

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 28	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2014 - * 09	Amendment No. (req. for Amendments *)
----------------	--	----------------------------	---------------------------------------

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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
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 Fee Schedule.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Chris      Last Name \* Solgan

Title \* Regulatory Counsel

E-mail \* csolgan@directedge.com

Telephone \* (201) 942-8321      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 04/01/2014      Regulatory Counsel

By Chris Solgan     

(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

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) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> EDGX Exchange, Inc. (“EDGX” or 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) (“Fee Schedule”) to: (i) increase the rebate for orders yielding Flag BY, which routes to the BATS-Y Exchange, Inc. (“BYX”) and removes liquidity using routing strategies ROUC, ROUE, or ROBY;<sup>4</sup> (ii) increase the fee for orders yielding Flag RY, which route to BYX and adds liquidity; (iv) increase the fee for orders yielding Flag O, which routes to the listing exchanges opening cross; and (v) amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member. The text of the proposed rule change is attached as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

## 2. Procedures of the Self-Regulatory Organization

The Exchange submits the proposed rule change pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Exchange’s Board of Directors of any action taken pursuant to delegated authority. No other

---

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

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

<sup>3</sup> The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

<sup>4</sup> The ROUC, ROUE, or ROBY routing strategies are set forth in Exchange Rule 11.9(b)(2).

action is necessary for the filing of the rule change and, therefore, the Exchange's internal procedures with respect to the proposed change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Eric Swanson  
Executive Vice President and  
General Counsel  
(913) 815-7000

Christopher Solgan  
Regulatory Counsel  
(201) 942-8321

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 amend its Fee Schedule to: (i) increase the rebate for orders yielding Flag BY, which routes to BYX and removes liquidity using routing strategies ROUC, ROUE, or ROBY; (ii) increase the fee for orders yielding Flag RY, which route to BYX and adds liquidity; (iv) increase the fee for orders yielding Flag O, which routes to the listing exchanges opening cross; and (v) amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member.

Flag BY

In securities priced at or above \$1.00, the Exchange currently provides a rebate of \$0.0001 per share for Members' orders that yield Flag BY, which routes orders to BYX and removes liquidity using routing strategies ROUC, ROUE, or ROBY. The Exchange proposes to amend its Fee Schedule to increase the rebate for orders that yield Flag BY to \$0.0016 per share in securities priced at or above \$1.00.<sup>5</sup> The proposed change represents a pass through of the

---

<sup>5</sup> The Exchange does not propose to amend its fee for orders that yield Flag BY in securities priced below \$1.00.

rate Direct Edge ECN LLC (d/b/a DE Route) (“DE Route”), the Exchange’s affiliated routing broker-dealer, is provided for routing orders to BYX that remove liquidity. The proposed change is in response to BYX’s April 2014 fee change where BYX increased its rebate from \$0.0001 per share to \$0.0016 per share for orders in securities priced at or above \$1.00.<sup>6</sup> When DE Route routes to and removes liquidity from BYX, it will now receive a standard rebate of \$0.0016 per share. DE Route will pass through the rebate provided by BYX to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

#### Flag RY

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0003 per share for Members’ orders that yield Flag RY, which route to BYX and adds liquidity. The Exchange proposes to amend its Fee Schedule to increase the fee for orders that yield Flag BY to \$0.0018 per share in securities priced at or above \$1.00.<sup>7</sup> The proposed change represents a pass through of the rate DE Route, the Exchange’s affiliated routing broker-dealer, is charged for routing orders to BYX that add liquidity. The proposed change is in response to BYX’s April 2014 fee change where BYX increased its standard fee to \$0.0018 per share from \$0.0003 per share for orders in securities priced at or above \$1.00.<sup>8</sup> When DE Route routes to and adds liquidity on BYX, it will now be charged a standard rate of \$0.0018 per share.<sup>9</sup> DE Route will

---

<sup>6</sup> See the BYX Fee Schedule available at [http://www.batstrading.com/resources/regulation/rule\\_book/BYX\\_Fee\\_Schedule.pdf](http://www.batstrading.com/resources/regulation/rule_book/BYX_Fee_Schedule.pdf).

<sup>7</sup> The Exchange does not propose to amend its fee for orders that yield Flag RY in securities priced below \$1.00.

<sup>8</sup> See the BYX Fee Schedule available at [http://www.batstrading.com/resources/regulation/rule\\_book/BYX\\_Fee\\_Schedule.pdf](http://www.batstrading.com/resources/regulation/rule_book/BYX_Fee_Schedule.pdf).

<sup>9</sup> The Exchange notes that to the extent DE Route does or does not achieve any volume tiered reduced fee on BYX, its rate for Flag RY will not change.

pass through the rate it is charged on BYX to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

### Flag O

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0005 per share for Members' orders that yield Flag O, which routes to the listing exchange's opening process.<sup>10</sup> The Exchange proposes to amend its Fee Schedule to increase the fee for orders that yield Flag O to \$0.0010 per share in securities priced at or above \$1.00.<sup>11</sup> The proposed change represents an equitable allocation of routing fees that DE Route, the Exchange's affiliated routing broker-dealer, is charged for orders routed to the listing exchange's opening process when it does not qualify for a volume tiered reduced fee. The proposed change is in response to the New York Stock Exchange, Inc.'s ("NYSE") April 2014 fee change where the NYSE increased its fee to \$0.0010 per share from \$0.0005 per share for orders in securities priced at or above \$1.00.<sup>12</sup> When DE Route routes an order to the NYSE's opening cross, it will now be charged a standard rate of \$0.0010 per share. DE Route will pass through the rate it is charged

---

<sup>10</sup> Under Flag O, the Exchange routes to the following listing exchanges: The New York Stock Exchange, Inc.; The Nasdaq Stock Market LLC ("Nasdaq"); NYSE MKLT LLC; NYSE Arca Inc. ("NYSE Arca"), and BATS Exchange, Inc.

<sup>11</sup> The Exchange does not propose to amend its fee for orders that yield Flag O in securities priced below \$1.00.

<sup>12</sup> See NYSE Trader Update dated March 27, 2014 available at <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2004%202014.pdf>. Nasdaq currently charges \$0.0010 per share to participate in its opening cross. See Nasdaq Price List available at <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. NYSE Arca currently charges \$0.0005 per share to participate in its opening cross. See NYSE Arca's Equity Trading Fees available at [http://usequities.nyx.com/sites/usequities.nyx.com/files/nyse\\_arca\\_marketplace\\_fees\\_for\\_3-1-14.pdf](http://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_for_3-1-14.pdf).

on the NYSE to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

#### Footnote 5

The Exchange also proposes to amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member. When the Exchange routes to a listing exchange's opening cross (Flag O), the Exchange passes through the tier savings that DE Route achieves on an away exchange to its Members. This tier savings takes the form of a cap of Members' fees at \$10,000 per month for using Flag O. The proposed increase in the fee cap under Footnote 5 is in response to April 2014 fee cap changes by Nasdaq and NYSE for orders that participate in their opening cross processes. First, under the NYSE's April 2014 fee change, it is increasing its fee cap for orders that participate in its opening cross from \$15,000 to \$20,000 per month.<sup>13</sup> Second, under Nasdaq's April 2014 fee cap increase, it is requiring that members add, at a minimum, one million shares of liquidity to Nasdaq, on average per day, during the month to be eligible for its existing fee cap of \$20,000 for orders that participate in the opening cross.<sup>14</sup> When DE Route routes to the NYSE or Nasdaq's opening cross, it will now be subject to the increased fee cap and new tier requirement. The proposed increase to the fee cap under Footnote 5 would enable the Exchange to equitably allocate its costs among all Members utilizing Flag O. Therefore, the Exchange proposes to amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member in response to the Nasdaq and the NYSE's April 2014 increased fee caps and related requirements.

#### Implementation Date

---

<sup>13</sup> See NYSE Trader Update dated March 27, 2014 available at <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2004%202014.pdf>.

<sup>14</sup> See Nasdaq Equity Trader Alert #2014-28 available at <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2014-28>.

The Exchange proposes to implement these amendments to its Fee Schedule on April 1, 2014.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>15</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>16</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.

Flag BY

The Exchange believes that its proposal to increase the rebate for orders that yield Flag BY represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to the BYX's April 2014 fee change, BYX provided DE Route a rebate of \$0.0001 per share to remove liquidity in securities priced at or above \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to BYX, it will now be provided a rebate of \$0.0016 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to BYX through DE Route. Therefore, the Exchange believes that the proposed change to Flag BY is equitable and reasonable because it accounts for the pricing changes on BYX, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

Flag RY

---

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

<sup>16</sup> 15 U.S.C. 78f(b)(4).

The Exchange believes that its proposal to increase the fees for orders yielding Flag RY represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to BYX's April 2014 fee change, BYX charged DE Route a fee of \$0.0003 per share to add liquidity in securities priced at or above \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to BYX, it will now be charged a standard rate of \$0.0018 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to BYX through DE Route. Therefore, the Exchange believes that the proposed change to Flag RY is equitable and reasonable because it accounts for the pricing changes on BYX, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

#### Flag O

The Exchange believes that its proposal to increase the fees for orders yielding Flag O represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to NYSE's April 2014 fee change, NYSE charged DE Route a fee of \$0.0005 per share for orders routed to the NYSE's opening cross, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to the NYSE opening cross, it will now be charged a rate of \$0.0010 per share.<sup>17</sup> The Exchange does not levy additional fees or offer additional rebates for orders that it routes to the NYSE opening cross through DE Route. Therefore, the Exchange believes that the proposed

---

<sup>17</sup> The Exchange notes that Nasdaq currently charges DE Route \$0.0010 per share to participate in its opening cross. See Nasdaq Price List available at <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

change to Flag O is equitable and reasonable because it accounts for the pricing changes on the NYSE, which enables the Exchange to equitably allocate its costs among all Members utilizing Flag O. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

Footnote 5

The Exchange believes that its proposal to amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The proposed increase in the fee cap under Footnote 5 is in response to April 2014 fee cap updates by Nasdaq and NYSE for orders that participate in their opening cross processes. Prior to Nasdaq's April 2014 fee cap increase, Nasdaq capped DE Routes monthly fees for participating in its opening cross at \$20,000, regardless of the volume it added to Nasdaq. When DE Route routes to the Nasdaq opening cross, it will now be required to add, at a minimum, one million shares of liquidity to Nasdaq, on average per day, during the month, to be eligible for its \$20,000 monthly fee cap.<sup>18</sup> In addition, prior to NYSE's April 2014 fee change, the NYSE capped DE Routes monthly fees for participating in its opening cross at \$15,000. When DE Route routes to the NYSE opening cross, it will now be subject to the NYSE's higher fee cap of \$20,000.<sup>19</sup> The proposed increase to the fee cap under Footnote 5 would enable the Exchange to equitably allocate its costs among all Members who utilize Flag O. Therefore, the Exchange believes that the proposed change to Footnote 5 is equitable and reasonable because it accounts

---

<sup>18</sup> See Nasdaq Equity Trader Alert #2014-28 available at <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2014-28>.

<sup>19</sup> See NYSE Trader Update dated March 27, 2014 available at <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2004%202014.pdf>.

for the increased NYSE fee cap and Nasdaq eligibility requirements, which enables the Exchange to apply to its Members similar fee caps. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

#### 4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes its proposed amendments to its Fee Schedule would 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 that the proposed change represents 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, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

In particular, the Exchange believes that its proposal to pass through the amended fees for orders that yield Flags BY and RY would increase intermarket competition because it offers customers an alternative means to route to BYX for the same price that they would be charged if they entered orders on those trading centers directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

The Exchange also believes that its proposal to pass through the amended fees for orders that yield Flag O and its related fee cap under Footnote 5 would increase intermarket competition because it offers customers an alternative means to route to a listing exchange's opening cross for the similar prices that they would be charged if they entered orders on those trading centers

directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would 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.

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 Act<sup>20</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>21</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. Security Based- Swap Submissions Filed Pursuant to Section 3C of the Act

---

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>21</sup> 17 CFR 240.19b-4(f)(2).

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.

## EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- \_\_\_\_\_ ; File No. SR-EDGX-2014-09)

[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 \_\_\_\_\_, 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) (“Fee Schedule”) to: (i) increase the rebate for orders yielding Flag BY, which routes to the BATS-Y Exchange, Inc.

---

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

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

<sup>3</sup> The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

(“BYX”) and removes liquidity using routing strategies ROUC, ROUE, or ROBY;<sup>4</sup> (ii) increase the fee for orders yielding Flag RY, which route to BYX and adds liquidity; (iv) increase the fee for orders yielding Flag O, which routes to the listing exchanges opening cross; and (v) amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member. The text of the proposed rule change is available on the Exchange’s Internet website at [www.directedge.com](http://www.directedge.com), at the Exchange’s principal office, and at the Public Reference Room of the Commission.

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

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

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

1. Purpose

The Exchange proposes to amend its Fee Schedule to: (i) increase the rebate for orders yielding Flag BY, which routes to BYX and removes liquidity using routing strategies ROUC, ROUE, or ROBY; (ii) increase the fee for orders yielding Flag RY, which route to BYX and adds liquidity; (iv) increase the fee for orders yielding Flag O,

---

<sup>4</sup> The ROUC, ROUE, or ROBY routing strategies are set forth in Exchange Rule 11.9(b)(2).

which routes to the listing exchanges opening cross; and (v) amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member.

#### Flag BY

In securities priced at or above \$1.00, the Exchange currently provides a rebate of \$0.0001 per share for Members' orders that yield Flag BY, which routes orders to BYX and removes liquidity using routing strategies ROUC, ROUE, or ROBY. The Exchange proposes to amend its Fee Schedule to increase the rebate for orders that yield Flag BY to \$0.0016 per share in securities priced at or above \$1.00.<sup>5</sup> The proposed change represents a pass through of the rate Direct Edge ECN LLC (d/b/a DE Route) ("DE Route"), the Exchange's affiliated routing broker-dealer, is provided for routing orders to BYX that remove liquidity. The proposed change is in response to BYX's April 2014 fee change where BYX increased its rebate from \$0.0001 per share to \$0.0016 per share for orders in securities priced at or above \$1.00.<sup>6</sup> When DE Route routes to and removes liquidity from BYX, it will now receive a standard rebate of \$0.0016 per share. DE Route will pass through the rebate provided by BYX to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

#### Flag RY

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0003 per share for Members' orders that yield Flag RY, which route to BYX and adds

---

<sup>5</sup> The Exchange does not propose to amend its fee for orders that yield Flag BY in securities priced below \$1.00.

<sup>6</sup> See the BYX Fee Schedule available at [http://www.batstrading.com/resources/regulation/rule\\_book/BYX\\_Fee\\_Schedule.pdf](http://www.batstrading.com/resources/regulation/rule_book/BYX_Fee_Schedule.pdf).

liquidity. The Exchange proposes to amend its Fee Schedule to increase the fee for orders that yield Flag BY to \$0.0018 per share in securities priced at or above \$1.00.<sup>7</sup> The proposed change represents a pass through of the rate DE Route, the Exchange's affiliated routing broker-dealer, is charged for routing orders to BYX that add liquidity. The proposed change is in response to BYX's April 2014 fee change where BYX increased its standard fee to \$0.0018 per share from \$0.0003 per share for orders in securities priced at or above \$1.00.<sup>8</sup> When DE Route routes to and adds liquidity on BYX, it will now be charged a standard rate of \$0.0018 per share.<sup>9</sup> DE Route will pass through the rate it is charged on BYX to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

#### Flag O

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0005 per share for Members' orders that yield Flag O, which routes to the listing exchange's opening process.<sup>10</sup> The Exchange proposes to amend its Fee Schedule to increase the fee for orders that yield Flag O to \$0.0010 per share in securities priced at or

---

<sup>7</sup> The Exchange does not propose to amend its fee for orders that yield Flag RY in securities priced below \$1.00.

<sup>8</sup> See the BYX Fee Schedule available at [http://www.batstrading.com/resources/regulation/rule\\_book/BYX\\_Fee\\_Schedule.pdf](http://www.batstrading.com/resources/regulation/rule_book/BYX_Fee_Schedule.pdf).

<sup>9</sup> The Exchange notes that to the extent DE Route does or does not achieve any volume tiered reduced fee on BYX, its rate for Flag RY will not change.

<sup>10</sup> Under Flag O, the Exchange routes to the following listing exchanges: The New York Stock Exchange, Inc.; The Nasdaq Stock Market LLC ("Nasdaq"); NYSE MKLT LLC; NYSE Arca Inc. ("NYSE Arca"), and BATS Exchange, Inc.

above \$1.00.<sup>11</sup> The proposed change represents an equitable allocation of routing fees that DE Route, the Exchange's affiliated routing broker-dealer, is charged for orders routed to the listing exchange's opening process when it does not qualify for a volume tiered reduced fee. The proposed change is in response to the New York Stock Exchange, Inc.'s ("NYSE") April 2014 fee change where the NYSE increased its fee to \$0.0010 per share from \$0.0005 per share for orders in securities priced at or above \$1.00.<sup>12</sup> When DE Route routes an order to the NYSE's opening cross, it will now be charged a standard rate of \$0.0010 per share. DE Route will pass through the rate it is charged on the NYSE to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

#### Footnote 5

The Exchange also proposes to amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member. When the Exchange routes to a listing exchange's opening cross (Flag O), the Exchange passes through the tier savings that DE Route achieves on an away exchange to its Members. This tier savings takes the form of a cap of Members' fees at \$10,000 per month for using

---

<sup>11</sup> The Exchange does not propose to amend its fee for orders that yield Flag O in securities priced below \$1.00.

<sup>12</sup> See NYSE Trader Update dated March 27, 2014 available at <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2004%202014.pdf>. Nasdaq currently charges \$0.0010 per share to participate in its opening cross. See Nasdaq Price List available at <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>. NYSE Arca currently charges \$0.0005 per share to participate in its opening cross. See NYSE Arca's Equity Trading Fees available at [http://usequities.nyx.com/sites/usequities.nyx.com/files/nyse\\_arca\\_marketplace\\_fees\\_for\\_3-1-14.pdf](http://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_for_3-1-14.pdf).

Flag O. The proposed increase in the fee cap under Footnote 5 is in response to April 2014 fee cap changes by Nasdaq and NYSE for orders that participate in their opening cross processes. First, under the NYSE's April 2014 fee change, it is increasing its fee cap for orders that participate in its opening cross from \$15,000 to \$20,000 per month.<sup>13</sup> Second, under Nasdaq's April 2014 fee cap increase, it is requiring that members add, at a minimum, one million shares of liquidity to Nasdaq, on average per day, during the month to be eligible for its existing fee cap of \$20,000 for orders that participate in the opening cross.<sup>14</sup> When DE Route routes to the NYSE or Nasdaq's opening cross, it will now be subject to the increased fee cap and new tier requirement. The proposed increase to the fee cap under Footnote 5 would enable the Exchange to equitably allocate its costs among all Members utilizing Flag O. Therefore, the Exchange proposes to amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member in response to the Nasdaq and the NYSE's April 2014 increased fee caps and related requirements.

#### Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on April 1, 2014.

---

<sup>13</sup> See NYSE Trader Update dated March 27, 2014 available at <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2004%202014.pdf>.

<sup>14</sup> See Nasdaq Equity Trader Alert #2014-28 available at <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2014-28>.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>15</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>16</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.

### Flag BY

The Exchange believes that its proposal to increase the rebate for orders that yield Flag BY represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to the BYX's April 2014 fee change, BYX provided DE Route a rebate of \$0.0001 per share to remove liquidity in securities priced at or above \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to BYX, it will now be provided a rebate of \$0.0016 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to BYX through DE Route. Therefore, the Exchange believes that the proposed change to Flag BY is equitable and reasonable because it accounts for the pricing changes on BYX, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

### Flag RY

---

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

<sup>16</sup> 15 U.S.C. 78f(b)(4).

The Exchange believes that its proposal to increase the fees for orders yielding Flag RY represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to BYX's April 2014 fee change, BYX charged DE Route a fee of \$0.0003 per share to add liquidity in securities priced at or above \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to BYX, it will now be charged a standard rate of \$0.0018 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to BYX through DE Route. Therefore, the Exchange believes that the proposed change to Flag RY is equitable and reasonable because it accounts for the pricing changes on BYX, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

#### Flag O

The Exchange believes that its proposal to increase the fees for orders yielding Flag O represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to NYSE's April 2014 fee change, NYSE charged DE Route a fee of \$0.0005 per share for orders routed to the NYSE's opening cross, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to the NYSE opening cross, it will now be charged a rate of \$0.0010 per share.<sup>17</sup> The Exchange does not levy

---

<sup>17</sup> The Exchange notes that Nasdaq currently charges DE Route \$0.0010 per share to participate in its opening cross. See Nasdaq Price List available at <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

additional fees or offer additional rebates for orders that it routes to the NYSE opening cross through DE Route. Therefore, the Exchange believes that the proposed change to Flag O is equitable and reasonable because it accounts for the pricing changes on the NYSE, which enables the Exchange to equitably allocate its costs among all Members utilizing Flag O. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

Footnote 5

The Exchange believes that its proposal to amend Footnote 5 to increase the fee cap for orders yielding Flag O from \$10,000 to \$20,000 per month per Member represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The proposed increase in the fee cap under Footnote 5 is in response to April 2014 fee cap updates by Nasdaq and NYSE for orders that participate in their opening cross processes. Prior to Nasdaq's April 2014 fee cap increase, Nasdaq capped DE Routes monthly fees for participating in its opening cross at \$20,000, regardless of the volume it added to Nasdaq. When DE Route routes to the Nasdaq opening cross, it will now be required to add, at a minimum, one million shares of liquidity to Nasdaq, on average per day, during the month, to be eligible for its \$20,000 monthly fee cap.<sup>18</sup> In addition, prior to NYSE's April 2014 fee change, the NYSE capped DE Routes monthly fees for participating in its opening cross at \$15,000. When DE Route routes to the NYSE opening cross, it will now be subject to the NYSE's

---

<sup>18</sup> See Nasdaq Equity Trader Alert #2014-28 available at <http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2014-28>.

higher fee cap of \$20,000.<sup>19</sup> The proposed increase to the fee cap under Footnote 5 would enable the Exchange to equitably allocate its costs among all Members who utilize Flag O. Therefore, the Exchange believes that the proposed change to Footnote 5 is equitable and reasonable because it accounts for the increased NYSE fee cap and Nasdaq eligibility requirements, which enables the Exchange to apply to its Members similar fee caps. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

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

The Exchange believes its proposed amendments to its Fee Schedule would 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 that the proposed change represents 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, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

In particular, the Exchange believes that its proposal to pass through the amended fees for orders that yield Flags BY and RY would increase intermarket competition because it offers customers an alternative means to route to BYX for the same price that

---

<sup>19</sup> See NYSE Trader Update dated March 27, 2014 available at <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2004%202014.pdf>.

they would be charged if they entered orders on those trading centers directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

The Exchange also believes that its proposal to pass through the amended fees for orders that yield Flag O and its related fee cap under Footnote 5 would increase intermarket competition because it offers customers an alternative means to route to a listing exchange's opening cross for the similar prices that they would be charged if they entered orders on those trading centers directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would 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 Act<sup>20</sup> and Rule 19b-4(f)(2)<sup>21</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

---

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-EDGX-2014-09 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-2014-09. 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-2014-09 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.<sup>22</sup>

Kevin M. O'Neill  
Deputy Secretary

---

<sup>22</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 5**

Additions are underlined; deletions are [bracketed].

EDGX Exchange, Inc. Fee Schedule – Effective [March 5]April 1, 2014

Download in pdf format.

**Rebates & Charges for Adding, Removing or Routing Liquidity per share for Tape A, B, & C securities<sup>1</sup>**

Rebates indicated by parentheses ( ).

The rates listed in the Standard Rates table apply unless a Member is assigned a liquidity flag other than a standard flag. If a Member is assigned a liquidity flag other than a standard flag, the rates listed in the Liquidity Flags table will apply.

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

**Standard Rates:**

Category	Adding Liquidity	Removing Liquidity	Routing and Removing Liquidity
Securities at or above \$1.00	\$(0.0020) <sup>1,4</sup>	\$0.0030 <sup>1,4</sup>	\$0.0029
Securities below \$1.00	\$(0.00003)	0.30% of Dollar Value	0.30% of Dollar Value
Standard Flags	B, V, Y, 3, 4	N, W, 6, BB, PI, ZR	X

**Liquidity Flags:**

Flag	Description	Fee/(Rebate) Securities at or above \$1.00	Fee/(Rebate) Securities below \$1.00
A – N <sup>1</sup>	(No change).		
O <sup>5</sup>	Routed to listing exchange's opening cross	0.00[05] <u>10</u>	0.30% of Dollar Value
Q – BB <sup>1</sup>	(No change).		

<b>BY</b>	<b>Routed to BATS BYX Exchange using routing strategies ROUC, ROUE or ROBY</b>	<b>(0.00[01]1<u>6</u>)</b>	<b>0.10% of Dollar Value</b>
<b>CL<sup>9</sup> - RX</b>	<b>(No change).</b>		
<b>RY</b>	<b>Routed to BATS BYX, adds liquidity</b>	<b>0.00[03]1<u>8</u></b>	<b>FREE</b>
<b>RZ - ZR<sup>4</sup></b>	<b>(No change).</b>		

\* \* \* \* \*

**Footnotes:**

<sup>1-4</sup> (No change).

<sup>5</sup> Capped at \$[1]20,000 per month per Member.

<sup>6-9</sup> (No change).

\* \* \* \* \*