from $0.0004 per share to $0.0035 per share and to Supplemental Liquidity Providers ranging from $0.0010 per share to $0.0024 per share. NYSE Arca offers rebates to its market makers ranging from $0.001 per share to $0.0015 per share and to its Lead Market Makers ranging from $0.004 per share to $0.0045 per share. In addition, the NYSE Amex's messages to contracts traded ratio fee allows its market makers to have incentives, but incorporate a higher level of message traffic before its fees take effect. Like the Exchange, NYSE Amex felt that the "higher level of free message traffic [was] appropriate due to the quoting obligations incurred by market makers and their importance as liquidity providers in the options market."[20] In addition, Members that send less than 1 million messages/day are exempt from this reduction in rebate under the MEIP as well. The Exchange believes this to be equitable and reasonable since those Members do not have a large cumulative effect on the Exchange's message traffic and thus the Exchange's operational, surveillance, and administrative costs are lower for those Members than those Members with higher message traffic.

Thus, the Exchange believes that the MEIP's fees among its Members are uniform except with respect to reasonable and well-established distinctions with respect to market making and Members with lower message traffic (those that send less than 1 million messages/day). These distinctions or analogous versions of them have been previously filed with the Commission.[21]

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18 See NYSE Price List 2012.

19 See NYSE Arca Equities, Inc. Schedule of Fees and Charges for Exchange Services.

20 See Securities Exchange Act Release No. 64655 (June 13, 2011), 76 FR 35495 (June 17, 2011) (SR-NYSEAmex-2011-37).

21 Id. See also supra notes 13-15, 18-21 (NYSE Amex assesses a messages fee if the certain of its members exceed one billion quotes and/or orders ("messages"); Nasdaq assesses its excessive message fee if a member sends an

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 encourage 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, except with respect to Market Makers for the reasons cited above. 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)(ii)[22] and paragraph (f)(2) of Rule 19b-4 thereunder.[23]

(c) Inapplicable.

(d) Inapplicable.

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average of more than 10,000 DOTI Orders per day during the month, and the ratio between total DOTI Orders and DOTI Orders that are fully or partially executed (either at Nasdaq or NYSE) exceeds 300 to 1.)

[22] 15 U.S.C. 78s(b)(3)(A)(ii).

[23] 17 CFR 240.19b-4(f)(2).

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-EDGA-2012-19)

[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 May 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 Members[3] 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

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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.

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 introduce the Message Efficiency Incentive Program ("MEIP") to its fee schedule and codify it in footnote c of the fee schedule. Under the MEIP, Members will receive standard rebates and tier rebates as provided on the EDGA fee schedule so long as the Member's average inbound message-to-trade ratio, measured monthly, is at or less than 100:1 for that month. The Exchange notes that the message-to-trade ratio is calculated by including total messages as the numerator (orders, cancels, and cancel/replace messages) and dividing it by total executions.[4] The Exchange also notes that any cancel/replace message, regardless of whether it is a

4 The Exchange notes that it counts only the first partial or complete execution resulting from an order if it is filled in parts. So, if a 1,000 share orders results in three partial executions of 400 shares, 300 shares, and 300 shares, it counts only the first execution of 400 shares toward the denominator. Thus, the Exchange counts all fills against an order as one trade for purposes of "total executions."

partial cancel, is considered a new order. Members who do not satisfy this criteria will have their rebates reduced by $0.0001 per share, regardless of any tiers for which the Member would otherwise qualify.

The Exchange notes that Members sending fewer than 1 million messages per day are exempt from MEIP. Because of a Market Maker's[5] importance in liquidity provision and their ongoing obligations in Rule 11.21(d)[6] to maintain continuous two-sided interest, Members that are registered as Market Makers[7] will be exempt from the MEIP requirements in all securities provided that a Market Maker is registered in at least 100 securities over the course of a given month and is meeting its continuous, two-sided quoting obligations in those 100 securities as provided for in Rule 11.21(d) on at least 10 consecutive trading days in the month, where the Exchange believes that 10 days represents a consistent quoting obligation from the Member.[8] Because a Member's trading activity is not segregated by market participant identifiers (MPID), the Market Making exemption applies to the parent firm and all wholly owned affiliates upon the satisfaction of the Market Maker exemption criteria by one MPID. All MPIDs that are wholly-owned affiliates are exempt from the MEIP as long as one MPID satisfies the criteria for an exemption under market making. In recognition of the value

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5 As defined in Rule 1.5(l).

6 Rule 11.21(d) provides that "For each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation") that is displayed in the Exchange's System at all times."

7 Registration requirements for Market Makers are outlined in Rule 11.20.

8 The Exchange notes that all registered Market Makers are obligated to meet continuous, two-sided quoting obligations under Rule 11.21(d) whether or not they qualify for the exemption under the MEIP.

that the Exchange derives from such market making, any Member that meets the market making obligations pursuant to Rule 11.21(d) on at least 10 consecutive trading days in the month will be exempt from a MEIP rebate reduction.

The Exchange may exclude one or more days of data for purposes of calculating the message-to-trade ratio for a Member if the Exchange determines, in its sole discretion, that one or more Members or the Exchange experienced a bona fide systems problem.[9] Any Member seeking relief as a result of a systems problem will be required to notify the Exchange via e-mail with a description of the systems problem. The Exchange shall keep a record of all such requests and whether the request was deemed by the Exchange to be a bona fide systems problem resulting in waiving that day's activity from the calculation of the message-to-trade ratio.

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

Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of 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

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9 An example of bona fide systems problem includes, but is not limited to, an Exchange systems problem that causes a Member to continually attempt to update or withdraw its orders, generating a large volume of traffic. In those cases, where the bona fide systems problem is at the Exchange, the Exchange will exclude the day's activity from the calculation of the message-to-trade ratio for all Members that were impacted by the bona fide systems problem. See Securities Exchange Act Release No. 65341 (September 14, 2011), 76 FR 58555 (September 21, 2011) (SR-NYSEAmex-2011-68) for substantially similar exclusions from their "Messages Fee."

10 15 U.S.C. 78f.

11 15 U.S.C. 78f(b)(4).

reasonable dues, fees and other charges among its members and other persons using its facilities.

The Exchange believes that the MEIP 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 MEIP will promote a more efficient marketplace and enhance the trading experience of all Members by encouraging Members to more efficiently participate in the marketplace, ensuring that systems capacity/bandwidth is utilized efficiently while still encouraging the provision of liquidity in volatile, high-volume markets and provide Members with order management flexibility. Unfettered growth in bandwidth consumption can have a detrimental effect on all market participants who are potentially compelled to upgrade capacity as a result of the bandwidth usage of other participants. All Members are still free to manage their order and message flow as is consistent with their business models. However, Members who more efficiently participate by sending average monthly inbound message-to-trade ratios of equal to or less than 100:1 for that month are rewarded with the standard rebates and tiered fees provided in the fee schedule. The Exchange believes that this will promote a more efficient marketplace, encourage liquidity provision and enhance the trading experience of all Members on an ongoing basis. The Exchange notes that its technology and infrastructure are still able to handle high-volume and high-volatility situations for those Members that do not satisfy the criteria of the MEIP. The Exchange believes that the proposal is equitable and non-discriminatory in that it applies uniformly to all Members, except with respect to its Members that are registered as Market Makers who meet certain criteria, as discussed in more detail below.

The MEIP is also reasonable in that it is similar to other programs offered by equities exchanges, namely Nasdaq OMX ("Nasdaq"), NYSE, and NYSE Arca. The Exchange believes the MEIP encourages Members to avoid sending extraneous messages to the Exchange's system and thereby encourages more efficient amounts of liquidity to be added to EDGA each month. The Exchange believes that the MEIP will thus discourage trading practices that offer little benefit from liquidity posted to or routed through the EDGA book that may place unwarranted burdens on EDGA's systems. Such increased "efficient" volume lowers operational, bandwidth, and surveillance costs of the Exchange and promotes more relevant quotes, which may result in lower per share costs for all Members. The increased liquidity also benefits all investors by deepening EDGA'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.

In addition, the rebate is also reasonable in that other exchanges likewise employ similar pricing mechanisms. For example, Nasdaq[12] and NYSE Arca[13] offer

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[12] See Nasdaq Rule 7014. Similarly, Nasdaq established an Investor Support Program ("ISP") targeting retail and institutional investor orders where firms receive a higher rebate if they meet all of the following criteria: 1) Add at least 10 million shares of liquidity per day via ISP-designated ports; 2) Maintain a ratio of orders-to-orders executed of less than 10 to 1 (counting only liquidity-providing orders and excluding certain order types) on ISP-designated ports; 3) Exceed the firm's August 2010/2011 "baseline" volume of liquidity added across all the firm's ports. For a detailed description of the Investor Support Program as originally implemented, see Securities Exchange Act Release No. 63270 (November 8, 2010), 75 FR 69489 (November 12, 2010) (SR-Nasdaq-2010-141) (notice of filing and immediate effectiveness) (the "ISP Filing"). See also Securities Exchange Act Release Nos. 63414 (December 2, 2010), 75 FR 76505 (December 8, 2010) (SR-Nasdaq-2010-153) (notice of filing and immediate effectiveness); 63628 (January 3, 2011), 76 FR 1201 (January 7, 2011) (SR-Nasdaq-2010-154) (notice of filing and immediate effectiveness); 63891 (February 11, 2011), 76 FR 9384 (February 17, 2011) (SR-Nasdaq-2011-022) (notice of filing and immediate effectiveness); and 64050 (March 8,

investor support programs and investor tiers, respectively. Such programs reward liquidity provision attributes and encourage price discovery by encouraging a low cancellation rate on liquidity-providing orders. MEIP is similar to Nasdaq's/NYSE Arca's programs in they both encourage efficient liquidity provision. It is similar to Nasdaq's Investor Support Program in that for Nasdaq members to qualify, among a firm's liquidity-providing orders, it must maintain a ratio of "orders" to "orders executed" of less than ten to one (i.e., at least one out of every ten liquidity-providing orders submitted must be executed rather than cancelled). Similarly, NYSE Arca's investor tiers require its members to maintain a ratio of cancelled orders to total orders of less than 30% and maintain a ratio of executed liquidity adding volume to total volume of greater than 80%, among other criteria. The MEIP is similar to NYSE Arca's investor tiers in that like NYSE Arca's investor tiers, the Exchange's goal is to incentivize Members to maintain low cancellation rates and provide liquidity that

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2011), 76 FR 13694 (March 14, 2011) (SR-Nasdaq-2011-034). See also Securities Exchange Act Release No. 65717 (November 9, 2011), 76 FR 70784 (November 15, 2011) (SR- Nasdaq-2011-150).

[13] NYSE Arca also implemented investor tiers where they allow Members to earn a credit of $ 0.0032 per share for executed orders that provide liquidity to the Book for Tape A, Tape B and Tape C securities when they meet all of the following criteria on a monthly basis: 1) Maintain a ratio of cancelled orders to total orders of less than 30%; 2) Maintain a ratio of executed liquidity adding volume to total volume of greater than 80%; and 3) Firms must add liquidity that represents 0.45% or more of the total US average daily consolidated share volume ("ADV") per month (volume on days when the market closes early is excluded from the calculation of ADV). See Securities Exchange Act Release No. 64593 (June 3, 2011), 76 FR 33380 (June 8, 2011) (SR-NYSEArca-2011-34); Securities Exchange Act Release No. 66115 (January 6, 2012), 77 FR 1969 (January 12, 2012) (SR-NYSEArca-2011-101) (notice of filing and immediate effectiveness of a proposed rule change replacing numerical thresholds with percentage thresholds for the Investor Tiers' volume requirements). See also Securities Exchange Act Release No. 66378 (February 10, 2012), 77 FR 9278 (February 16, 2012) (SR-NYSEArca-2012-13).

supports the quality of price discovery and promotes market transparency. In addition, similar to the investor tiers of NYSE Arca, the MEIP “reward[s] providers whose orders stay on the [b]ook and do not rapidly cancel a large portion of their orders placed, which makes the price discovery process more efficient and results in higher fill rates, greater depth and lower volatility. It serves to encourage customers to post orders that are more likely to be executed.”[14]

The MEIP is also similar to Nasdaq’s “excessive message fee”, in which Nasdaq charges a per order fee for its members that make inefficient use of certain features of Nasdaq’s routing facility.[15] When Nasdaq members route to the NYSE after having their orders check the Nasdaq book, they may designate their orders as eligible for posting to the Nasdaq book after accessing available liquidity at NYSE and elsewhere, or they may designate their orders for posting the NYSE book. Nasdaq’s excessive message fee applies to round lot or mixed lot orders that attempt to execute on Nasdaq for the full size of the order prior to routing, but that are designated as not eligible to post on Nasdaq ("DOTI Orders"). If a member sends an average of more than 10,000 DOTI Orders per day during the month, and the ratio between total DOTI Orders and DOTI Orders that are fully or partially executed (either at Nasdaq or NYSE) exceeds 300 to 1, then the Nasdaq member will be charged a fee of $ 0.01 for each order that exceeds the ratio.

Similar to the Exchange, Nasdaq introduced the excessive message fee to encourage more efficient liquidity provision – namely, “to address the practice of [its]

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14 See Securities Exchange Act Release No. 64593 (June 3, 2011), 74 FR 33380 (June 8, 2011) (SR-NYSEArca-2011-34).

15 See Securities Exchange Act Release No. 59455 (February 25, 2009), 74 FR 9457 (March 4, 2009) (SR-Nasdaq-2009-013).

members routing an order to the NYSE book through NASDAQ and quickly cancelling the order and resubmitting it at a different price if it does not execute within a short period of time. The practice offers no benefits in terms of liquidity posted to the NASDAQ book or execution or routing revenues, and could place unwarranted burdens on NASDAQ routing systems."[16] Nasdaq stated that "Members wishing to continue to use this routing strategy may do so through other means of routing to NYSE, but will be discouraged from doing so through NASDAQ systems."[17] The Exchange shares these same objectives in introducing MEIP.

The MEIP is also similar to the NYSE Amex options exchange's "Messages Fee," which promotes efficient usage of system capacity by assessing a fee against its members that enter excessive amounts of orders and quotes that produce little or no volume based on the ratio of quotes and orders to contracts traded. Like NYSE Amex, the Exchange believes it is in the best interest of all Members who access its markets to encourage efficient usage of capacity.[18] In addition, the MEIP is also similar to a host of other options exchanges that assess cancellation fees based on the number of order cancellations, as such high cancellations increases these market centers' costs by requiring them to spend increased amounts on systems and other hardware to process increased order traffic flow.[19]

16 Id.

17 Id.

18 See Securities Exchange Act Release No. 64655 (June 13, 2011), 76 FR 35495 (June 17, 2011) (SR-NYSEAmex-2011-37); See also Securities Exchange Act Release No. 65341 (September 14, 2011), 76 FR 58555 (September 21, 2011) (SR-NYSEAmex-2011-68).

19 See Securities and Exchange Act Release No. 62744 (August 19, 2010), 75 FR 52558 (August 26, 2010) (SR-Phlx-2010-105); Securities and Exchange Act

Finally, the lower rebates offered to Members who do not satisfy the MEIP criteria allows the Exchange to recoup costs associated with the higher costs of surveillance, data, storage, bandwidth, and other infrastructure associated with higher message traffic compared to those Members with lower message traffic. The Exchange believes it to be equitable for Members to get lower rebates when their higher message traffic causes the Exchange to incur higher costs and for Members to receive higher rebates when their message traffic causes the Exchange to incur lower costs.

The Exchange believes that the proposal is allocated in a reasonable and equitable manner because it exempts Members that are registered as Market Makers that contribute to market quality by providing higher volumes of liquidity and have enhanced obligations under Exchange Rule 11.21(d) to maintain fair and orderly markets and quote continuous, two-sided markets. The proposal is equitable because it provides 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. The Exchange believes that allowing Market Makers to be exempt from the MEIP will attract additional order flow and liquidity to the Exchange. This concept is similar to the structure of varying rebate schedules on other exchanges, where it is common to tie rebates to market making obligations. For example, rewarding Market Makers with better rebates tied to their market making

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Release No. 53226 (February 3, 2006), 71 FR 7602 (February 13, 2006) (SR-Phlx-2005-92); Securities and Exchange Act Release No. 49802 (June 3, 2004), 69 FR 32391 (June 9, 2004) (SR-PCX-2004-31); Securities and Exchange Act Release No. 46189 (July 11, 2002), 67 FR 47587 (July 19, 2002) (SR-ISE-2002-16); Securities and Exchange Act Release No. 44607 (July 27, 2001), 66 FR 40757 (August 3, 2001) (SR-CBOE-2001-40).

obligations is consistent with how Supplemental Liquidity Providers ("SLPs") and Designated Market Makers ("DMMs") are rebated on NYSE[20] and Lead Market Makers ("LMMs") are rebated on NYSE Arca.[21] NYSE offers rebates to Designated Market Makers ranging from $0.0004 per share to $0.0035 per share and to Supplemental Liquidity Providers ranging from $0.0010 per share to $0.0024 per share. NYSE Arca offers rebates to its market makers ranging from $0.001 per share to $0.0015 per share and to its Lead Market Makers ranging from $0.004 per share to $0.0045 per share. In addition, the NYSE Amex's messages to contracts traded ratio fee allows its market makers to have incentives, but incorporate a higher level of message traffic before its fees take effect. Like the Exchange, NYSE Amex felt that the "higher level of free message traffic [was] appropriate due to the quoting obligations incurred by market makers and their importance as liquidity providers in the options market."[22] In addition, Members that send less than 1 million messages/day are exempt from this reduction in rebate under the MEIP as well. The Exchange believes this to be equitable and reasonable since those Members do not have a large cumulative effect on the Exchange's message traffic and thus the Exchange's operational, surveillance, and administrative costs are lower for those Members than those Members with higher message traffic.

Thus, the Exchange believes that the MEIP's fees among its Members are uniform except with respect to reasonable and well-established distinctions with respect

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20 See NYSE Price List 2012.

21 See NYSE Arca Equities, Inc. Schedule of Fees and Charges for Exchange Services.

22 See Securities Exchange Act Release No. 64655 (June 13, 2011), 76 FR 35495 (June 17, 2011) (SR-NYSEAmex-2011-37).

to market making and Members with lower message traffic (those that send less than 1 million messages/day). These distinctions or analogous versions of them have been previously filed with the Commission.[23]

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 encourage 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, except with respect to Market Makers for the reasons cited above. 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.

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[23] Id. See also supra notes 13-15, 18-21 (NYSE Amex assesses a messages fee if the certain of its members exceed one billion quotes and/or orders ("messages"); Nasdaq assesses its excessive message fee if a member sends an average of more than 10,000 DOTI Orders per day during the month, and the ratio between total DOTI Orders and DOTI Orders that are fully or partially executed (either at Nasdaq or NYSE) exceeds 300 to 1.)

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[24] and Rule 19b-4(f)(2)[25] thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an E-mail to rule-comments@sec.gov. Please include File No. SR-EDGA-2012-19 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-2012-19. This file number should be included on the subject line if e-mail is used. To help the

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24 15 U.S.C. 78s(b)(3)(A).

25 17 CFR 19b-4(f)(2).

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-EDGA-2012-19 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.[26]

Secretary

[26] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Additions underlined

Deletions [bracketed]

EDGA Exchange Fee Schedule – Effective [May] June 1, 2012

Download in pdf format.

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	$(0.0003)[4, c]	$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, adds liquidity	(0.0020)
B[4]	Add liquidity to EDGA book (Tape B)	(0.0003)
C[3,a]	Routed to BX, removes liquidity	(0.0005)
D[3,a]	Routed or re-routed to NYSE, removes liquidity	0.0023

F	**Routed to NYSE, adds liquidity**	**(0.0015)**
G	**Routed to NYSE Arca (Tapes A & C), removes liquidity**	**0.0030**
I	**Routed to EDGX**	**0.0029**
J[3,a]	**Routed to NASDAQ, removes liquidity**	**0.0030**
K	**Routed to BATS BZX Exchange using ROBA routing strategy (EDGA + BATS) OR Routed to PSX using ROUC or ROUE routing strategy**	**0.0025**
L[3]	**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,a]	**Remove liquidity from EDGA book (Tape 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[16]	**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**
V[4]	**Add liquidity to EDGA book (Tape A)**	**(0.0003)**
W[1,a]	**Remove liquidity from EDGA book (Tape A)**	**0.0007**
X	**Routed**	**0.0029**
Y[4]	**Add liquidity to EDGA book (Tape C)**	**(0.0003)**
Z	**Routed using ROUZ routing strategy**	**0.0010**
2[3]	**Routed to NASDAQ using INET routing strategy, removes liquidity**	**0.0030**

	(Tape B)	
3[4]	**Add liquidity – pre & post market (Tapes A or C)**	**(0.0003)**
4[4]	**Add liquidity – pre & post market (Tape B)**	**(0.0003)**
5	**Internalization – pre & post market, per side**	**0.0002**
6[1,a]	**Remove liquidity – pre & post market (All Tapes)**	**0.0007**
7	**Routed – pre & post market**	**0.0027**
8	**Routed to NYSE Amex, adds liquidity**	**(0.0015)**
9	**Routed to NYSE Arca, adds liquidity (Tapes A or C)**	**(0.0021)**
10	**Routed to NYSE Arca, adds liquidity (Tape B)**	**(0.0022)**
BB[1,a]	**Remove liquidity from EDGA book (Tape B)**	**0.0007**
BY[12]	**Routed to BATS BYX Exchange, removes liquidity (using routing strategies ROUC, ROUE, ROBY, ROBB, or ROCO)**	**(0.0002)**
CL[9]	**Routed to listing market closing process, except NYSE Arca & BATS BZX**	**0.0010**
CR[1,13]	**Remove liquidity from EDGA using eligible routing strategies**	**FREE**
EA	**Internalization, adds liquidity**	**0.0002**
ER	**Internalization, removes liquidity**	**0.0002**
HA[a,2,4]	**Non-Displayed Orders, adds liquidity**	**0.0010**
HR[a,2]	**Non-Displayed Orders, removes liquidity**	**0.0010**
MT	**Routed to EDGX MPM using IOCM or ROCO routing strategy**	**0.0012**
OO	**Direct Edge Opening**	**FREE**
PA[17]	**Mid Point Routing Strategy (RMPT), adds liquidity**	**0.0010**
PR[1,15]	**Removes liquidity from EDGA using eligible routing strategies**	**FREE**
PT[17]	**Mid Point Routing Strategy (RMPT), removes liquidity**	**0.0010**
PX[17]	**Mid Point Routing Strategy (RMPT), routed out**	**0.0012**

RB	**Routed to BX, adds liquidity**	**0.0018**
RC	**Routed to NSX, adds liquidity**	**(0.0026)**
RM	**Routed to CHX, adds liquidity**	**FREE**
RR	**Routed to EDGX using routing strategies IOCX or IOCT, removes liquidity**	**0.0029**
RS	**Routed to PSX, adds liquidity**	**(0.0024)**
RT[10]	**Routed using the ROUT or ROOC routing strategy**	**0.0025**
RW	**Routed to CBSX, adds liquidity**	**0.0017**
RX[11]	**Routed using the ROUX routing strategy**	**0.0027**
RY	**Routed to BATS BYX, adds liquidity**	**0.0003**
RZ	**Routed to BATS BZX, adds liquidity**	**(0.0025)**
SW[8]	**Routed using SWPA/SWPB/SWPC routing strategies (except for removal of liquidity from NYSE)**	**0.0031**
XR[1, 14]	**Removes liquidity from EDGA using eligible routing strategies**	**0.0007**

[1] All removal rates on EDGA are 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, measured monthly or Member posting greater than 8,000,000 shares on a daily basis, measured monthly. 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 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] 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 non-displayed orders that add liquidity, then the Member will receive a rebate of $0.0004 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 non-displayed orders that add liquidity, and removes more than .25% of TCV in average daily volume, then the Member will receive a rebate of $0.0004 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.

[13] The eligible routing strategies for Flag CR are ROUT, RDOT, ROUE, ROUC, ROOC, ROCO, IOCT, or ICMT.

[14] The eligible routing strategies for Flag XR are ROUX, RDOX, ROPA, INET, ROBB, ROBY, ROBX, ROBA, SWPA, SWPB, SWPC, ROLF, IOCX, or IOCM.

[15] The eligible routing strategies for Flag PR are ROUZ, ROUD, or ROUQ.

[16] If a Member posts greater than or equal to 0.30% of the TCV in ADV on EDGA and routes 2.5 million shares through the use of Flag Q, then the Member's rate for Flag Q decreases to $0.0015 per share. If a Member posts greater than or equal to 0.30% of the TCV in ADV on EDGA and routes 5 million shares through the use of Flag Q, then the Member's rate for Flag Q decreases to $0.0010 per share.

[17] If a Member executes greater than 2 million shares per day, measured monthly, using routing strategy RMPT, then the Member's rate for Flag PA is reduced to $0.0000 per share and the Member's rate for PT and PX is reduced to $0.0008 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.

[c] Receipt of the maximum rebate for which a Member is eligible depends upon an average inbound message-to-trade ratio being equal to or less than 100:1, measured monthly, where the message-to-trade ratio equals total messages (orders, cancels, and cancel/replaces) divided by executions. The Exchange counts all fills against an order as one trade for purposes of executions. Where a Member exceeds the 100:1 message-to-trade ratio, measured monthly, the Exchange will reduce its rebates by $0.0001 per share, without regard to the rebate tier for which the Member qualifies.

The following Members are exempt from this reduction in rebate: (i) All Members that send less than 1,000,000 messages/day to the Exchange; and (ii) Registered Market Makers provided that they are registered in at least 100 securities over the course of a month and are meeting their continuous, two-sided quoting obligations under Rule 11.21(d) on at least 10 consecutive trading days in the month. With respect to (ii) above, the Exchange notes that all MPIDs that are wholly-owned affiliates of the Member are exempt from MEIP as long as one MPID satisfies the above criteria for an exemption from the reduction in rebate.

The Exchange may exclude one or more days of data for purposes of calculating the message-to-trade ratio for a Member if the Exchange determines, in its sole discretion, that one or more Members or the Exchange was experiencing a bona fide system problem.

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