

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 9	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2014 - * 18	Amendment No. (req. for Amendments *) 3
Filing by EDGX Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input 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)(2) <input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(5) <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"/>		
<b>Description</b>				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="EDGX Exchange, Inc. proposes to amend its"/>				
<b>Contact Information</b>				
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 *	<input type="text" value="Chris"/>	Last Name *	<input type="text" value="Solgan"/>	
Title *	<input type="text" value="Regulatory Counsel"/>			
E-mail *	<input type="text" value="csolgan@directedge.com"/>			
Telephone *	<input type="text" value="(201) 942-8321"/>	Fax	<input type="text"/>	
<b>Signature</b>				
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	<input type="text" value="10/17/2014"/>	<input type="text" value="Regulatory Counsel"/>		
By	<input type="text" value="Chris Solgan"/>	<input type="text" value=""/>		
(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.				
<input type="button" value="csolgan@bats.com"/>				

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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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 \***

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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 \***

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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**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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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**

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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.

**Partial Amendment No. 3 to SR-EDGX-2014-18**

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> EDGX Exchange, Inc. (“EDGX” or the “Exchange”) previously submitted a rule filing (SR-EDGX-2014-18) on July 16, 2014, which proposed to amend Rule 1.5 and Chapter XI of its rule book to include additional specificity regarding the current functionality of the Exchange’s System,<sup>3</sup> including the operation of its order types and order instructions. These changes are designed to update the rule book to reflect current system functionality and include: (i) further clarifying the Exchange’s trading sessions and hours of operation by amending Rule 11.1; (ii) describing the process for initial opening and re-opening after a trading halt by adding proposed Rule 11.7, Opening Process; (iii) amending the description of order types, order instructions, and their functionality by deleting the content of Rule 11.5, Order Types and Modifiers, renumbering it as Rule 11.8, and adding proposed Rule 11.6, Definitions; (iv) amending Rule 11.8, Priority of Orders, to provide additional specificity regarding the execution priority of orders and renumbering it as Rule 11.9; and (v) making a series of organizational and conforming changes to Rule 1.5, Rule 8.15, and Chapter XI, as well as moving text from Footnote 4 of the Exchange’s Fee Schedule into proposed Rule 11.21. Unless otherwise stated,<sup>4</sup>

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

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

<sup>3</sup> Exchange Rule 1.5(cc) defines “System” as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.”

<sup>4</sup> As discussed in more detail below, the Exchange proposes the following new System functionality:

- Proposed Rule 11.7(c). Alternatively set the price of the Opening Process for securities listed on either the New York Stock Exchange, Inc. or NYSE MKT LLC at the midpoint of the then prevailing NBBO when the first two-sided quotation published by the listing exchange after 9:30:00 a.m. Eastern Time, but before 9:45:00 a.m. Eastern Time if no first trade is reported by the listing exchange within one second of publication of the first two-sided quotation by the listing exchange.
- Proposed Rule 11.7(e). Alternatively set the price of a re-opening at the midpoint of the then prevailing NBBO when the first two-sided quotation is published by the listing exchange following the resumption of trading after a halt, suspension, or pause if no first trade is reported within one second of publication of the first two-sided quotation by the listing exchange.

the Exchange did not propose to substantively modify the operation of any of the current defined order types or terms or the operation of the System; rather, it intends to provide additional specificity and transparency to Members, Users, and the investing public regarding the Exchange's order types and system functionality, and to organize its rules in a more intuitive and less complex manner.<sup>5</sup>

The proposed rule change was published for comment in the Federal Register on July 31, 2014.<sup>6</sup> The Commission received one comment letter in response to the proposed rule change.<sup>7</sup> The Exchange submitted a response on September 12, 2014.<sup>8</sup> The Exchange filed partial Amendment No. 1 on October 14, 2014 to remove the proposed Single Re-Price instruction and Short Sale Single Re-Price instruction, as well as make a series of non-substantive, corrective changes to the proposed rule change. The Exchange submitted partial Amendment No. 2 on October 17, 2014 to further clarify the operation Routed and Return Re-Pricing instruction. The Exchange withdrew partial Amendment No. 2 on the same day and is now submitting this partial Amendment No. 3 to replace Amendment No. 2.

This Amendment No. 3 makes the following changes to the pending Form

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- Proposed Rule 11.6(j)(1). Require that an order with a Market Peg instruction that is to be displayed by the System on the EDGX Book include an offset equal to or greater than one Minimum Price Variation.
  - Proposed Rule 11.6(n)(4). Permit an order with a Post Only Instruction to execute against an order resting on the EDGX Book where it is eligible to receive price improvement as described under the proposed rule.

<sup>5</sup> See Mary Jo White, Chair, Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference, (June 5, 2014), available at <http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.VDwEPa10w6Y>. The Exchange is currently conducting a review of its System functionality and will file, as appropriate, any proposed rule changes necessary to clarify the operation of its order types not covered by this filing by November 1, 2014.

<sup>6</sup> See Securities Exchange Act Release No. 72676 (July 25, 2014), 79 FR 44520 (July 31, 2014).

<sup>7</sup> See Letter from Suzanne Hamlet Shatto to the Commission, dated August 19, 2014.

<sup>8</sup> See Letter from Eric Swanson, Executive Vice President and General Counsel, to the Commission, dated September 12, 2014.

19b-4, Exhibit 1, and Exhibit 5:

The Exchange proposes to replace in its entirety the second full paragraph under the heading “Routed and Returned Re-Pricing (Rule 11.6(l)(b)(i))” on pages 23 and 24 of 257 and pages 115 and 116 of 257 of the filing with the following:

Under the Routed and Returned Re-Pricing instruction, a Limit Order that is returned to the EDGX Book after being routed to an away Trading Center with a limit price that would cause the order to be a Locking Quotation or Crossing Quotation of a quotation displayed by another Trading Center will be displayed by the System on the EDGX Book at a price that is one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell), will be ranked at the midpoint of the NBBO with discretion to execute at the Locking Price. If a contra-side order with a Post Only instruction that equals the Locking Price is subsequently entered and displayed by the System on the EDGX Book, the order subject to the Routed and Returned Re-Pricing instruction will be ranked at the midpoint of the NBBO but its discretion to execute at the Locking Price will be suspended unless and until there is no contra-side order displayed by the System on the EDGX Book that equals the Locking Price. Each time the NBBO is updated, a buy (sell) order subject to the Routed and Returned Re-Pricing instruction will be further adjusted so that it continues to be displayed by the System on the EDGX Book at one Minimum Price Variation below (above) the NBO (NBB) and will be ranked at the updated midpoint of the NBBO with discretion to execute at the Locking Price until the price of such order reaches its limit price, at which point it will remain displayed by the System on the EDGX Book at that price and cease to be further adjusted pursuant to the Routed and Returned Re-Pricing instruction. The order will receive a new time stamp when it is returned to the EDGX Book and each time it is subsequently re-ranked. Upon return to the EDGX Book after being routed away, the order will execute against any marketable contra-side liquidity on the EDGX Book and any remainder will be subject to the Routed and Returned Re-Pricing instruction. Pursuant to Rule 11.9, all orders that are re-ranked and re-displayed pursuant to the Routed and Returned Re-Pricing instruction will retain their priority as compared to each other at the same price based upon the time such orders were initially received

by the System or upon return to the System after being routed away.<sup>9</sup>

The Exchange proposes to replace in its entirety the example under the heading “Operation of Orders with a Routed and Returned Re-Pricing Instruction” on pages 24 through 25 of 257 and pages 116 through 117 of 257 of the filing with the following:

The following examples illustrate the operation of the Routed and Returned Re-Pricing instruction:

Assume the NBBO is \$10.00 by \$10.10. Also, assume there are no sell orders resting on the EDGX Book. A Limit Order to buy 100 shares at \$10.11 is returned to the EDGX Book after being routed to an away Trading Center. If displayed by the System on the EDGX Book, the returned Limit Order would be a Crossing Quotation of a quotation displayed by another Trading Center. The order would default to the Routed and Returned Re-Pricing instruction unless the User affirmatively elects the Cancel Back instruction, the Price Adjust instruction, or the Hide Not Slide instruction. The Limit Order subject to the Routed and Returned Re-Pricing instruction will be ranked at \$10.095, with discretion to execute up to \$10.10, and displayed by the System on the EDGX Book at \$10.09 with a new time stamp. If the NBO moves to \$10.11, the Limit Order subject to the Routed and Returned Re-Pricing instruction will be re-priced and ranked at the new midpoint of the NBBO at \$10.105 with discretion to execute up to \$10.11, and displayed by the System on the EDGX Book at \$10.10 with a new time stamp. Then, a new order with both a Hide Not Slide and Post Only instruction is entered to buy 300 shares at 10.11. The order with the Hide Not Slide instruction will also be ranked at \$10.105, with discretion to execute up to \$10.11, and displayed by the System on the EDGX Book at \$10.10. If the NBO moves to \$10.12, the Limit Order subject to the Routed and Returned Re-Pricing instruction and the order with the Hide Not Slide instruction will both be re-priced, ranked, and displayed at \$10.11. The Routed and Returned instruction and the Hide Not Slide instruction receive the same priority treatment, so the order with the Routed and Returned instruction maintains time priority over the order with the Hide Not Slide instruction, since the

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<sup>9</sup> Orders that are re-ranked and re-displayed pursuant to the Routed and Returned Re-Pricing instruction maintain the same priority as orders that are re-ranked and re-displayed pursuant to the Hide Not Slide instruction at the same price. See proposed Exchange Rules 11.9(a)(2)(B)(i) and (C)(ii).

order with the Routed and Returned instruction was placed on the EDGX Book first.

The Exchange proposes to replace in its entirety the eleventh full paragraph under the heading “Limit Orders (Rule 11.8(b))” on pages 43 and 44 of 257 and pages 147 and 148 of 257 of the filing with the following:

Third, when a Limit Order, or a portion thereof, is returned to the Exchange after being routed away in accordance with Rule 11.11, and, if displayed by the System on the EDGX Book at its limit price it would become a Locking Quotation or Crossing Quotation of a quotation displayed by another Trading Center, such Limit Order will be automatically defaulted by the System to the Routed and Returned Re-Pricing instruction, unless the User affirmatively elects the Cancel Back instruction, the Price Adjust instruction or the Hide Not Slide instruction.

The Exchange proposes to replace in its entirety Rule 11.6(l)(B)(i) on pages 220 and 221 of 257 of the filing with the following:

(i) Routed and Returned Re-Pricing. An instruction requiring that where a Limit Order that is returned to the EDGX Book after being routed to an away Trading Center would be displayed by the System on the EDGX Book at a price that would be a Locking Quotation or Crossing Quotation of a quotation displayed by another Trading Center will be displayed at a price that is one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell), will be ranked at the mid-point of the NBBO with discretion to execute at the Locking Price. If a contra-side order that equals the Locking Price is subsequently entered and displayed by the System on the EDGX Book, the order subject to the Routed and Returned Re-Pricing instruction will be ranked at the mid-point of the NBBO but its discretion to execute at the Locking Price will be suspended unless and until there is no contra-side displayed order on the EDGX Book that equals the Locking Price. Each time the NBBO is updated, a buy (sell) order subject to Routed and Returned Re-Pricing instruction will be further adjusted so that it continues to be displayed by the System on the EDGX Book at one Minimum Price Variation below (above) the NBO (NBB) and will be ranked at the updated midpoint of the NBBO with discretion to execute at the Locking Price until the price of such order reaches its limit price, at which point it will remain on the EDGX Book at that price and cease to be further adjusted by Routed and Returned Re-Pricing instruction. The order will receive a new time stamp when it is returned to the EDGX Book and each time it is subsequently re-

ranked. Upon return to the EDGX Book after being routed away, the order will execute against any marketable contra-side liquidity on the EDGX Book and any remainder will be subject to the Routed and Returned Re-Pricing instruction. Pursuant to Rule 11.9, all orders that are re-ranked and re-displayed pursuant to the Routed and Returned Re-Pricing instruction and Hide Not Slide instruction will retain their priority as compared to each other at the same price based upon the time such orders were initially received by the System or upon return to the System after being routed away.

The Exchange proposes to replace in its entirety Rule 11.8(b)(12) on page 229 of 257 of the filing with the following:

(12) Re-Pricing of Routed and Returned Orders. A Limit Order, or a portion thereof, that is returned to the Exchange after being routed away in accordance with Rule 11.11, that, if displayed at its limit price at the time of entry into the System, would be a Locking Quotation or Crossing Quotation of a quotation displayed by another Trading Center will be automatically defaulted by the System to the Routed and Returned Re-Pricing instruction, unless the User affirmatively elects to have the order immediately Cancel Back or affirmatively elects the Price Adjust instruction, or the Hide Not Slide instruction.

#### Statutory Basis

The Exchange believes that its proposal, as amended, remains consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>10</sup> In particular, the proposal remains consistent with Section 6(b)(5) of the Act,<sup>11</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change continues to be designed to support the principles of Section 11A(a)(1)<sup>12</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule changes proposed by this partial Amendment No. 3 are consistent with the protection of investors and the public interest because the amendment further clarifies the operation of the Routed and Returned Re-Pricing instruction, thereby benefitting Members, Users,

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> 15 U.S. C. 78k-1(a)(1).



and the investing by making the Exchange's rules and functionality easier to understand.

Request for Accelerated Approval of this Partial Amendment No. 3.

The Exchange believes that good cause for accelerated effectiveness of this partial Amendment No. 3 to the proposed rule change exists in light of the fact that the Commission previously published a notice in the Federal Register in relation to the Initial Rule Filing, the comment period in relation to that notice has concluded, and the modifications to the proposed rule changes proposed by this Amendment No. 3 are consistent with the protection of investors and the public interest because the amendment further clarifies the operation of the Routed and Returned Re-Pricing instruction, thereby benefitting Members, Users, and the investing by making the Exchange's rules and functionality easier to understand. Therefore, the Exchange respectfully requests acceleration of the effectiveness of this Amendment No. 3 and respectfully requests that the Commission find good cause to accelerate approval.