

Required fields are shown with yellow backgrounds and asterisks.

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

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
--	---

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

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

EDGX Exchange, Inc. proposes to amend its fees and rebates applicable to members 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 action.

First Name * Jeffrey Last Name * Rosenstock
 Title * General Counsel
 E-mail * jrosenstock@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.

(Title *)

Date 04/01/2013 General Counsel
 By Jeffrey S. Rosenstock

(Name *)

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 EFFF website.

Form 19b-4 Information *

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 *

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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, security-based swap submission, or advance notice 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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

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 Sent As Paper Document

Exhibit 4 - Marked Copies

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) EDGX Exchange, Inc. (“EDGX” or the “Exchange”) proposes to amend its fees and rebates applicable to Members¹ 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 Exchange’s 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 rule 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 an additional tier, the Growth Tier, to Footnote 1 of its fee schedule. Such tier would provide Members a rebate of \$0.0025 per share for liquidity added on EDGX if on a daily basis, measured monthly, they post 5,000,000 shares or more of average daily volume (“ADV”) to EDGX.

Secondly, the Exchange currently provides a rebate of \$0.0032 per share for Retail Orders, as defined in Footnote 4 of the Exchange’s fee schedule, that add liquidity to EDGX. The Exchange currently offers a Retail Order Tier whereby Members are provided a rebate of \$0.0034 per share if they add an ADV of Retail Orders (Flag ZA) that is 0.25% or more of the Total Consolidated Volume (“TCV”) on a daily basis, measured monthly. The Exchange

¹ As defined in Exchange Rule 1.5(n).

proposes to lower the criteria to satisfy this tier to “an average daily volume of Retail Orders that is 0.10% or more of the TCV on a daily basis, measured monthly.” (emphasis added).

The Exchange proposes to implement these amendments to its fee schedule on April 1, 2013.

(b) Statutory 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”),² in general, and furthers the objectives of Section 6(b)(4),³ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities.

The Exchange believes that the addition of the Growth Tier represents an equitable allocation of reasonable dues, fees, and other charges because it incentivizes Members to add liquidity to the EDGX Book.⁴ Furthermore, such increased volume would increase potential revenue to the Exchange and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of higher rebates and lower fees. The increased liquidity 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, promoting market transparency and improving investor protection. Volume-based rebates such as the one proposed herein have been widely adopted in the cash equities markets, and are equitable because they 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 processes. In addition, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange also believes that the proposed rebate of \$0.0025 per share for the Growth Tier and volume thresholds that require Members to add an ADV of 5,000,000 shares or more also represents an equitable allocation of reasonable dues, fees, and other charges since higher (lower) rebates are directly correlated with more (less) stringent criteria. As explained in detail below, the proposed Growth Tier rebate of \$0.0025 per share will have the least stringent criteria associated with it, and Members will receive \$0.0003 less per share than the next best tiered rebates of \$0.0028 per share (the Super Tier and an un-named tier in Footnote 1 of the Exchange’s fee schedule in which a Member must post 0.065% of the TCV in ADV more than their February 2011 ADV added to EDGX).

² 15 U.S.C. 78f.

³ 15 U.S.C. 78f(b)(4).

⁴ As defined in Exchange Rule 1.5(d).

In order to qualify for the next best tier after the Growth Tier, the Super Tier (rebate of \$0.0028), a Member must post double the number of shares (i.e., 10,000,000 shares or more of ADV to EDGX) than that required to qualify for the Growth Tier.

In addition, the Exchange believes that the proposed rebate is reasonable in that it is in line with the BATS Exchange, Inc.'s ("BZX Exchange") default rebate of \$0.0025 per share for adding displayed liquidity to the BZX Exchange order book for members that do not satisfy a volume tier.⁵

The Exchange believes that reducing the percentage of TCV required to achieve the Retail Order Tier from 0.25% to 0.10% for Members' Retail Orders that add liquidity (Flag ZA) is reasonable, equitable and not unfairly discriminatory because it would continue to encourage Members to send additional Retail Orders that add liquidity to the Exchange for execution in order to qualify for an incrementally higher rebate for such executions that add liquidity on the Exchange if Members satisfy the conditions of the Retail Order Tier.

The potential for increased volume from Retail Orders would increase potential revenue to the Exchange, and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of lower fees. The increased liquidity 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, promoting market transparency and improving investor protection. Volume-based rebates such as the one proposed to be amended herein have been widely adopted in the cash equities markets, and are equitable because they 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 processes.

The Exchange believes that reducing the percentage of TCV required to achieve the Retail Order Tier from 0.25% to 0.10% for Members' Retail Orders that add liquidity (Flag ZA) is reasonable, equitable and not unfairly discriminatory because this percentage continues to be within a range that the Exchange believes would incentivize Members to submit Retail Orders to the Exchange in order to qualify for the applicable rebate of \$0.0034 per share. The Exchange notes that certain other existing pricing tiers within its fee schedule make rebates available to Members that are also based on the Member's level of activity as a percentage of TCV. These existing percentage thresholds, depending on other related factors and the level of the

⁵ See BATS Exchange, Inc., BATS BZX Exchange Fee Schedule, http://cdn.batstrading.com/resources/regulation/rule_book/BATS-Exchanges_Fee_Schedules.pdf.

corresponding rebates, are both higher and lower than the 0.10% proposed herein.⁶ Moreover, like existing pricing on the Exchange that is tied to Member's volume levels as a percentage of TCV, the proposed Retail Order Tier continues to be equitable and not unfairly discriminatory because it is available to all Members on an equal and non-discriminatory basis.

The Exchange notes that a significant percentage of the orders of individual investors are executed over-the-counter.⁷ The Exchange believes that it is thus appropriate to continue to create a financial incentive to bring more retail order flow to a public market, such as the Exchange, over off-exchange venues. The Exchange believes that investor protection and transparency is promoted by rewarding displayed liquidity on exchanges over off-exchange executions. In this regard, the Exchange believes that maintaining or increasing the proportion of Retail Orders in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods) would contribute to investors' confidence in the fairness of their transactions and would benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also notes that the Retail Order Tier is reasonable in that NYSE Arca, Inc. ("NYSE Arca") offers a comparable Retail Order Tier (with an analogous Retail Order definition) that provides a rebate of \$0.0033 per share for its Retail Orders that provide liquidity on NYSE Arca in Tapes A, B and C securities for ETP Holders that execute an ADV of Retail Orders that is 0.20% or more of the TCV.⁸ In addition, The NASDAQ Stock Market LLC ("Nasdaq") offers its members a rebate of \$0.0034 per share for Designated Retail Orders, as defined by Nasdaq, that are displayed orders that provide liquidity if a member enters Designated Retail Orders through an MPID through which (i) at least 90% of the shares of liquidity provided

⁶ See for example, the Market Depth Tier Rebate (\$0.0033 per share rebate), Mega Tier rebate (\$0.0032 per share), Ultra Tier rebate (\$0.0031 per share rebate), and Super Tier rebate (\$0.0031 per share rebate) that are all tied to a percentage of TCV.

⁷ See Concept Release on Equity Market Structure, Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (noting that dark pools and internalizing broker-dealers executed approximately 25.4% of share volume in September 2009). See also Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) (available on the Commission's website). In her speech, Chairman Schapiro noted that nearly 30 percent of volume in U.S.-listed equities was executed in venues that do not display their liquidity or make it generally available to the public and the percentage was increasing nearly every month.

⁸ See Securities Exchange Act Release No. 69134 (March 14, 2013), 78 FR 17247 (March 20, 2013) (SR-NYSEArca-2013-24). See also, NYSE Arca Equities, Inc., Schedule of Fees and Charges for Exchange Services, https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_3_1_13.pdf.

during the month are provided through Designated Retail Orders, and (ii) the members access, provide, or route shares of liquidity that represent at least 0.10% of TCV during the month.⁹

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

These proposed rule changes do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor EDGX's pricing if they believe that alternatives offer them better value. Accordingly, EDGX does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

Regarding the Retail Order Tier, the Exchange believes that its proposal to amend the criteria to achieve the tier will increase competition for Retail Orders because the proposed Retail Order Tier is comparable in price and criteria to Nasdaq's retail order tier. The Exchange believes its proposal will not burden intramarket competition given that the Exchange's rates apply uniformly to all Members.

Regarding the Exchange's proposed Growth Tier, the Exchange believes its proposal will not burden competition but rather increase competition with the Exchange's competitors that offer similar tiers and rebates. The Exchange believes its proposal will not burden intramarket competition given that the Exchange's rates apply uniformly to all Members.

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.

⁹ See Securities Exchange Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-42). Nasdaq, Price List – Trading and Connectivity, <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

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.

(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 Act¹⁰ and paragraph (f)(2) of Rule 19b-4 thereunder.¹¹

(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. Security Based- Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-EDGX-2013-12)

[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"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 1, 2013, 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 amend its fees and rebates applicable to Members³ 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 www.directedge.com, at the Exchange's principal office, and at the Public Reference Room of the Commission.

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

1. Purpose

The Exchange proposes to add an additional tier, the Growth Tier, to Footnote 1 of its fee schedule. Such tier would provide Members a rebate of \$0.0025 per share for liquidity added on EDGX if on a daily basis, measured monthly, they post 5,000,000 shares or more of average daily volume ("ADV") to EDGX.

Secondly, the Exchange currently provides a rebate of \$0.0032 per share for Retail Orders, as defined in Footnote 4 of the Exchange's fee schedule, that add liquidity to EDGX. The Exchange currently offers a Retail Order Tier whereby Members are provided a rebate of \$0.0034 per share if they add an ADV of Retail Orders (Flag ZA) that is 0.25% or more of the Total Consolidated Volume ("TCV") on a daily basis, measured monthly. The Exchange proposes to lower the criteria to satisfy this tier to "an average daily volume of Retail Orders that is 0.10% or more of the TCV on a daily basis, measured monthly." (emphasis added).

The Exchange proposes to implement these amendments to its fee schedule on April 1, 2013.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,⁴ in general, and furthers the objectives of Section 6(b)(4),⁵ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities.

The Exchange believes that the addition of the Growth Tier represents an equitable allocation of reasonable dues, fees, and other charges because it incentivizes Members to add liquidity to the EDGX Book.⁶ Furthermore, such increased volume would increase potential revenue to the Exchange and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of higher rebates and lower fees. The increased liquidity 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, promoting market transparency and improving investor protection. Volume-based rebates such as the one proposed to be amended herein have been widely adopted in the cash equities markets, and are equitable because they are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(4).

⁶ As defined in Exchange Rule 1.5(d).

exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery processes. In addition, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange also believes that the proposed rebate of \$0.0025 per share for the Growth Tier and volume thresholds that require Members to add an ADV of 5,000,000 shares or more also represents an equitable allocation of reasonable dues, fees, and other charges since higher (lower) rebates are directly correlated with more (less) stringent criteria. As explained in detail below, the proposed Growth Tier rebate of \$0.0025 per share will have the least stringent criteria associated with it, and Members will receive \$0.0003 less per share than the next best tiered rebates of \$0.0028 per share (the Super Tier and an un-named tier in Footnote 1 of the Exchange's fee schedule in which a Member must post 0.065% of the TCV in ADV more than their February 2011 ADV added to EDGX).

In order to qualify for the next best tier after the Growth Tier, the Super Tier (rebate of \$0.0028), a Member must post double the number of shares (i.e., 10,000,000 shares or more of ADV to EDGX) than that required to qualify for the Growth Tier.

In addition, the Exchange believes that the proposed rebate is reasonable in that it is in line with the BATS Exchange, Inc.'s ("BZX Exchange") default rebate of \$0.0025

per share for adding displayed liquidity to the BZX Exchange order book for members that do not satisfy a volume tier.⁷

The Exchange believes that reducing the percentage of TCV required to achieve the Retail Order Tier from 0.25% to 0.10% for Members' Retail Orders that add liquidity (Flag ZA) is reasonable, equitable and not unfairly discriminatory because it would continue to encourage Members to send additional Retail Orders that add liquidity to the Exchange for execution in order to qualify for an incrementally higher rebate for such executions that add liquidity on the Exchange if Members satisfy the conditions of the Retail Order Tier.

The potential for increased volume from Retail Orders would increase potential revenue to the Exchange, and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of lower fees. The increased liquidity 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, promoting market transparency and improving investor protection. Volume-based rebates such as the one proposed herein have been widely adopted in the cash equities markets, and are equitable because they 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

⁷ See BATS Exchange, Inc., BATS BZX Exchange Fee Schedule, http://cdn.batstrading.com/resources/regulation/rule_book/BATS-Exchanges_Fee_Schedules.pdf.

market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery processes.

The Exchange believes that reducing the percentage of TCV required to achieve the Retail Order Tier from 0.25% to 0.10% for Members' Retail Orders that add liquidity (Flag ZA) is reasonable, equitable and not unfairly discriminatory because this percentage continues to be within a range that the Exchange believes would incentivize Members to submit Retail Orders to the Exchange in order to qualify for the applicable rebate of \$0.0034 per share. The Exchange notes that certain other existing pricing tiers within its fee schedule make rebates available to Members that are also based on the Member's level of activity as a percentage of TCV. These existing percentage thresholds, depending on other related factors and the level of the corresponding rebates, are both higher and lower than the 0.10% proposed herein.⁸ Moreover, like existing pricing on the Exchange that is tied to Member's volume levels as a percentage of TCV, the proposed Retail Order Tier continues to be equitable and not unfairly discriminatory because it is available to all Members on an equal and non-discriminatory basis.

The Exchange notes that a significant percentage of the orders of individual investors are executed over-the-counter.⁹ The Exchange believes that it is thus

⁸ See for example, the Market Depth Tier Rebate (\$0.0033 per share rebate), Mega Tier rebate (\$0.0032 per share), Ultra Tier rebate (\$0.0031 per share rebate), and Super Tier rebate (\$0.0031 per share rebate) that are all tied to a percentage of TCV.

⁹ See Concept Release on Equity Market Structure, Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (noting that dark pools and internalizing broker-dealers executed approximately 25.4% of share volume in September 2009). See also Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) (available on the Commission's website). In her speech, Chairman Schapiro noted that nearly 30 percent of volume in U.S.-listed equities was

appropriate to continue to create a financial incentive to bring more retail order flow to a public market, such as the Exchange, over off-exchange venues. The Exchange believes that investor protection and transparency is promoted by rewarding displayed liquidity on exchanges over off-exchange executions. In this regard, the Exchange believes that maintaining or increasing the proportion of Retail Orders in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods) would contribute to investors' confidence in the fairness of their transactions and would benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also notes that the Retail Order Tier is reasonable in that NYSE Arca, Inc. ("NYSE Arca") offers a comparable Retail Order Tier (with an analogous Retail Order definition) that provides a rebate of \$0.0033 per share for its Retail Orders that provide liquidity on NYSE Arca in Tapes A, B and C securities for ETP Holders that execute an ADV of Retail Orders that is 0.20% or more of the TCV.¹⁰ In addition, The NASDAQ Stock Market LLC ("Nasdaq") offers its members a rebate of \$0.0034 per share for Designated Retail Orders, as defined by Nasdaq, that are displayed orders that provide liquidity if a member enters Designated Retail Orders through an MPID through which (i) at least 90% of the shares of liquidity provided during the month are provided

executed in venues that do not display their liquidity or make it generally available to the public and the percentage was increasing nearly every month.

¹⁰ See Securities Exchange Act Release No. 69134 (March 14, 2013), 78 FR 17247 (March 20, 2013) (SR-NYSEArca-2013-24). See also, NYSE Arca Equities, Inc., Schedule of Fees and Charges for Exchange Services, https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_3_1_13.pdf.

through Designated Retail Orders, and (ii) the members access, provide, or route shares of liquidity that represent at least 0.10% of TCV during the month.¹¹

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

These proposed rule changes do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor EDGX's pricing if they believe that alternatives offer them better value. Accordingly, EDGX does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

¹¹ See Securities Exchange Release No. 69133 (March 14, 2013), 78 FR 17272 (March 20, 2013) (SR-NASDAQ-2013-42). Nasdaq, Price List – Trading and Connectivity, <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

Regarding the Retail Order Tier, the Exchange believes that its proposal to amend the criteria to achieve the tier will increase competition for Retail Orders because the proposed Retail Order Tier is comparable in price and criteria to Nasdaq's retail order tier. The Exchange believes its proposal will not burden intramarket competition given that the Exchange's rates apply uniformly to all Members.

Regarding the Exchange's proposed Growth Tier, the Exchange believes its proposal will not burden competition but rather increase competition with the Exchange's competitors that offer similar tiers and rebates. The Exchange believes its proposal will not burden intramarket competition given that the Exchange's rates apply uniformly to all Members.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and Rule 19b-4(f)(2)¹³ 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

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4 (f)(2).

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 Number SR-EDGX-2013-12 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-EDGX-2013-12. 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 Commission's Internet website (<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

website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the 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-2013-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Additions underlined

Deletions [bracketed]

EDGX Exchange Fee Schedule – Effective [March] April 1, 2013
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 ()

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

Category	Adding Liquidity	Removing Liquidity	Routing and Removing Liquidity
Securities at or above \$1.00	<u>\$(0.0021)^{1,2,4,a,13}</u>	<u>\$0.0030^{1,2,4}</u>	<u>\$0.0029</u>
Securities below \$1.00	<u>\$(0.00003)</u>	<u>0.30% of Dollar Value</u>	<u>0.30% of Dollar Value^a</u>

Liquidity Flags and Associated Fees:

Flag	Description	Fee/(Rebate) Securities at or above \$1.00	Fee/(Rebate) Securities below \$1.00
A	Routed to NASDAQ, adds liquidity	(0.0020)	FREE
B ^{1,2,a}	Add liquidity to EDGX book (Tape B)	(0.0021)	(0.00003)
C ^a	Routed to BX	(0.0004)	0.10% of Dollar Value
D ^a	Routed or re-routed to NYSE	0.0025	0.30% of Dollar Value
F	Routed to NYSE, adds liquidity	(0.0015)	FREE
G	Routed to NYSE Arca (Tapes A or C)	0.0030	0.30% of Dollar Value
I	Routed to EDGA	0.0029	0.30% of Dollar Value

J^a	Routed to NASDAQ	0.0030	0.30% of Dollar Value
K	Routed to PSX using ROUC or ROUE routing strategy	0.0028	0.30% of Dollar Value
L	Routed to NASDAQ using INET routing strategy (Tapes A or C)	0.0030	0.30% of Dollar Value
M^a	Routed to LavaFlow, adds liquidity	(0.0024)	FREE
N^{1,2}	Remove liquidity from EDGX book (Tape C)	0.0030	0.30% of Dollar Value
O^{5,a}	Routed to primary exchange's opening cross	0.0005	0.30% of Dollar Value
Q	Routed using ROUC routing strategy	0.0020	0.30% of Dollar Value
R	Re-routed by exchange	0.0030	0.30% of Dollar Value
S	Directed ISO order	0.0032	0.30% of Dollar Value
T	Routed using ROUD/ROUE routing strategy	0.0012	0.30% of Dollar Value
U^{6,a}	Routed to LavaFlow	0.0029	0.30% of Dollar Value
V^{1,2,a}	Add liquidity to EDGX book (Tape A)	(0.0021)	(0.00003)
W^{1,2}	Remove liquidity from EDGX book (Tape A)	0.0030	0.30% of Dollar Value
X	Routed	0.0029	0.30% of Dollar Value
Y^{1,2,a}	Add liquidity to EDGX book (Tape C)	(0.0021)	(0.00003)
Z	Routed using ROUZ routing strategy	0.0010	0.30% of Dollar Value
2	Routed to NASDAQ using INET routing strategy (Tape B)	0.0030	0.30% of Dollar Value
3^{1,2,a}	Add liquidity – pre & post market (Tapes A or C)	(0.0021)	(0.00003)
4^{1,2,a}	Add liquidity – pre & post market (Tape B)	(0.0021)	(0.00003)
5¹¹	Internalization – pre & post market, per side	0.00045	0.15% of Dollar Value
6^{1,2}	Remove liquidity – pre & post market (All Tapes)	0.0030	0.30% of Dollar Value
7	Routed – pre & post market	0.0030	0.30% of Dollar Value

8	Routed to NYSE MKT LLC, adds liquidity	(0.0015)	FREE
9	Routed to NYSE Arca, adds liquidity (Tapes A or C)	(0.0021)	FREE
10	Routed to NYSE Arca, adds liquidity (Tape B)	(0.0022)	FREE
AA	Midpoint Match Cross (same MPID)	0.0012	0.15% of Dollar Value
BB ^{1,2}	Remove liquidity from EDGX book (Tape B)	0.0030	0.30% of Dollar Value
BY	Routed to BATS BYX Exchange using routing strategies ROUC, ROUE or ROBY	(0.0002)	0.10% of Dollar Value
CL ⁹	Routed to listing market closing process, except for NYSE Arca & BATS BZX	0.0010	0.30% of Dollar Value
EA ¹¹	Internalization, adds liquidity	0.00045	0.15% of Dollar Value
ER ¹¹	Internalization, removes liquidity	0.00045	0.15% of Dollar Value
HA	Non-Displayed Orders that add liquidity (not including Midpoint Match orders)	(0.0015)	(0.00003)
MM	Add liquidity to Midpoint Match (using Midpoint Match order type)	0.0012	(0.00003)
MT	Remove liquidity from Midpoint Match (using Midpoint Match order type)	0.0012	0.30% of Dollar Value
OO	Direct Edge Opening	0.0010	FREE
PI ^{1,2}	Remove liquidity from EDGX book against Midpoint Match	0.0030	0.30% of Dollar Value
PR	Remove liquidity from EDGX book using ROUQ routing strategy	0.0027	0.30% of Dollar Value
RA	Routed to EDGA, adds liquidity	0.0006	FREE
RB	Routed to BX, adds liquidity	0.0018	FREE
RC	Routed to NSX, adds liquidity	(0.0026)	FREE
RP	Non-Displayed Orders, adds liquidity (using Route Peg Order)	(0.0015)	(0.00003)
RQ	Routed using ROUQ routing strategy	0.0027	0.30% of Dollar Value

RR	Routed to EDGA using routing strategies IOCX or IOCT	(0.0004)	0.30% of Dollar Value
RS	Routed to PSX, adds liquidity	(0.0026)	FREE
RT	Routed using ROUW routing strategy	0.0030	0.30% of Dollar Value
RW	Routed to CBSX, adds liquidity	0.0017	FREE
RX	Routed using ROUX routing strategy	0.0030	0.30% of Dollar Value
RY	Routed to BATS BYX, adds liquidity	0.0005	FREE
RZ	Routed to BATS BZX, adds liquidity	(0.0025)	FREE
SW⁸	Routed using SWPA/SWPB/SWPC routing strategies (except for removal of liquidity from NYSE)	0.0031	0.30% of Dollar Value
ZA⁴	Retail Order, adds liquidity	(0.0032)	(0.00003)
ZR⁴	Retail Order, removes liquidity	0.0030	0.30% of Dollar Value

¹ Members can qualify for the Mega Tier and be provided a rebate of \$0.0035 per share for all liquidity posted on EDGX if they add or route at least 2,000,000 shares of average daily volume (“ADV”) prior to 9:30 AM or after 4:00 PM (includes all flags except 6) AND add a minimum of 35,000,000 shares of ADV on EDGX in total, including during both market hours and pre and post-trading hours. Alternatively, Members can also qualify for the Mega Tier, but will be provided a rebate of \$0.0032 per share for all liquidity posted on EDGX if they add or route at least 4,000,000 shares of ADV prior to 9:30 AM or after 4:00 PM (includes all flags except 6) and add a minimum of .20% of the Total Consolidated Volume (“TCV”) on a daily basis measured monthly, including during both market hours and pre and post-trading hours. In addition, for meeting the aforementioned criteria, Members will pay a reduced rate for removing liquidity of \$0.0029 for Flags N, W, 6, BB, PI, and ZR. Where a Member does not meet the criteria for the Mega Tier, then a removal rate of \$0.0030 per share applies.

Members can qualify for the Market Depth Tier and receive a rebate of \$0.0033 per share for displayed liquidity added on EDGX if they post greater than or equal to 0.50% of the TCV in ADV on EDGX in total, where at least 2 million shares are Non-Displayed Orders that yield Flag HA.

Members can also qualify for the Mega Tier and be provided a \$0.0032 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 0.12% of the TCV in ADV more than their February 2011 ADV added to EDGX. 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.

Members can qualify for the Ultra Tier and be provided a \$0.0031 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 0.50% of TCV in ADV to EDGX.

Members can qualify for the Super Tier and be provided a \$0.0028 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 10,000,000 shares or more of ADV to EDGX.

Members that post 0.065% of the TCV in ADV more than their February 2011 ADV added to EDGX will qualify for a \$0.0028 per share rebate (unless they otherwise qualify for a higher rebate).

Members can qualify for the Growth Tier and be provided a \$0.0025 rebate per share for liquidity added on EDGX if the Member on a daily basis, measured monthly, posts 5,000,000 shares or more of ADV to EDGX.

Any Member meeting the following criteria: (i) adding 10,000,000 shares or more of ADV of liquidity to EDGX, (ii) where such added liquidity on EDGX is at least 5,000,000 shares of ADV greater than the previous calendar month; and (iii) but for the liquidity added on EDGX, such Member would have qualified for a better rebate with respect to liquidity added on another exchange or ECN that the Member previously qualified for in the three calendar months prior to meeting the above-described criteria in (i) and (ii), shall be reimbursed the difference between the rebate received and the rebate potentially received, so long as source documentation evidencing the above is provided to the Exchange within fifteen (15) calendar days from the end of the relevant month. A Member can only receive reimbursement with respect to two consecutive calendar months. With respect to the second calendar month's reimbursement, the relevant period in determining whether criteria (iii) is satisfied is the period three calendar months prior to the first of the two consecutive calendar months the Member meets the above-described criteria in (i) and (ii).

² A Member can qualify for the Step-up Take Tier by (i) adding an ADV of at least 2 million shares on a daily basis, measured monthly, more than that Member's September 2012 added ADV; and (ii) removing at least 0.40% TCV on a daily basis, measured monthly more than that Member's September 2012 removed ADV. Members qualifying for the Step-up Take Tier will earn a rebate of \$0.0030 per share for orders that add liquidity and yield Flags B, V, Y, 3 and 4, and will be assessed a fee of \$0.0028 per share for orders that remove liquidity and yield Flags N, W, BB, PI, 6, and ZR. The Exchange notes that to the extent Members qualify for a rebate higher than \$0.0030 per share through other volume tiers, such as the Mega Tier, Market Depth Tier or the Ultra Tier, they will earn the higher rebate on the add flags instead of the Step-up Take Tier. In addition, such Members will still qualify for the reduced charge of \$0.0028 per share for the removal flags.

³ Intentionally omitted.

⁴ Where a Retail Order is defined as (i) an agency order that originates from a natural person; (ii) is submitted to EDGX by a Member, provided that no change is made to the terms of the order; and (iii) the order does not originate from a trading algorithm or any other computerized methodology. Members must submit a signed written attestation, in a form prescribed by the Exchange, that they have implemented policies and procedures that are reasonably designed to ensure that every order designated by the Member as a “Retail Order” complies with the above requirements.

Members will be provided a rebate of \$0.0034 per share if they add an average daily volume of Retail Orders (Flag ZA) that is 0.[25]10% or more of the TCV on a daily basis, measured monthly.

The Exchange notes that to the extent Members qualify for a rebate higher than \$0.0032 per share (for Flag ZA executions that do not qualify for the above tier) or \$0.0034 per share (for Flag ZA executions qualifying for the above tier) through other volume tiers, such as the Mega Tier or Market Depth Tier, they will earn the higher rebate on Flag ZA instead of its assigned rate. In addition, to the extent Members qualify for a removal rate lower than \$0.0030 per share through any other tier, such as the Step-up Take Tier, then they will earn the lower removal rate on the Flag ZR instead of its assigned rate.

The Exchange notes that Members will only be able to designate their orders as Retail Orders on either an order-by-order basis using FIX ports or by designating certain of their FIX ports at the Exchange as “Retail Order Ports.”

⁵ Capped at \$10,000 per month per Member.

⁶ If Member posts an average of 100,000 shares or more per day using strategy ROLF (yielding Flag M), then said Member’s fee when removing liquidity from LavaFlow decreases to \$0.0023 per share (yielding Flag U).

⁷ Intentionally omitted.

⁸ Flag D is assigned 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 processes.

¹⁰ Intentionally omitted.

¹¹ If a Member posts 10,000,000 shares or more of ADV to EDGX, then the Member’s rate for internalization (Flags 5, EA or ER) decreases to \$0.0001 per share per side.

¹² Intentionally omitted.

¹³ 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, ZA, 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, ZA, 3, or 4 and removal flags are defined as BB, MT, N, W, PI, PR, ZR, or 6; and (iii) have a message-to-trade ratio of less than 6:1.

^a Upon a Member’s request, EDGX 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 Reserved.

^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.

* * * * *