OMB APPROVAL
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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 - * 39
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) *
☑	☐	☐	☐	☑	☐

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

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)
☐	☑	☐	☐	☐	☐

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 * 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 08/30/2012

By Jeffrey S. 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 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

With respect to the category of securities priced at or above $1.00, when Members add liquidity, the Exchange currently offers a rebate of $0.0003 per share. Alternatively, when Members remove liquidity, the Exchange currently charges a fee of $0.0007 per share. The Exchange proposes to amend the fee structure (and related flags) set forth in the fee schedule to charge Members a fee of $0.0006 per share for orders that add liquidity and to offer Members a rebate of $0.0004 per share for orders that remove liquidity.

The Exchange proposes to codify at the top of its fee schedule the premise that it uses footnotes to provide further explanatory text or, where annotated to flags, to indicate variable rate changes, provided the conditions in the footnote are met. In connection with this premise, the Exchange proposes to delete Footnote 6 that is appended to Flag M to also signify that a rate

[1] As defined in Exchange Rule 1.5(n).

change is not signaled.[2] In addition, the Exchange proposes to delete Footnote 17 from Flag PA since a rate change is not indicated.[3]

The Exchange proposes to make conforming changes to the relevant flags, as described below, for orders that add liquidity to the EDGA book. Specifically, the Exchange proposes to assess a charge of $0.0006 per share for orders that add liquidity and yield the following flags: Flag B for orders that add liquidity to the EDGA book in Tape B securities; Flag V for orders that add liquidity to the EDGA book in Tape A securities; Flag Y for orders that add liquidity to the EDGA book in Tape C securities; Flag 3 for orders that add liquidity in the pre- and post-market trading sessions in Tapes A and C securities; and Flag 4 for orders that add liquidity in the pre- and post-market trading sessions in Tape B securities.

Similarly, the Exchange proposes to make conforming changes to the relevant flags, as described below, for orders that remove liquidity from the EDGA book. Specifically, the Exchange proposes to offer a rebate of $0.0004 per share for orders that remove liquidity and yield the following flags: Flag N for orders that remove liquidity from the EDGA book in Tape C securities; Flag W for orders that remove liquidity from the EDGA book in Tape A securities; Flag 6 for orders that remove liquidity in the pre- and post-market trading sessions in securities on all Tapes; Flag BB for orders that remove liquidity from the EDGA book in Tape B securities; and Flag XR for orders that remove liquidity from EDGA using eligible routing strategies.

The Exchange also proposes to modify the charges assessed for the flags associated with internalization, which occurs when the one Member presents two orders to the Exchange separately and not in a paired manner, and one order is inadvertently matched with the other order.[4] Accordingly, for Flags EA and ER, the Exchange proposes to decrease the fee assessed from $0.0002 per share to $0.0001 per share for orders that add or remove liquidity through internalization. Similarly, for Flag 5, the Exchange proposes to decrease the fee assessed from $0.0002 per share to $0.0001 per share for internalization, pre-and post-market, per side.

The Exchange proposes to offer Members a rebate of $0.0004 per share for Flag CR for orders that remove liquidity from EDGA using eligible routing strategies. The Exchange formerly did not assess a charge for Flag CR.

The Exchange proposes to offer Members a rebate of $0.0004 per share for Flag PR for orders that remove liquidity from EDGA using eligible routing strategies. The Exchange formerly did not assess a charge for Flag PR.

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[2] The Exchange notes that the volume from Flag M counts toward the tier in Footnote 6, which changes the rate charged on Flag U.

[3] The Exchange notes that the volume from Flag PA counts toward the tier in Footnote 17, which changes the rate charged on Flags PT and PX.

[4] See Exchange Rule 12.2 regarding fictitious trading.

The Exchange proposes to charge Members a fee of \$0.0008 per share for Flag PA for orders that add liquidity using the Mid Point Routing Strategy ("RMPT"). The Exchange formerly did not assess a charge for Flag PA.

The Exchange proposes to delete Flag RM from the fee schedule. Accordingly, Members that route to the Chicago Stock Exchange (the "CHX") will be assessed the default charge for routing liquidity of \$0.0029 per share as represented by Flag X.

Currently, the first paragraph of Footnote 4 on the Exchange's fee schedule provides for a rebate of \$0.0004 per share for Flags B, V, Y, 3 and 4 if a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume ("TCV") in Average Daily Volume ("ADV") on EDGA, including non-displayed orders that add liquidity. The Exchange proposes to assess a charge of \$0.0005 per share. The proposed change represents a slightly lower charge (by \$0.0001) if a Member meets the requirements of the first paragraph of Footnote 4 on the Exchange's fee schedule. The lower charge (by \$0.0001) corresponds to the \$0.0001 higher rebate on the current EDGA fee schedule if a tier is met and results from the Exchange's shift from a "maker/taker" model to a "taker/maker" model. Thus, Members will now be assessed a slightly lower charge instead of a slightly higher rebate for meeting the conditions in the first paragraph of Footnote 4.

Currently, the second paragraph of Footnote 4 on the Exchange's fee schedule provides for a rebate of \$0.0004 per share if a Member, on a daily basis, measured monthly, posts more than .25% of the TCV in average daily volume on EDGA. The Exchange proposes to assess a charge of \$0.0005 per share. The proposed change represents a slightly lower charge (by \$0.0001) if a Member meets the requirements of the second paragraph of Footnote 4 on the Exchange's fee schedule. The lower charge (by \$0.0001) corresponds to the \$0.0001 higher rebate on the current EDGA fee schedule if a tier is met and results from the Exchange's shift from a "maker/taker" model to a "taker/maker" model. Thus, Members will now be assessed a slightly lower charge instead of a slightly higher rebate for meeting the conditions in the second paragraph of Footnote 4.

The Exchange proposes to append Footnote 7 to Flag C, where a Member posts an average daily volume of 25,000 shares to NASDAQ OMX BX, Inc. (the "BX"), which yields Flag RB, then the Exchange will increase the Member's rebate from \$0.0005 per share to \$0.0014 per share. The Exchange notes that this is a pass-through of the rebate that BX offers to its customers that remove greater than 25,000 shares of liquidity per day on its exchange.[5]

The Exchange proposes to delete, in its entirety, Footnote 18 on the Exchange's fee schedule. Footnote 18 states that a Member may qualify for a rebate of \$0.0005 per share on their displayed shares (Flags B, V, Y, 3 and 4) for liquidity added to EDGA if a Member, on a daily basis, measured monthly, posts at least 0.10% of the TCV in ADV more than their July

5 See NASDAQ OMX BX Price List – Trading and Connectivity, http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing.

2012 ADV added to EDGA. Accordingly, the Exchange proposes to delete Footnote 18 that is appended to Flags B, V, Y, 3 and 4.

The Exchange proposes to implement these amendments to its fee schedule on September 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"),[6] in general, and furthers the objectives of Section 6(b)(4),[7] in particular, as the proposed rule changes are designed to provide for the equitable allocation of reasonable dues, fees and other charges among the Exchange's Members and other persons using its facilities.

The Exchange believes that its proposal to amend the fee structure (and related add Flags B, V, Y, 3 and 4, and remove Flags N, W, 6, BB and XR) set forth in the fee schedule to charge Members a fee of $0.0006 per share for orders that add liquidity and to offer Members a rebate of $0.0004 per share for orders that remove liquidity represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because it allows the Exchange to compete with other market centers. Accordingly, as the Exchange shifts from a "maker/taker" model to a "taker/maker" model, the Exchange believes it will incentivize its Members to remove liquidity from the Exchange.[8] By further incentivizing removers of liquidity by offering higher rebates, the Exchange believes it will attract a higher quality of marketable liquidity to the Exchange. This will incent liquidity providers to add liquidity to the Exchange and thus contribute to price discovery. In addition, the Exchange believes a spread of $0.0002 per share between adding and removing liquidity represents an equitable allocation of reasonable dues, fees, and other charges because it is competitive with other exchanges' spreads for adding and removing liquidity.[9] Furthermore, the Exchange will

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6 15 U.S.C. 78f.

7 15 U.S.C. 78f(b)(4).

8 As a result of the shift from "maker/taker" to "taker/maker" model, the Exchange notes that Flag DM remains at $0.0005 per share compared to the displayed liquidity charge of $0.0006 for liquidity providers. The Exchange believes that this result is reasonable, equitable and non-discriminatory because in a taker/maker model, it is more valuable to have a higher order book priority in order to more likely interact with a liquidity remover and obtain a quicker execution. Therefore, orders that have a higher priority in the order book (displayed orders) will be charged more than orders of lower priority (e.g., Flag DM).

9 See BATS BYX Exchange Fee Schedule where the spread between adding displayed liquidity and removing liquidity is $0.0001 per share, http://batstrading.com/resources/regulation/rule_book/BYX_Fee_Schedule.pdf.

use the revenue generated from the spread of $0.0002 per share to offset its administrative and infrastructure costs associated with operating a national securities exchange. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to modify the fees assessed for the internalization flags (Flags EA, ER and 5) to $0.0001 per share, per side, represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because it is consistent with the Exchange's proposed taker/maker spread of $0.0002 per share for adding and removing liquidity (the proposed charge for adding liquidity is $0.0006 per share and the proposed rebate for removing liquidity is $0.0004 per share).[10] Therefore, the total net amount equals $0.0002 per share, which represents an internalization rate that is not more favorable than the prevailing taker/maker spread of $0.0002 per share. In addition, EDGA also has a proposed tiered rate in Footnote 4 for adding liquidity of $0.0005 per share, which yields a spread of $0.0001 per share for Members that achieve the tiered pricing. Members who internalize will be charged $0.0001 per side of an execution (total of $0.0002 per share) which is not more favorable than the taker/maker spread for capturing the proposed tiered rate. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to offer a rebate of $0.0004 per share for Flags CR and PR represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because the proposed change will result in a consistent rebate of $0.0004 for all flags that remove liquidity from the EDGA book. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to assess a charge of $0.0008 per share for orders that yield Flag PA, which describes a type of non-displayed order that adds liquidity using RMPT, represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because a rate of $0.0008 per share is within the range of the prevailing rates for other forms of non-displayed order types that add liquidity (e.g., the Exchange assesses a charge of $0.0010 per share for Flags HA and HR), but more than the default charge of $0.0006 per share for adding displayed liquidity on EDGA. In addition, the Exchange believes that its proposed rate of $0.0008 per share for Flag PA is consistent with the Exchange's overall pricing philosophy of encouraging displayed liquidity. The Exchange rewards Members for displaying liquidity because displayed liquidity is a public good that benefits investors and traders generally by providing greater price transparency and enhancing

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10 See Securities Exchange Release No. 64393 (May 4, 2011), 76 FR 27370 (May 11, 2011) (SR-EDGA-2011-14) (describing the Exchange's representation that it will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread).

public price discovery, which ultimately lead to substantial reductions in transaction costs.[11] Furthermore, compared to Flag HA (charge of $0.0010 per share), routing an order to more destinations using Flag PA can lead to a potentially lower average rate for Direct Edge ECN LLC d/b/a DE Route ("DE Route"), the Exchange's affiliated routing broker/dealer, as there is more of a likelihood of an execution at a "low" cost destination with higher rebates/lower fees. Accordingly, because the RMPT routing strategy routes to and accesses a variety of low cost destinations, the Exchange is able to pass back much of the cost savings it receives from routing to other destinations (via DE Route) to Members in the form of lower hidden order charges compared to Flag HA. Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

Exchange Rule 11.9(b)(3) defines the “System routing table” as the proprietary process for determining the specific trading venues to which the System[12] routes orders and the order in which the System routes to them. Specifically, the Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The Exchange proposes to delete the CHX as a posting destination on the System routing table. The Exchange previously charged no fee nor assessed a rebate to its Members when DE Route routed to the CHX. This was a pass through by the Exchange of the no rebate/fee provided to DE Route by CHX when liquidity was added to CHX. Since the CHX is no longer on the System routing table, the Exchange proposes to delete Flag RM from the Exchange’s fee schedule. The Exchange notes that it will continue to comply with its obligations under Regulation NMS; however, it will not continue to offer Flag RM as a routing strategy to post liquidity to the CHX. Rather, the Exchange will now pass back Flag X as the standard default routing flag should an order be routed to the CHX as a result of the Exchange’s Regulation NMS obligations. The Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to replace the rebate of $0.0004 per share with a charge of $0.0005 per share for posting liquidity to EDGA as it relates to the calculation of TCV in both paragraphs of Footnote 4 on the Exchange’s fee schedule represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because the proposed change represents a slightly lower charge (by $0.0001) compared to the default charge for adding liquidity (of $0.0006) if a Member meets the requirements of the first or second paragraphs of Footnote 4 on the Exchange’s fee schedule. The lower charge (by $0.0001) corresponds to the $0.0001 higher rebate on the current schedule if a tier is met and results from the Exchange’s shift from a “maker/taker” model to a

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11 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37516 (June 29, 2005); see also Securities Exchange Act Release No. 42450 (February 23, 2000), 65 FR 10577, 10584 n. 53 (February 28, 2000) (SR-NYSE-99-48) (citing academic studies finding that the required display of customer limit orders, by providing greater price transparency and enhancing public price discovery, led to substantial reductions in transaction costs for both retail and institutional investors).

12 See Exchange Rule 1.5(cc).

"taker/maker" model. Thus, Members will now be assessed a slightly lower charge instead of a slightly higher rebate for meeting the conditions in the first or second paragraphs of Footnote 4.

The Exchange also believes that charging Members a lower rate for achieving volume tiers in Footnote 4 will incentivize liquidity. Such increased volumes increase potential revenue to the Exchange, and allows the Exchange to spread its administrative and infrastructure costs over a greater number of shares, which results in lower per share costs. The Exchange may then pass on these savings to Members in the form of lower charges. 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. Volume-based discounts such as these have been widely adopted in the cash equities markets, and are equitable because volume-based discounts are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery process. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to offer its Members a higher rebate for Flag C where Members achieve a volume threshold on the BX[13] represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because the Exchange passes through to Members the higher rebate that the Exchange earns through DE Route, the Exchange's routing broker-dealer. The Exchange believes that it is equitable and reasonable to pass through rates and rebates for orders routed to other exchanges to its Members. The Exchange also notes that routing through DE Route is voluntary. In addition, volume-based rebates such as these have been widely adopted in the cash equities markets, and are equitable because volume-based rebates are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery process. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

In addition, the proposal to annotate footnote 7 to Flag C, delete Footnote 17 from Flag PA and delete Footnote 6 from Flag M is consistent with the Exchange's proposal to add language to the top of its fee schedule to state that it uses footnotes to provide further explanatory text, or where annotated to flags, to indicate variable rate changes, provided the conditions in the footnote are met. This provides additional transparency to Members when reading the fee schedule. The Exchange believes this amendment supports the Exchange's efforts to achieve consistent application among the flags on the fee schedule. In addition, these

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13 See NASDAQ OMX BX Price List – Trading & Connectivity, http://nasdaqtrader.com/Trader.aspx?id=bx_pricing (providing for a rebate of $0.0014 per share for MPIDs removing greater than 3.5 million shares per day or adding greater than 25,000 shares per day).

amendments support the Exchange's efforts to annotate flags with footnotes to signify a potential rate change, rather than annotating every flag to denote which flags contribute towards the volume threshold and/or conditions necessary to achieve a potential rate change. The Exchange also believes that these proposed amendments are non-discriminatory because they apply to all Members.

The Exchange believes that its proposal to delete Footnote 18 on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because it is consistent with the Exchange's shift from a "maker/taker" model to a "taker/maker" model. The Exchange introduced the Step Up tier to reward higher liquidity provision commitments by Members.[14] Accordingly, it appears contradictory to incentivize removing liquidity and simultaneously offer tiered savings for adding liquidity beyond a designated threshold each month. The Exchange's proposal to delete Footnote 18 supports the Exchange's efforts to achieve consistent application among the flags and tiers on the fee schedule and provide transparency for its Members. Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly 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 Act.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

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[14] See Securities Exchange Act Release No. 67607 (August 7, 2012), 77 FR 48188 (August 13, 2012) (SR-EDGA-2012-35) (introducing the Step Up Tier).

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 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 Section 19(b)(3)(A)(ii) of the Act[15] and paragraph (f)(2) of Rule 19b-4 thereunder.[16]

(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.

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

[16] 17 CFR 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EDGA-2012-39)

[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 August 30, 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 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.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 As defined in Exchange Rule 1.5(n).

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 the Statutory Basis for, the Proposed Rule Change

Purpose

With respect to the category of securities priced at or above $1.00, when Members add liquidity, the Exchange currently offers a rebate of $0.0003 per share. Alternatively, when Members remove liquidity, the Exchange currently charges a fee of $0.0007 per share. The Exchange proposes to amend the fee structure (and related flags) set forth in the fee schedule to charge Members a fee of $0.0006 per share for orders that add liquidity and to offer Members a rebate of $0.0004 per share for orders that remove liquidity.

The Exchange proposes to codify at the top of its fee schedule the premise that it uses footnotes to provide further explanatory text or, where annotated to flags, to indicate variable rate changes, provided the conditions in the footnote are met. In connection with this premise, the Exchange proposes to delete Footnote 6 that is appended to Flag M to also signify that a rate change is not signaled.[4] In addition, the

[4] The Exchange notes that the volume from Flag M counts toward the tier in Footnote 6, which changes the rate charged on Flag U.

Exchange proposes to delete Footnote 17 from Flag PA since a rate change is not indicated.[5]

The Exchange proposes to make conforming changes to the relevant flags, as described below, for orders that add liquidity to the EDGA book. Specifically, the Exchange proposes to assess a charge of $0.0006 per share for orders that add liquidity and yield the following flags: Flag B for orders that add liquidity to the EDGA book in Tape B securities; Flag V for orders that add liquidity to the EDGA book in Tape A securities; Flag Y for orders that add liquidity to the EDGA book in Tape C securities; Flag 3 for orders that add liquidity in the pre- and post-market trading sessions in Tapes A and C securities; and Flag 4 for orders that add liquidity in the pre- and post-market trading sessions in Tape B securities.

Similarly, the Exchange proposes to make conforming changes to the relevant flags, as described below, for orders that remove liquidity from the EDGA book. Specifically, the Exchange proposes to offer a rebate of $0.0004 per share for orders that remove liquidity and yield the following flags: Flag N for orders that remove liquidity from the EDGA book in Tape C securities; Flag W for orders that remove liquidity from the EDGA book in Tape A securities; Flag 6 for orders that remove liquidity in the pre- and post-market trading sessions in securities on all Tapes; Flag BB for orders that remove liquidity from the EDGA book in Tape B securities; and Flag XR for orders that remove liquidity from EDGA using eligible routing strategies.

The Exchange also proposes to modify the charges assessed for the flags associated with internalization, which occurs when the one Member presents two orders

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5 The Exchange notes that the volume from Flag PA counts toward the tier in Footnote 17, which changes the rate charged on Flags PT and PX.

to the Exchange separately and not in a paired manner, and one order is inadvertently matched with the other order.[6] Accordingly, for Flags EA and ER, the Exchange proposes to decrease the fee assessed from $0.0002 per share to $0.0001 per share for orders that add or remove liquidity through internalization. Similarly, for Flag 5, the Exchange proposes to decrease the fee assessed from $0.0002 per share to $0.0001 per share for internalization, pre-and post-market, per side.

The Exchange proposes to offer Members a rebate of $0.0004 per share for Flag CR for orders that remove liquidity from EDGA using eligible routing strategies. The Exchange formerly did not assess a charge for Flag CR.

The Exchange proposes to offer Members a rebate of $0.0004 per share for Flag PR for orders that remove liquidity from EDGA using eligible routing strategies. The Exchange formerly did not assess a charge for Flag PR.

The Exchange proposes to charge Members a fee of $0.0008 per share for Flag PA for orders that add liquidity using the Mid Point Routing Strategy ("RMPT"). The Exchange formerly did not assess a charge for Flag PA.

The Exchange proposes to delete Flag RM from the fee schedule. Accordingly, Members that route to the Chicago Stock Exchange (the "CHX") will be assessed the default charge for routing liquidity of $0.0029 per share as represented by Flag X.

Currently, the first paragraph of Footnote 4 on the Exchange's fee schedule provides for a rebate of $0.0004 per share for Flags B, V, Y, 3 and 4 if a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume ("TCV") in Average Daily Volume ("ADV") on EDGA, including non-displayed orders that add liquidity. The Exchange proposes to assess a charge of $0.0005 per

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[6] See Exchange Rule 12.2 regarding fictitious trading.

share. The proposed change represents a slightly lower charge (by $0.0001) if a Member meets the requirements of the first paragraph of Footnote 4 on the Exchange's fee schedule. The lower charge (by $0.0001) corresponds to the $0.0001 higher rebate on the current EDGA fee schedule if a tier is met and results from the Exchange's shift from a "maker/taker" model to a "taker/maker" model. Thus, Members will now be assessed a slightly lower charge instead of a slightly higher rebate for meeting the conditions in the first paragraph of Footnote 4.

Currently, the second paragraph of Footnote 4 on the Exchange's fee schedule provides for a rebate of $0.0004 per share if a Member, on a daily basis, measured monthly, posts more than .25% of the TCV in average daily volume on EDGA. The Exchange proposes to assess a charge of $0.0005 per share. The proposed change represents a slightly lower charge (by $0.0001) if a Member meets the requirements of the second paragraph of Footnote 4 on the Exchange's fee schedule. The lower charge (by $0.0001) corresponds to the $0.0001 higher rebate on the current EDGA fee schedule if a tier is met and results from the Exchange's shift from a "maker/taker" model to a "taker/maker" model. Thus, Members will now be assessed a slightly lower charge instead of a slightly higher rebate for meeting the conditions in the second paragraph of Footnote 4.

The Exchange proposes to append Footnote 7 to Flag C, where a Member posts an average daily volume of 25,000 shares to NASDAQ OMX BX, Inc. (the "BX"), which yields Flag RB, then the Exchange will increase the Member's rebate from $0.0005 per share to $0.0014 per share. The Exchange notes that this is a pass-through of the rebate that BX offers to its customers that remove greater than 25,000 shares of liquidity per day on its exchange.[7]

The Exchange proposes to delete, in its entirety, Footnote 18 on the Exchange's fee schedule. Footnote 18 states that a Member may qualify for a rebate of $0.0005 per share on their displayed shares (Flags B, V, Y, 3 and 4) for liquidity added to EDGA if a Member, on a daily basis, measured monthly, posts at least 0.10% of the TCV in ADV more than their July 2012 ADV added to EDGA. Accordingly, the Exchange proposes to delete Footnote 18 that is appended to Flags B, V, Y, 3 and 4.

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

Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,[8] in general, and furthers the objectives of Section 6(b)(4),[9] in particular, as the proposed rule changes are designed to provide for the equitable allocation of reasonable dues, fees and other charges among the Exchange's Members and other persons using its facilities.

The Exchange believes that its proposal to amend the fee structure (and related add Flags B, V, Y, 3 and 4, and remove Flags N, W, 6, BB and XR) set forth in the fee schedule to charge Members a fee of $0.0006 per share for orders that add liquidity and to offer Members a rebate of $0.0004 per share for orders that remove liquidity

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7 See NASDAQ OMX BX Price List – Trading and Connectivity, http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing.

8 15 U.S.C. 78f.

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

represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because it allows the Exchange to compete with other market centers. Accordingly, as the Exchange shifts from a "maker/taker" model to a "taker/maker" model, the Exchange believes it will incentivize its Members to remove liquidity from the Exchange.[10] By further incentivizing removers of liquidity by offering higher rebates, the Exchange believes it will attract a higher quality of marketable liquidity to the Exchange. This will incent liquidity providers to add liquidity to the Exchange and thus contribute to price discovery. In addition, the Exchange believes a spread of $0.0002 per share between adding and removing liquidity represents an equitable allocation of reasonable dues, fees, and other charges because it is competitive with other exchanges' spreads for adding and removing liquidity.[11] Furthermore, the Exchange will use the revenue generated from the spread of $0.0002 per share to offset its administrative and infrastructure costs associated with operating a national securities exchange. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

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[10] As a result of the shift from "maker/taker" to "taker/maker" model, the Exchange notes that Flag DM remains at $0.0005 per share compared to the displayed liquidity charge of $0.0006 for liquidity providers. The Exchange believes that this result is reasonable, equitable and non-discriminatory because in a taker/maker model, it is more valuable to have a higher order book priority in order to more likely interact with a liquidity remover and obtain a quicker execution. Therefore, orders that have a higher priority in the order book (displayed orders) will be charged more than orders of lower priority (e.g., Flag DM).

[11] See BATS BYX Exchange Fee Schedule where the spread between adding displayed liquidity and removing liquidity is $0.0001 per share, http://batstrading.com/resources/regulation/rule_book/BYX_Fee_Schedule.pdf.

The Exchange believes that its proposal to modify the fees assessed for the internalization flags (Flags EA, ER and 5) to $0.0001 per share, per side, represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because it is consistent with the Exchange's proposed taker/maker spread of $0.0002 per share for adding and removing liquidity (the proposed charge for adding liquidity is $0.0006 per share and the proposed rebate for removing liquidity is $0.0004 per share).[12] Therefore, the total net amount equals $0.0002 per share, which represents an internalization rate that is not more favorable than the prevailing taker/maker spread of $0.0002 per share. In addition, EDGA also has a proposed tiered rate in Footnote 4 for adding liquidity of $0.0005 per share, which yields a spread of $0.0001 per share for Members that achieve the tiered pricing. Members who internalize will be charged $0.0001 per side of an execution (total of $0.0002 per share) which is not more favorable than the taker/maker spread for capturing the proposed tiered rate. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to offer a rebate of $0.0004 per share for Flags CR and PR represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because the proposed change will result in a consistent rebate of $0.0004 for all flags that remove liquidity from the EDGA book. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

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[12] See Securities Exchange Release No. 64393 (May 4, 2011), 76 FR 27370 (May 11, 2011) (SR-EDGA-2011-14) (describing the Exchange's representation that it will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread).

The Exchange believes that its proposal to assess a charge of $0.0008 per share for orders that yield Flag PA, which describes a type of non-displayed order that adds liquidity using RMPT, represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because a rate of $0.0008 per share is within the range of the prevailing rates for other forms of non-displayed order types that add liquidity (e.g., the Exchange assesses a charge of $0.0010 per share for Flags HA and HR), but more than the default charge of $0.0006 per share for adding displayed liquidity on EDGA. In addition, the Exchange believes that its proposed rate of $0.0008 per share for Flag PA is consistent with the Exchange's overall pricing philosophy of encouraging displayed liquidity. The Exchange rewards Members for displaying liquidity because displayed liquidity is a public good that benefits investors and traders generally by providing greater price transparency and enhancing public price discovery, which ultimately lead to substantial reductions in transaction costs.[13] Furthermore, compared to Flag HA (charge of $0.0010 per share), routing an order to more destinations using Flag PA can lead to a potentially lower average rate for Direct Edge ECN LLC d/b/a DE Route ("DE Route"), the Exchange's affiliated routing broker/dealer, as there is more of a likelihood of an execution at a "low" cost destination with higher rebates/lower fees. Accordingly, because the RMPT routing strategy routes to and accesses a variety of low cost destinations, the Exchange is able to pass back much of the cost savings it receives

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13 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37516 (June 29, 2005); see also Securities Exchange Act Release No. 42450 (February 23, 2000), 65 FR 10577, 10584 n. 53 (February 28, 2000) (SR-NYSE-99-48) (citing academic studies finding that the required display of customer limit orders, by providing greater price transparency and enhancing public price discovery, led to substantial reductions in transaction costs for both retail and institutional investors).

from routing to other destinations (via DE Route) to Members in the form of lower hidden order charges compared to Flag HA. Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

Exchange Rule 11.9(b)(3) defines the "System routing table" as the proprietary process for determining the specific trading venues to which the System[14] routes orders and the order in which the System routes to them. Specifically, the Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The Exchange proposes to delete the CHX as a posting destination on the System routing table. The Exchange previously charged no fee nor assessed a rebate to its Members when DE Route routed to the CHX. This was a pass through by the Exchange of the no rebate/fee provided to DE Route by CHX when liquidity was added to CHX. Since the CHX is no longer on the System routing table, the Exchange proposes to delete Flag RM from the Exchange's fee schedule. The Exchange notes that it will continue to comply with its obligations under Regulation NMS; however, it will not continue to offer Flag RM as a routing strategy to post liquidity to the CHX. Rather, the Exchange will now pass back Flag X as the standard default routing flag should an order be routed to the CHX as a result of the Exchange's Regulation NMS obligations. The Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to replace the rebate of $0.0004 per share with a charge of $0.0005 per share for posting liquidity to EDGA as it relates to

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[14] See Exchange Rule 1.5(cc).

the calculation of TCV in both paragraphs of Footnote 4 on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because the proposed change represents a slightly lower charge (by $0.0001) compared to the default charge for adding liquidity (of $0.0006) if a Member meets the requirements of the first or second paragraphs of Footnote 4 on the Exchange's fee schedule. The lower charge (by $0.0001) corresponds to the $0.0001 higher rebate on the current schedule if a tier is met and results from the Exchange's shift from a "maker/taker" model to a "taker/maker" model. Thus, Members will now be assessed a slightly lower charge instead of a slightly higher rebate for meeting the conditions in the first or second paragraphs of Footnote 4.

The Exchange also believes that charging Members a lower rate for achieving volume tiers in Footnote 4 will incentivize liquidity. Such increased volumes increase potential revenue to the Exchange, and allows the Exchange to spread its administrative and infrastructure costs over a greater number of shares, which results in lower per share costs. The Exchange may then pass on these savings to Members in the form of lower charges. 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. Volume-based discounts such as these have been widely adopted in the cash equities markets, and are equitable because volume-based discounts are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery process. Lastly, the Exchange believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to offer its Members a higher rebate for Flag C where Members achieve a volume threshold on the BX[15] represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because the Exchange passes through to Members the higher rebate that the Exchange earns through DE Route, the Exchange's routing broker-dealer. The Exchange believes that it is equitable and reasonable to pass through rates and rebates for orders routed to other exchanges to its Members. The Exchange also notes that routing through DE Route is voluntary. In addition, volume-based rebates such as these have been widely adopted in the cash equities markets, and are equitable because volume-based rebates are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery process. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

In addition, the proposal to annotate footnote 7 to Flag C, delete Footnote 17 from Flag PA and delete Footnote 6 from Flag M is consistent with the Exchange's proposal to add language to the top of its fee schedule to state that it uses footnotes to

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15 See NASDAQ OMX BX Price List – Trading & Connectivity, http://nasdaqtrader.com/Trader.aspx?id=bx_pricing (providing for a rebate of $0.0014 per share for MPIDs removing greater than 3.5 million shares per day or adding greater than 25,000 shares per day).

provide further explanatory text, or where annotated to flags, to indicate variable rate changes, provided the conditions in the footnote are met. This provides additional transparency to Members when reading the fee schedule. The Exchange believes this amendment supports the Exchange's efforts to achieve consistent application among the flags on the fee schedule. In addition, these amendments support the Exchange's efforts to annotate flags with footnotes to signify a potential rate change, rather than annotating every flag to denote which flags contribute towards the volume threshold and/or conditions necessary to achieve a potential rate change. The Exchange also believes that these proposed amendments are non-discriminatory because they apply to all Members.

The Exchange believes that its proposal to delete Footnote 18 on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities because it is consistent with the Exchange's shift from a "maker/taker" model to a "taker/maker" model. The Exchange introduced the Step Up tier to reward higher liquidity provision commitments by Members.[16] Accordingly, it appears contradictory to incentivize removing liquidity and simultaneously offer tiered savings for adding liquidity beyond a designated threshold each month. The Exchange's proposal to delete Footnote 18 supports the Exchange's efforts to achieve consistent application among the flags and tiers on the fee schedule and provide transparency for its Members. Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

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[16] See Securities Exchange Act Release No. 67607 (August 7, 2012), 77 FR 48188 (August 13, 2012) (SR-EDGA-2012-35) (introducing the Step Up Tier).

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 Act[17] and Rule 19b-4(f)(2)[18] 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

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[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b-4(f)(2).

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-2012-39 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-2012-39. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commissions Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room.

Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-EDGA-2012-39 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

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[19] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Additions <u>underlined</u>

Deletions [bracketed]

EDGA Exchange Fee Schedule – Effective September 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,d]:
Rebates indicated by parentheses ( )

<u>Footnotes provide further explanatory text or, where annotated to flags, indicate variable rate changes, provided the conditions in the footnote are met</u>

Category	Adding Liquidity	Removing Liquidity	Routing Liquidity
Securities at or above $1.00	$[(0.0003)] <u>0.0006</u>[4, c[,18]]	$[0.0007] <u>(0.0004)</u> [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[,18]]	Add liquidity to EDGA book (Tape B)	[(0.0003)] <u>0.0006</u>

C[3,7,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 PSX using ROUC or ROUE routing strategy**	**0.0027**
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] (0.0004)**
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[,18]]	**Add liquidity to EDGA book (Tape A)**	**[(0.0003)] 0.0006**
W[1,a]	**Remove liquidity from EDGA book (Tape A)**	**[0.0007] (0.0004)**
X	**Routed**	**0.0029**
Y[4[,18]]	**Add liquidity to EDGA book (Tape C)**	**[(0.0003)] 0.0006**
Z	**Routed using ROUZ routing strategy**	**0.0010**
2[3]	**Routed to NASDAQ using INET routing strategy, removes liquidity (Tape B)**	**0.0030**
3[4[,18]]	**Add liquidity – pre & post market (Tapes A or C)**	**[(0.0003)] 0.0006**

4[4[,18]]	Add liquidity – pre & post market (Tape B)	[(0.0003)] 0.0006
5	Internalization – pre & post market, per side	[0.0002] 0.0001
6[1,a]	Remove liquidity – pre & post market (All Tapes)	[0.0007] (0.0004)
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] (0.0004)
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] (0.0004)
DM	Non-Displayed Orders, adds liquidity (using Mid Point Discretionary order type)	0.0005
DT	Non-Displayed Orders, removes liquidity (using Mid Point Discretionary order type)	0.0005
EA	Internalization, adds liquidity	[0.0002] 0.0001
ER	Internalization, removes liquidity	[0.0002] 0.0001
HA[a,2]	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	[FREE] 0.0008
PR[1,15]	Removes liquidity from EDGA using eligible routing strategies	[FREE] (0.0004)
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**	**(0.0016)**
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] <u>(0.0004)</u>**

[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] Rates for Flags HA and HR are contingent upon Member adding or removing greater than 1,000,000 shares non-displayed(hidden) on a daily basis, measured monthly (yields Flags HA, HR, DM and DT) 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 for Flags HA and HR.

[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 <u>be charged</u> [receive a rebate of] $0.000<u>5</u> [4] per share for Flags B, V, Y, 3 and 4. TCV is defined as volume reported by all exchanges and trade reporting facilities to the

consolidated transaction reporting plans for Tapes A, B and C securities 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 <u>be charged</u> [receive a rebate of] $0.000<u>5</u> [4] 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.] <u>If Member posts an average daily volume of 25,000 shares to NASDAQ BX (yielding Flag RB), then said Member's rebate for removing liquidity from NASDAQ BX increases to $0.0014 per share (yielding Flag C).</u>

[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 (*i.e.*, receiving flags PA, PT and PX), then the Member's rates for PT and PX are reduced to $0.0008 per share.

[[18]] [Members may qualify for a $0.0005 rebate per share on their displayed shares (Flags B, V, Y, 3, and 4) for liquidity added to EDGA if a Member, on a daily basis, measured monthly, posts at least 0.10% of the TCV in ADV more than their July 2012 ADV added to EDGA.]

[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.

[d] A charge of 1% per month on the past due portion of the balance will be assessed on a Member's account that is past due. This fee will begin to accrue on a daily basis for items not paid within the 30 day payment terms until the item is paid in full. Late fees incurred will be included as line items on subsequent invoices.

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