

Required fields are shown with yellow backgrounds and asterisks.

Proposed Rule Change by EDGX Exchange, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<b>Initial *</b>	<b>Amendment *</b>	<b>Withdrawal</b>	<b>Section 19(b)(2) *</b>	<b>Section 19(b)(3)(A) *</b>		<b>Section 19(b)(3)(B) *</b>		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>		
			Rule					
<b>Pilot</b>	<b>Extension of Time Period for Commission Action *</b>	<b>Date Expires *</b>	<b>19b-4(f)(1)</b>	<b>19b-4(f)(2)</b>	<b>19b-4(f)(3)</b>	<b>19b-4(f)(4)</b>	<b>19b-4(f)(5)</b>	<b>19b-4(f)(6)</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Exhibit 2 Sent As Paper Document</b>	<b>Exhibit 3 Sent As Paper Document</b>
<input type="checkbox"/>	<input type="checkbox"/>

**Description**  
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked \*).  
EDGX Exchange, Inc. proposes to amend its fees and rebates applicable to Members of the Exchange pursuant to EDGX 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 09/05/2012  
By Jeffrey Rosenstrock General Counsel  
(Name \*) (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.

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**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## 1. Text of the Proposed Rule Change

(a) EDGX Exchange, Inc. (“Exchange” or “EDGX”) proposes to amend its fees and rebates applicable to Members<sup>1</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c). Text of the proposed rule change is attached as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on April 27, 2010. Exchange staff will advise the EDGX Exchange Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change. Therefore, the Exchange's internal procedures with respect to the proposed change are complete.

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

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

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

### (a) Purpose

The Exchange proposes to add Flag RP to the Exchange's fee schedule for Non-Displayed Orders that add liquidity using the Route Peg Order type.<sup>2</sup> The Exchange proposes to offer a rebate of \$0.0015 per share for orders that yield Flag RP. The volume associated with Flag RP will also count towards the volume tiers for orders that add liquidity. Accordingly, the Exchange proposes making conforming changes to the text of Footnotes 12 and 13 to include Flag RP as part of the “added flags.”

As defined in Exchange Rule 11.5(c)(17), a Route Peg Order is a non-displayed limit order that posts to the EDGX Book, and thereafter is eligible for execution at the National Best Bid (“NBB”) for buy orders and National Best Offer for sell orders (“NBO”, and together with

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<sup>1</sup> As defined in Exchange Rule 1.5(n).

<sup>2</sup> See Securities and Exchange Act Release No. 67727 (August 24, 2012), (SR-EDGX-2012-25).

the NBB, the “NBBO”) against the original size of the routable orders that are equal to or less than the original size of the Route Peg Orders. Route Peg Orders are passive, resting orders on the EDGX Book and do not take liquidity. Route Peg Orders may be entered, cancelled, and cancelled/replaced prior to and during Regular Trading Hours.<sup>3</sup> Route Peg Orders are eligible for execution in a given security during Regular Trading Hours, except that, even after the commencement of Regular Trading Hours, Route Peg Orders are not eligible for execution (1) in the opening cross, and (2) until such time that regular session orders in that security can be posted to the EDGX Book. A Route Peg Order does not execute at a price that is inferior to a Protected Quotation, and is not permitted to execute if the NBBO is locked or crossed. Any and all remaining, unexecuted Route Peg Orders are cancelled at the conclusion of Regular Trading Hours.

The Exchange proposes to implement these amendments to its fee schedule on September 7, 2012.

(b) Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Securities and Exchange Act of 1934 (the “Act”),<sup>4</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>5</sup> 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 proposes to add Flag RP to the Exchange’s fee schedule for Non-Displayed Orders that add liquidity using the Route Peg Order type. The Exchange believes that offering a rebate of \$0.0015 per share for orders that yield Flag RP represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because a rebate of \$0.0015 per share is equal to the prevailing rebate of \$0.0015 that the Exchange offers for Flag HA, which is a non-displayed order type that adds liquidity but less than the default rebate of \$0.0023 per share for adding displayed liquidity on EDGX. By offering a proposed rebate of \$0.0015 per share for Flag RP, the Exchange believes it will encourage use of the new order type, while maintaining consistency with the Exchange’s overall pricing philosophy of encouraging displayed liquidity. In addition, the Exchange is setting the rebate at such level in order to incentivize liquidity by encouraging Members to use Route Peg Orders (Flag RP) since these orders provide Members that enter them and other Members an additional way to offer/access liquidity at the NBBO, respectively. In addition, since Flag RP has lowest priority according to Rule 11.8(a)(2), it would otherwise be rebated more than Flag HA, which has a higher priority. However, the Exchange is offering the same rebate as Flag HA because of the Route Peg Order type’s unique features which provides Members the ability to

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<sup>3</sup> As defined in Rule 1.5(y).

<sup>4</sup> 15 U.S.C. 78f.

<sup>5</sup> 15 U.S.C. 78f(b)(4).

control interaction with certain types of contra-side liquidity (i.e., routable orders of equal or lesser size). This contributes to additional depth of book at the NBBO.

Furthermore, as stated in SR-EDGX-2012-25, the Exchange believes that by encouraging the use of the Route Peg Order, Members seeking to access liquidity at the NBBO would be more motivated to direct their orders to EDGX because they would have a heightened expectation of the availability of liquidity at the NBBO. The increased liquidity also benefits all investors by deepening EDGX's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, and improving investor protection. In addition, a User<sup>6</sup> whose order executed against a Route Peg Order would be able to obtain an execution at the NBB or NBO while minimizing the risk that incremental latency associated with routing the order to an away destination may result in an inferior execution.

The Exchange believes that offering a proposed rebate of \$0.0015 per share for orders that yield Flag RP is reasonable because the pricing is similar to analogous order types offered by other exchanges. On NASDAQ, customers earn a rebate of \$0.0015 per share executed for MPIDs adding less than 1 million shares of Supplemental Orders and customers earn a rebate of \$0.0018 per share executed for MPIDs adding greater than 1 million shares of Supplemental Orders.<sup>7</sup> Similarly, NYSE Arca offers the Tracking Order type where its customers earn credits ranging from \$0.001 to \$0.0015 per share based on achieving applicable tiers.<sup>8</sup> Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange's proposal to amend the text of Footnotes 12 and 13 of the fee schedule to list Flag RP as one of the "added flags" where the volume associated with Flag RP will count toward the volume thresholds in Footnotes 12 and 13 is reasonable and equitable as the volume tiers in Footnotes 12 and 13 include "added" liquidity flags and Flag RP is an added liquidity flag. The Exchange notes that the liquidity ratio will now capture the RP "add flag" as one of

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<sup>6</sup> As defined in Rule 1.5(ee).

<sup>7</sup> See Securities Exchange Act Release No. 66540 (March 8, 2012), 77 FR 15167 (March 14, 2012) (SR-NASDAQ-2012-031). The Route Peg Order is functionally similar to NASDAQ's Supplemental Order type, as the Supplemental Order is a non-displayed order that posts to the book, that is accessed only after other liquidity on the NASDAQ book, and that executes only at the NBBO. See also NASDAQ's Price List – Trading & Connectivity, at <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

<sup>8</sup> See Securities Exchange Act Release No. 60944 (November 5, 2009), 74 FR 58668 (November 13, 2009) (SR-NYSEArca-2009-99). The Route Peg Order is functionally similar to NYSE Arca's Tracking Order type, which is a non-displayed order that will only execute at the NBBO and incoming orders are matched against all other orders on the book before executing against NYSE Arca's Tracking Orders. See also NYSE Arca Equities Order Types, at [https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse\\_arca\\_marketplace\\_fees\\_8\\_01\\_12.pdf](https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_8_01_12.pdf).

several add flags in the calculation of the “add liquidity” ratio.<sup>9</sup> The Exchange believes this amendment to Footnotes 12 and 13 supports the Exchange’s efforts to achieve consistent application and specificity among the flags on the fee schedule and provide transparency for its Members.

The Exchange believes that the above proposal is nondiscriminatory in that 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.

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.

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<sup>9</sup> The “add liquidity” ratio is the ratio of the “added” flags/ (“added” flags + “removal” flags) x 100. If the resulting ratio is equal to or greater than 10%, the MPID qualifies for the lower removal rate of \$0.0029 per share instead of \$0.0030 per share.

(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<sup>10</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>11</sup>

(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.

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

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

EXHIBIT 1SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-EDGX-2012-41)

[Date]

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 5, 2012 the EDGX Exchange, Inc. (the "Exchange" or "EDGX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its fees and rebates applicable to Members<sup>3</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGX Members. The text of the proposed rule change is available on the Exchange's Internet website at <http://www.directedge.com>, at the Exchange's principal office, and at the Public Reference Room of the Commission.

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

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

<sup>3</sup> As defined in 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 Statutory Basis for, the Proposed Rule Change

Purpose

The Exchange proposes to add Flag RP to the Exchange's fee schedule for Non-Displayed Orders that add liquidity using the Route Peg Order type.<sup>4</sup> The Exchange proposes to offer a rebate of \$0.0015 per share for orders that yield Flag RP. The volume associated with Flag RP will also count towards the volume tiers for orders that add liquidity. Accordingly, the Exchange proposes making conforming changes to the text of Footnotes 12 and 13 to include Flag RP as part of the "added flags."

As defined in Exchange Rule 11.5(c)(17), a Route Peg Order is a non-displayed limit order that posts to the EDGX Book, and thereafter is eligible for execution at the National Best Bid ("NBB") for buy orders and National Best Offer for sell orders ("NBO", and together with the NBB, the "NBBO") against the original size of the routable orders that are equal to or less than the original size of the Route Peg Orders. Route Peg Orders are passive, resting orders on the EDGX Book and do not take liquidity. Route Peg Orders may be entered, cancelled, and cancelled/replaced prior to

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<sup>4</sup> See Securities and Exchange Act Release No. 67727 (August 24, 2012), (SR-EDGX-2012-25).

and during Regular Trading Hours.<sup>5</sup> Route Peg Orders are eligible for execution in a given security during Regular Trading Hours, except that, even after the commencement of Regular Trading Hours, Route Peg Orders are not eligible for execution (1) in the opening cross, and (2) until such time that regular session orders in that security can be posted to the EDGX Book. A Route Peg Order does not execute at a price that is inferior to a Protected Quotation, and is not permitted to execute if the NBBO is locked or crossed. Any and all remaining, unexecuted Route Peg Orders are cancelled at the conclusion of Regular Trading Hours.

The Exchange proposes to implement these amendments to its fee schedule on September 7, 2012.

#### Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>7</sup> 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 proposes to add Flag RP to the Exchange's fee schedule for Non-Displayed Orders that add liquidity using the Route Peg Order type. The Exchange believes that offering a rebate of \$0.0015 per share for orders that yield Flag RP represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because a rebate of \$0.0015 per share is

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<sup>5</sup> As defined in Rule 1.5(y).

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

equal to the prevailing rebate of \$0.0015 that the Exchange offers for Flag HA, which is a non-displayed order type that adds liquidity but less than the default rebate of \$0.0023 per share for adding displayed liquidity on EDGX. By offering a proposed rebate of \$0.0015 per share for Flag RP, the Exchange believes it will encourage use of the new order type, while maintaining consistency with the Exchange's overall pricing philosophy of encouraging displayed liquidity. In addition, the Exchange is setting the rebate at such level in order to incentivize liquidity by encouraging Members to use Route Peg Orders (Flag RP) since these orders provide Members that enter them and other Members an additional way to offer/access liquidity at the NBBO, respectively. In addition, since Flag RP has lowest priority according to Rule 11.8(a)(2), it would otherwise be rebated more than Flag HA, which has a higher priority. However, the Exchange is offering the same rebate as Flag HA because of the Route Peg Order type's unique features which provides Members the ability to control interaction with certain types of contra-side liquidity (i.e., routable orders of equal or lesser size). This contributes to additional depth of book at the NBBO.

Furthermore, as stated in SR-EDGX-2012-25, the Exchange believes that by encouraging the use of the Route Peg Order, Members seeking to access liquidity at the NBBO would be more motivated to direct their orders to EDGX because they would have a heightened expectation of the availability of liquidity at the NBBO. The increased liquidity also benefits all investors by deepening EDGX's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, and improving investor protection. In addition, a User<sup>8</sup> whose order executed against a Route Peg Order would be able to obtain an execution

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<sup>8</sup> As defined in Rule 1.5(ee).

at the NBB or NBO while minimizing the risk that incremental latency associated with routing the order to an away destination may result in an inferior execution.

The Exchange believes that offering a proposed rebate of \$0.0015 per share for orders that yield Flag RP is reasonable because the pricing is similar to analogous order types offered by other exchanges. On NASDAQ, customers earn a rebate of \$0.0015 per share executed for MPIDs adding less than 1 million shares of Supplemental Orders and customers earn a rebate of \$0.0018 per share executed for MPIDs adding greater than 1 million shares of Supplemental Orders.<sup>9</sup> Similarly, NYSE Arca offers the Tracking Order type where its customers earn credits ranging from \$0.001 to \$0.0015 per share based on achieving applicable tiers.<sup>10</sup> Lastly, the Exchange believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange's proposal to amend the text of Footnotes 12 and 13 of the fee schedule to list Flag RP as one of the "added flags" where the volume associated with Flag RP will count toward the volume thresholds in Footnotes 12 and 13 is reasonable

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<sup>9</sup> See Securities Exchange Act Release No. 66540 (March 8, 2012), 77 FR 15167 (March 14, 2012) (SR-NASDAQ-2012-031). The Route Peg Order is functionally similar to NASDAQ's Supplemental Order type, as the Supplemental Order is a non-displayed order that posts to the book, that is accessed only after other liquidity on the NASDAQ book, and that executes only at the NBBO. See also NASDAQ's Price List – Trading & Connectivity, at <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

<sup>10</sup> See Securities Exchange Act Release No. 60944 (November 5, 2009), 74 FR 58668 (November 13, 2009) (SR-NYSEArca-2009-99). The Route Peg Order is functionally similar to NYSE Arca's Tracking Order type, which is a non-displayed order that will only execute at the NBBO and incoming orders are matched against all other orders on the book before executing against NYSE Arca's Tracking Orders. See also NYSE Arca Equities Order Types, at [https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse\\_arca\\_marketplace\\_fees\\_8\\_01\\_12.pdf](https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_8_01_12.pdf).

and equitable as the volume tiers in Footnotes 12 and 13 include “added” liquidity flags and Flag RP is an added liquidity flag. The Exchange notes that the liquidity ratio will now capture the RP “add flag” as one of several add flags in the calculation of the “add liquidity” ratio.<sup>11</sup> The Exchange believes this amendment to Footnotes 12 and 13 supports the Exchange’s efforts to achieve consistent application and specificity among the flags on the fee schedule and provide transparency for its Members.

The Exchange believes that the above proposal is nondiscriminatory in that 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.

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.

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<sup>11</sup> The “add liquidity” ratio is the ratio of the “added” flags/ (“added” flags + “removal” flags) x 100. If the resulting ratio is equal to or greater than 10%, the MPID qualifies for the lower removal rate of \$0.0029 per share instead of \$0.0030 per share.

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<sup>12</sup> and Rule 19b-4(f)(2)<sup>13</sup> 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](mailto:rule-comments@sec.gov). Please include File No. SR-EDGX-2012-41 on the subject line.

Paper comments:

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

<sup>13</sup> 17 CFR 19b-4(f)(2).

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

All submissions should refer to File Number SR-EDGX-2012-41. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commissions Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-EDGX-2012-41 and should be submitted by [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

**Additions underlined**

**Deletions [bracketed]**

**EDGX Exchange Fee Schedule – Effective September [1]7, 2012**

**Download in pdf format.**

\* \* \* \* \*

**Liquidity Flags and Associated Fees:**

*Unless otherwise noted, the following rebates and fees apply to orders in securities priced \$1 and over.*

<b>Flag</b>	<b>Description</b>	<b>Fee/(Rebate)</b>
A-RC	(No change)	
<u>RP</u>	<u>Non-Displayed Orders, adds liquidity (using Route Peg Order)</u>	<u>(0.0015)</u>
RQ-SW	(No change)	

<sup>1-11</sup> (No change)

<sup>12</sup> A removal rate of \$0.0029 per share applies where an MPID’s add liquidity ratio is equal to or greater than 10%. The add liquidity ratio is defined as “added” flags/(“added” flags + “removal” flags) x 100, where added flags are defined as B, HA, V, Y, MM, RP, 3, or 4 and removal flags are defined as BB, MT, N, W, PI, PR, or 6. The removal rate of \$0.0029 per share applies to single MPIDs only as share volume calculations for wholly owned affiliates cannot be aggregated across multiple MPIDs on a prospective basis. Where a Member does not meet the add liquidity ratio of at least 10%, then a removal rate of \$0.0030 per share applies.



<sup>13</sup> Members can qualify for an Investor Tier and be provided a rebate of \$0.0030 per share if they meet the following criteria: (i) on a daily basis, measured monthly, posts an ADV of at least 8 million shares on EDGX where added flags are defined as B, HA, V, Y, MM, RP, 3, or 4; (ii) have an “added liquidity” to “removed liquidity” ratio of at least 60% where added flags are defined as B, HA, V, Y, MM, RP, 3, or 4 and removal flags are defined as BB, MT, N, W, PI, PR, or 6; and (iii) have a message-to-trade ratio of less than 6:1.

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