

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 *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" 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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

**Description**

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

Proposed to amend Rule 13.9 related to a communication and routing service known as ConnectEdge.

**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 *	Last Name *
Chris	Solgan
Title *	
Regulatory Counsel	
E-mail *	
csolgan@bats.com	
Telephone *	Fax
(201) 942-8321	

**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	11/25/2014	Regulatory Counsel
By	Chris Solgan	
	(Name *)	



csolgan@bats.com

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 \***

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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 \***

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 \***

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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.

1. Text of the Proposed Rule Change

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”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 13.9 related to a communication and routing service known as ConnectEdge. The Exchange also proposes to add fees related to ConnectEdge to its fee schedule. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>3</sup>

(a) The proposed amendment to the Exchange’s rules is attached as Exhibit 5A. The proposed changes to the fee schedule are attached as Exhibit 5B. Exhibits 5A and 5B are available on the Exchange’s website. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

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 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.

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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> 17 CFR 240.19b-4(f)(6)(iii).

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

Chris Solgan  
Regulatory Counsel  
(201) 942-8321

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

(a) Purpose

The Exchange proposes to amend Rule 13.9 related to a communication and routing service known as ConnectEdge. The Exchange also proposes to add fees related to ConnectEdge to its fee schedule. The Exchange currently offers and proposes to continue offering ConnectEdge on a voluntary basis in a capacity similar to a vendor. ConnectEdge is a communication service that provides Members<sup>4</sup> an additional means to receive market data from and route orders to any destination connected to Exchange's network. ConnectEdge does not provide any advantage to subscribers for connecting to the Exchange's affiliates<sup>5</sup> as compared to other method of connectivity available to subscribers. The servers of the Member need not be located in the same facilities as the Exchange in order to subscribe to ConnectEdge. Members may also seek to utilize ConnectEdge in the event of a market disruption where other alternative connection methods become unavailable.

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<sup>4</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>5</sup> The Exchange's affiliated exchanges are EDGA Exchange, Inc. ("EDGA"), BATS Exchange, Inc. ("BATS"), and BATS Y-Exchange, Inc. ("BYX").

Specifically, this service allows Members to route orders to other exchanges and market centers that are connected to the Exchange's network. This communications or routing service would not effect trade executions and would not report trades to the relevant Securities Information Processor. An order sent via the service does not pass through the Exchange's matching engine before going to a market center outside of the Exchange (i.e., a participant could choose to route an order directly to any market center on the Exchange's network). A participant would be responsible for identifying the appropriate destination for any orders sent through the service and for ensuring that it had authority to access the selected destination; the Exchange would merely provide the connectivity by which orders (and associated messages) could be routed by a participant to a destination and from the destination back to the participant.<sup>6</sup>

The Exchange will charge a monthly connectivity fee to Members utilizing ConnectEdge to route orders to other exchanges and broker-dealers that are connected to the Exchange's network. The amount of the connectivity fee varies based solely on the bandwidth selected by the Member. Specifically, the Exchange proposes to charge \$350 for 1 Mb, \$700 for 5 Mb, \$950 for 10 Mb, \$1,500 for 25 Mb, \$2,500 for 50 Mb, and \$3,500 for 100 Mb.

ConnectEdge would also allow participants to receive market data feeds from the exchanges connected to the Exchange's network. In such case, the Member would pay

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<sup>6</sup> This service is an alternative to a service that the Exchange already provides to its Members — current order-sending Members route orders through access provided by the Exchange to the Exchange that either check the Exchange for available liquidity and then route to other destinations or, in certain circumstances, bypass the Exchange and route to other destinations. See Exchange Rule 11.9(b)(2) (setting forth routing options whereby Members may select their orders be routed to other market centers).

the Exchange a connectivity fee, which varies and is based solely on the amount of bandwidth required to transmit the selected data product to the Member. The proposed connectivity fees are set forth in the Exhibit 5 attached hereto and range from \$100 to \$3,500 based on the market data product the vendor selects. The Members would pay any fees charged by the exchange providing the market data feed directly to that exchange.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of Section 6(b) of the Act,<sup>7</sup> in general, and Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it promotes just and equitable principles of trade, removes impediments to, and perfects the mechanism of, a free and open market and a national market system, and, in general, protects investors and the public interest. Specifically, the proposal is consistent with Section 6(b)(5) of the Act,<sup>9</sup> in that it provides Members an alternative means to receive market data from and route orders to any destination connected to the Exchange's network, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest. In addition, ConnectEdge removes impediments to and perfects the mechanism of a free and open market and a national market system because, in the event of a market disruption, Members would be able to utilize ConnectEdge to connect to other market centers where other alternative connection methods become unavailable.

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> Id.

The proposed rule change is also similar to a communication and routing service implemented by the Chicago Stock Exchange, Inc. (“CHX”).<sup>10</sup> The proposed rule change will also not permit unfair discrimination among customers, brokers, or dealers because ConnectEdge will be available to all of the Exchange’s customers on an equivalent basis regardless of whether the servers of the Member are located in the same facilities as the Exchange.

The Exchange also believes that its proposal is consistent with Section 6(b)(4) of the Act,<sup>11</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using its facilities. First, the Exchange will charge a connectivity fee to Members utilizing ConnectEdge to route orders to other exchanges and market centers that are connected to the Exchange’s network, which varies based solely on the amount of bandwidth selected by the Member. The amounts of the connectivity fees are also reasonable as compared to similar fees charged by other exchanges. For purposes of order routing, the Exchange proposes to charge \$350 for 1 Mb, \$700 for 5 Mb, \$950 for 10 Mb, \$1,500 for 25 Mb, \$2,500 for 50 Mb, and \$3,500 for 100 Mb. The New York Stock Exchange, Inc. (“NYSE”) currently charges \$300 for 1 Mb, \$700 for 5 Mb, \$900 for 10 Mb, \$1,500 for 25 Mb, \$2,000 for 50 Mb, and \$2,600 for 100 Mb.<sup>12</sup> The Exchange notes that, overall, the connectivity fee for routing of orders to

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<sup>10</sup> See Securities Exchange Act Release No. 54846 (November 30, 2006), 71 FR 71003 (December 7, 2006) (SR-CHX-2006-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding the Implementation of a Communication and Routing Service).

<sup>11</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> See NYSE’s SFTI Americas Product and Service List [available at http://www.nyxdata.com/docs/connectivity](http://www.nyxdata.com/docs/connectivity).

other market centers proposed by the Exchange is either similar to or less than that charged by the NYSE.

Second, with regard to utilizing ConnectEdge to receive market data products from other exchanges, the Exchange would only charge participants a connectivity fee, the amount of which is based solely on the amount of bandwidth required to transmit that specific data product to the Member. The amounts of the connectivity fees are also reasonable as compared to similar fees charged by other exchanges. For example, for market data connectivity, the Nasdaq Stock Market LLC (“Nasdaq”) charges \$1,412 per month for CQS/CTS data feed, and the Exchange proposes to charge \$1,000 per month connectivity for CQS/CTS data feed.<sup>13</sup> The Exchange notes that, overall, the connectivity fee for receipt of other market centers’ data feed proposed by the Exchange is either similar to or less than that charged by Nasdaq.

The participants would pay any fees: (i) charged by the exchange providing the market data feed directly to that exchange (ii) charged by a market center to which they routed an order and an execution occurred directly to that market center. The Exchange itself would not charge any additional fees.<sup>14</sup> ConnectEdge is offered and purchased on a voluntary basis, in that neither the Exchange nor Members are required by any rule or regulation to make this product available. Accordingly, Members can discontinue use at any time and for any reason, including due to an assessment of the reasonableness of fees charged.

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<sup>13</sup> See Nasdaq Rule 7034 (setting forth Nasdaq’s connectivity fees for receipt of third party market data products).

<sup>14</sup> The Exchange’s rules and fees would not address the fees or manner of operation of any destination to which the participant asked that an order be routed.

Moreover, the Exchange believes the proposed fees are reasonable and equitable because they are based on the Exchange's costs to cover hardware, installation, testing and connection, as well expenses involved in maintaining and managing the service. The proposed fees allow the Exchange to recoup these costs, while providing Members with an alternative means to connect to other exchange and market centers. The Exchange believes that the proposed fees are reasonable and equitable in that they reflect the costs and the benefit of providing alternative connectivity.

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all Members. All Members that voluntarily select various service options will be charged the same amount for the same services. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the service. Further, the benefits of selecting such services are the same for all Members, irrespective of whether their servers are located in the same facility as the Exchange.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposal will promote competition by the Exchange offering a service similar to those offered by the CHX, Nasdaq and NYSE. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the proposed rule change is designed to provide Members with an alternative means to access other market centers if they chose or in the event of a market disruption where other alternative

connection methods become unavailable. Therefore, the Exchange does not believe the proposed rule change will have any effect on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>15</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>16</sup> The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, and (3) will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission.<sup>17</sup> Accordingly, the Exchange has designated this rule filing as non-controversial under

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

<sup>16</sup> 17 CFR 240.19b-4.

<sup>17</sup> 17 CFR 240.19b-4(f)(6)(iii).

Section 19(b)(3)(A) of the Act<sup>18</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>19</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>20</sup> because the proposed rule change would not significantly affect investors or the public interest. The proposed rule change benefits investors by providing an alternative means to access other market centers in the event of a market disruption where other connection methods become unavailable. The proposed rule change also does not impose any significant burden on competition for the reasons stated under Section 4 above. The proposed rule change is also similar to a communication and routing service implemented by the CHX and published by the Commission.<sup>21</sup> Therefore, the proposed rule change presents no new novel issues. Based on the foregoing, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>22</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>23</sup>

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the 30-day operative delay would benefit investors by enabling the Exchange to continue to provide Members with an alternative means to access other market centers in the event of a market disruption should occur during the operative delay. Waiver of the operative delay is, therefore, consistent with the

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4.

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> See Securities Exchange Act Release No. 54846, supra note 9.

<sup>22</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>23</sup> 17 CFR 240.19b-4(f)(6).

protection of investors and the public interest.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Proposed Rule 13.9 is based on SR-CHX-2006-34, which permitted the CHX to implement a similar communication and routing service.<sup>24</sup> The market data connectivity portion of the proposed rule change is based on Nasdaq Rule 7034, which sets forth Nasdaq's connectivity fees for receipt of third party market data products. Like Nasdaq Rule 7034, the proposed fees are generally based on the amount of bandwidth needed to accommodate a particular feed, the Exchange is not the exclusive method to get market data connectivity, and the market data fees are charged independently by the Exchange and other exchanges.

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 the Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

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<sup>24</sup> See Securities Exchange Act Release No. 54846, supra note 9.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_ ; File No. SR-EDGX-2014-28)

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 13.9 of EDGX Exchange, Inc. related to Communication and Routing Service known as ConnectEdge

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 and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 filed a proposal to amend Rule 13.9 related to a communication and routing service known as ConnectEdge. The Exchange also proposes to add fees related to ConnectEdge to its fee schedule.

The text of the proposed rule change is available at the Exchange’s website at <http://www.directedge.com/>, at the principal office of the Exchange, and at the

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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> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

Commission's Public Reference Room.

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 Exchange 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 Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 13.9 related to a communication and routing service known as ConnectEdge. The Exchange also proposes to add fees related to ConnectEdge to its fee schedule. The Exchange currently offers and proposes to continue offering ConnectEdge on a voluntary basis in a capacity similar to a vendor. ConnectEdge is a communication service that provides Members<sup>5</sup> an additional means to receive market data from and route orders to any destination connected to Exchange's network. ConnectEdge does not provide any advantage to subscribers for connecting to the Exchange's affiliates<sup>6</sup> as compared to other method of connectivity available to

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<sup>5</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>6</sup> The Exchange's affiliated exchanges are EDGA Exchange, Inc. ("EDGA"), BATS Exchange, Inc. ("BATS"), and BATS Y-Exchange, Inc. ("BYX").

subscribers. The servers of the Member need not be located in the same facilities as the Exchange in order to subscribe to ConnectEdge. Members may also seek to utilize ConnectEdge in the event of a market disruption where other alternative connection methods become unavailable.

Specifically, this service allows Members to route orders to other exchanges and market centers that are connected to the Exchange's network. This communications or routing service would not effect trade executions and would not report trades to the relevant Securities Information Processor. An order sent via the service does not pass through the Exchange's matching engine before going to a market center outside of the Exchange (i.e., a participant could choose to route an order directly to any market center on the Exchange's network). A participant would be responsible for identifying the appropriate destination for any orders sent through the service and for ensuring that it had authority to access the selected destination; the Exchange would merely provide the connectivity by which orders (and associated messages) could be routed by a participant to a destination and from the destination back to the participant.<sup>7</sup>

The Exchange will charge a monthly connectivity fee to Members utilizing ConnectEdge to route orders to other exchanges and broker-dealers that are connected to the Exchange's network. The amount of the connectivity fee varies based solely on the

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<sup>7</sup> This service is an alternative to a service that the Exchange already provides to its Members — current order-sending Members route orders through access provided by the Exchange to the Exchange that either check the Exchange for available liquidity and then route to other destinations or, in certain circumstances, bypass the Exchange and route to other destinations. See Exchange Rule 11.9(b)(2) (setting forth routing options whereby Members may select their orders be routed to other market centers).

bandwidth selected by the Member. Specifically, the Exchange proposes to charge \$350 for 1 Mb, \$700 for 5 Mb, \$950 for 10 Mb, \$1,500 for 25 Mb, \$2,500 for 50 Mb, and \$3,500 for 100 Mb.

ConnectEdge would also allow participants to receive market data feeds from the exchanges connected to the Exchange's network. In such case, the Member would pay the Exchange a connectivity fee, which varies and is based solely on the amount of bandwidth required to transmit the selected data product to the Member. The proposed connectivity fees are set forth in the Exhibit 5 attached hereto and range from \$100 to \$3,500 based on the market data product the vendor selects. The Members would pay any fees charged by the exchange providing the market data feed directly to that exchange.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of Section 6(b) of the Act,<sup>8</sup> in general, and Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that it promotes just and equitable principles of trade, removes impediments to, and perfects the mechanism of, a free and open market and a national market system, and, in general, protects investors and the public interest. Specifically, the proposal is consistent with Section 6(b)(5) of the Act,<sup>10</sup> in that it provides Members an alternative means to receive market data from and route orders to any destination connected to the Exchange's network, thereby removing impediments to and perfecting the mechanism of a free and

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<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> Id.

open market and a national market system, and, in general, protecting investors and the public interest. In addition, ConnectEdge removes impediments to and perfects the mechanism of a free and open market and a national market system because, in the event of a market disruption, Members would be able to utilize ConnectEdge to connect to other market centers where other alternative connection methods become unavailable. The proposed rule change is also similar to a communication and routing service implemented by the Chicago Stock Exchange, Inc. (“CHX”).<sup>11</sup> The proposed rule change will also not permit unfair discrimination among customers, brokers, or dealers because ConnectEdge will be available to all of the Exchange’s customers on an equivalent basis regardless of whether the servers of the Member are located in the same facilities as the Exchange.

The Exchange also believes that its proposal is consistent with Section 6(b)(4) of the Act,<sup>12</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using its facilities. First, the Exchange will charge a connectivity fee to Members utilizing ConnectEdge to route orders to other exchanges and market centers that are connected to the Exchange’s network, which varies based solely on the amount of bandwidth selected by the Member. The amounts of the connectivity fees are also reasonable as compared to similar fees charged by other

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<sup>11</sup> See Securities Exchange Act Release No. 54846 (November 30, 2006), 71 FR 71003 (December 7, 2006) (SR-CHX-2006-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding the Implementation of a Communication and Routing Service).

<sup>12</sup> 15 U.S.C. 78f(b)(4).

exchanges. For purposes of order routing, the Exchange proposes to charge \$350 for 1 Mb, \$700 for 5 Mb, \$950 for 10 Mb, \$1,500 for 25 Mb, \$2,500 for 50 Mb, and \$3,500 for 100 Mb. The New York Stock Exchange, Inc. (“NYSE”) currently charges \$300 for 1 Mb, \$700 for 5 Mb, \$900 for 10 Mb, \$1,500 for 25 Mb, \$2,000 for 50 Mb, and \$2,600 for 100 Mb.<sup>13</sup> The Exchange notes that, overall, the connectivity fee for routing of orders to other market centers proposed by the Exchange is either similar to or less than that charged by the NYSE.

Second, with regard to utilizing ConnectEdge to receive market data products from other exchanges, the Exchange would only charge participants a connectivity fee, the amount of which is based solely on the amount of bandwidth required to transmit that specific data product to the Member. The amounts of the connectivity fees are also reasonable as compared to similar fees charged by other exchanges. For example, for market data connectivity, the Nasdaq Stock Market LLC (“Nasdaq”) charges \$1,412 per month for CQS/CTS data feed, and the Exchange proposes to charge \$1,000 per month connectivity for CQS/CTS data feed.<sup>14</sup> The Exchange notes that, overall, the connectivity fee for receipt of other market centers’ data feed proposed by the Exchange is either similar to or less than that charged by Nasdaq.

The participants would pay any fees: (i) charged by the exchange providing the market data feed directly to that exchange (ii) charged by a market center to which they

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<sup>13</sup> See NYSE’s SFTI Americas Product and Service List [available at http://www.nyxdata.com/docs/connectivity](http://www.nyxdata.com/docs/connectivity).

<sup>14</sup> See Nasdaq Rule 7034 (setting forth Nasdaq’s connectivity fees for receipt of third party market data products).

routed an order and an execution occurred directly to that market center. The Exchange itself would not charge any additional fees.<sup>15</sup> ConnectEdge is offered and purchased on a voluntary basis, in that neither the Exchange nor Members are required by any rule or regulation to make this product available. Accordingly, Members can discontinue use at any time and for any reason, including due to an assessment of the reasonableness of fees charged.

Moreover, the Exchange believes the proposed fees are reasonable and equitable because they are based on the Exchange's costs to cover hardware, installation, testing and connection, as well expenses involved in maintaining and managing the service. The proposed fees allow the Exchange to recoup these costs, while providing Members with an alternative means to connect to other exchange and market centers. The Exchange believes that the proposed fees are reasonable and equitable in that they reflect the costs and the benefit of providing alternative connectivity.

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all Members. All Members that voluntarily select various service options will be charged the same amount for the same services. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the service. Further, the benefits of selecting such services are the same for all Members, irrespective of whether their servers are located in the same facility as the Exchange.

(B) Self-Regulatory Organization's Statement on Burden on Competition

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<sup>15</sup> The Exchange's rules and fees would not address the fees or manner of operation of any destination to which the participant asked that an order be routed.

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposal will promote competition by the Exchange offering a service similar to those offered by the CHX, Nasdaq and NYSE. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the proposed rule change is designed to provide Members with an alternative means to access other market centers if they chose or in the event of a market disruption where other alternative connection methods become unavailable. Therefore, the Exchange does not believe the proposed rule change will have any effect on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>16</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>17</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is: (1) necessary or appropriate in the public interest; (2) for

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<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>17</sup> 17 C.F.R. 240.19b-4.

the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act.

Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-EDGX-2014-28 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 No. SR-EDGX-2014-28. 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 am and 3:00 pm. Copies of such filing will also 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 No. SR-EDGX-2014-28 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).

Exhibit 5A

Additions are underlined; deleted text is in [brackets].

CHAPTER XIII. MISCELLANEOUS PROVISIONS

Rules 13.1 – 13.8 (No change)

Rule 13.9 [Reserved.]ConnectEdge. ConnectEdge is a communication service that provides Members an additional means to receive market data from and route orders to any destination connected to Exchange's network.

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**EXHIBIT 5B**

Proposed new language is underlined; proposed deletions in [brackets].

\* \* \* \* \*

ConnectEdgeMarket Data Connectivity\*:

<u>Data Feed</u>	<u>Fee Per Month</u>
<u>Level 1 0 UQDF/UTDF/OMDF</u>	<u>\$650</u>
<u>CQS/CTS</u>	<u>\$1,000</u>
<u>Nasdaq TotalView 4.1</u>	<u>\$1,300</u>
<u>Nasdaq BX Totalview 4.1</u>	<u>\$650</u>
<u>Nasdaq PSX Totalview 4.1</u>	<u>\$350</u>
<u>NYSE OpenBook Ultra</u>	<u>\$1,750</u>
<u>ARCA Book XDP</u>	<u>\$1,000</u>
<u>ARCA Book Refresh</u>	<u>\$250</u>
<u>NYSE MKT OpenBook</u>	<u>\$150</u>
<u>BATS BZX Pitch Multicast</u>	<u>\$1,300</u>
<u>BATS BZX Pitch Spin Server</u>	<u>\$250</u>
<u>BATS BYX Pitch Multicast</u>	<u>\$350</u>
<u>BATS BYX Pitch Spin Server</u>	<u>\$250</u>
<u>BATS Options Pitch</u>	<u>\$1,000</u>
<u>OPRA</u>	<u>\$3,500</u>
<u>NYSE Alerts</u>	<u>\$250</u>
<u>NYSE MKT Alerts</u>	<u>\$500</u>
<u>NYSE Imbalances</u>	<u>\$100</u>
<u>NYSE MKT Imbalances</u>	<u>\$1,000</u>
<u>NYSE Trades</u>	<u>\$500</u>
<u>ARCA Trades</u>	<u>\$250</u>
<u>BBDS/TDDS</u>	<u>\$100</u>
<u>EDGX/EDGA (Free is connection is within Equinix Secaucus)</u>	<u>\$500 or Free</u>

\* Fee covers both A and B feeds (over independent cross-connects) and is for connectivity only.

Firms are required to pay any exchange related data fees directly to that exchange.

Unicast Access - Order Entry:

<u>Bandwidth</u>	<u>Fee Per Month</u>
<u>1Mb</u>	<u>\$350</u>
<u>5Mb</u>	<u>\$700</u>
<u>10Mb</u>	<u>\$950</u>
<u>25Mb</u>	<u>\$1,500</u>
<u>50Mb</u>	<u>\$2,500</u>
<u>100Mb</u>	<u>\$3,500</u>

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