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Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2014 - * 32
Amendment No. (req. for Amendments *)

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) * ☐

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☑ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐ Extension of Time Period for Commission Action * ☐ Date Expires *

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

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.

Date 11/26/2014
By Chris Solgan
(Name *)

(Title *)
Regulatory Counsel

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.

csolgan@bats.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS 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"),[1] and Rule 19b-4 thereunder,[2] EDGX Exchange, Inc. ("EDGX" or the "Exchange") proposes to amend its fees and rebates applicable to Members[3] of the Exchange pursuant to EDGX Rule 15.1(a) and (c) ("Fee Schedule") to amend: (i) the criteria for the Retail Order Tier under Footnote 4; and (ii) the first two bullets under the General Notes section to include Flags EA, ER, and 5, which include in internalized volume. 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 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 Chris Solgan

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 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).

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

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 amend: (i) the criteria for the Retail Order Tier under Footnote 4; and (ii) the first two bullets regarding added and removal flags under the General Notes section to include Flags EA, ER, and 5, which include in internalized volume.

Retail Order Tier

The Exchange currently provides a rebate of $0.0032 per share for Retail Orders[4] that yield Flag ZA and add liquidity. The Exchange currently offers a Retail Order Tier under Footnote 4 whereby Members are provided a rebate of $0.0034 per share if they: (i) add an Average Daily Volume[5] ("ADV") of Retail Orders yielding Flag ZA that is 0.10% or more of the Total Consolidated Volume[6] ("TCV") on a daily basis, measured monthly; and (ii) have an

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4 Exchange Rule 11.21(a) defines a "Retail Order," in part, as an: (i) an agency order or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person; (ii) is submitted to EDGX by a Member, provided that no change is made to the terms of the order; and (iii) the order does not originate from a trading algorithm or any other computerized methodology.

5 ADV is defined in the Exchange's Fee Schedule "as the average daily volume of shares that a Member executed on, or routed by, the Exchange for the month in which the fees are calculated. ADV is calculated on a monthly basis, excluding shares on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours ('Exchange System Disruption'), on any day with a scheduled early market close and on the last Friday in June (the 'Russell Reconstitution Day')."

6 TCV is defined in the Exchange's Fee Schedule "as the volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month in which the fees are calculated, excluding volume on

"added liquidity" to "added to removed liquidity" ratio of at least 85%. The Exchange proposes to ease the criteria to satisfy this tier by: (i) lowering the requirement that a Member have an average daily volume of Retail Orders of 0.10% or more of the TCV on a daily basis, measured monthly, to 0.07% or more of the TCV on a daily basis, measured monthly; and (ii) deleting the requirement that a Member have an "added liquidity" to "added to removed liquidity" ratio of at least 85%. The Exchange believes easing the criteria to satisfy the Retail Order Tier will attract more Retail Orders to the Exchange.

Added and Removal Flags

The General Notes section of the Fee Schedule includes two bullets that contain the list of applicable "added flags" and "removal flags" that may be considered when calculating whether a Member satisfied a certain pricing tier. The Exchange appends Flags EA, ER, and 5 to orders that inadvertently match against each other and share the same MPID (Member shares both sides of the trade). The Exchange proposes to amend the first bullet regarding added flags to include Flag EA, which covers internalized trades that add liquidity. The Exchange also proposes to amend the second bullet regarding removal flags to include Flag ER, which covers internalized trades that remove liquidity. Lastly, the Exchange proposes to amend both the first and second bullets to include Flag 5, which covers internalized trades that add or remove liquidity during the pre and post market sessions. The Exchange also proposes to add Footnote 10 to state that a Member's monthly volume attributed to Flag 5 will be divided evenly between the added flags and removal flags when determining whether that Member satisfied a certain tier. The Exchange proposes to divide a Member's Flag 5 volume as such because the Exchange's

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any day that the Exchange experiences an Exchange System Disruption, on any day with a scheduled early market close or the Russell Reconstitution Day."

systems cannot currently delineate orders yielding Flag 5 that added from those that removed liquidity for purposes of determining whether a Member satisfies a certain tier.

Implementation Date

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

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[7] in general, and furthers the objectives of Section 6(b)(4),[8] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

Retail Order Tier

The Exchange believes that easing the criteria required to achieve the Retail Order Tier is reasonable, equitable and not unfairly discriminatory because it would continue to encourage Members to send additional Retail Orders that add liquidity to the Exchange for execution in

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[7] 15 U.S.C. 78f.

[8] 15 U.S.C. 78f(b)(4).

order to qualify for an incrementally higher rebate for such executions that add liquidity. The potential for increased volume from Retail Orders would increase potential revenue to the Exchange, and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of lower fees. The increased liquidity benefits all investors by deepening EDGX's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. The Exchange notes that a significant percentage of the orders of individual investors are executed over-the-counter.[9] The Exchange believes that it is thus appropriate to continue to create a financial incentive to bring more retail order flow to a public market, such as the Exchange, over off-exchange venues. The Exchange believes that investor protection and transparency is promoted by rewarding displayed liquidity on exchanges over off-exchange executions. In this regard, the Exchange believes that maintaining or increasing the proportion of Retail Orders in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods) would contribute to investors' confidence in the fairness of their transactions and would benefit all investors by deepening the Exchange's liquidity pool,

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

supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange believes that reducing the percentage of TCV required to achieve the Retail Order Tier from 0.10% to 0.07% for Members' Retail Orders that add liquidity (Flag ZA) is reasonable, equitable and not unfairly discriminatory because this percentage continues to be within a range that the Exchange believes would incentivize Members to submit Retail Orders to the Exchange in order to qualify for the applicable rebate of $0.0034 per share. The Exchange notes that certain other existing pricing tiers within its Fee Schedule make rebates available to Members that are also based on the Member's level of activity as a percentage of TCV. These existing percentage thresholds, depending on other related factors and the level of the corresponding rebates, are both higher and lower than the 0.07% proposed herein.[10]

The Exchange also notes that the revisions to the Retail Order Tier, including removing the requirement that Members have an "added liquidity" to "added to removed liquidity" ratio of at least 85%, are reasonable in that NYSE Arca, Inc. ("NYSE Arca") offers a comparable Retail Order Tier (with an analogous Retail Order definition) that provides a rebate of $0.0033 per share for its Retail Orders that provide liquidity on NYSE Arca in Tapes A, B and C securities for ETP Holders that execute an ADV of Retail Orders that is 0.20% or more of the TCV with no additional criteria.[11] In addition, The NASDAQ Stock Market LLC ("Nasdaq") recently

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10 See for example, the Market Depth Tier 1 Rebate ($0.00325 per share rebate), Mega Step-Up Tier Rebate ($0.0032 per share), Ultra Tier rebate ($0.0031 per share rebate), and Investor Tier rebate ($0.0032 per share rebate) that are all tied to a percentage of TCV.

11 See Securities Exchange Act Release No. 69134 (March 14, 2013), 78 FR 17247 (March 20, 2013) (SR-NYSEArca-2013-24). See also, NYSE Arca Equities, Inc., Schedule of Fees and Charges for Exchange Services,

proposed to offer its members a rebate of $0.0034 per share for Designated Retail Orders, as defined by Nasdaq, where the member adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules.[12] Moreover, like existing pricing on the Exchange and the NYSE that are tied to Member's volume levels as a percentage of TCV, the proposed Retail Order Tier continues to be equitable and not unfairly discriminatory because it is available to all Members on an equal and non-discriminatory basis.

Added and Removal Flags

The Exchange believes that its proposal to amend two bullets under the General Notes section of the Fee Schedule that contain the list of applicable "added flags" and "removal flags" are represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The Exchange appends Flag EA, ER, and 5 to buy and sell orders that inadvertently match against each other and share the same MPID (Member shares both sides of the trade). The Exchange also believes proposed Footnote 10 stating that a Member's monthly volume attributed to Flag 5 will be divided evenly between the added flags and removal flags when determining whether that Member satisfied a certain tier represents an equitable allocation of reasonable dues, fees, and other charges. The Exchange proposes to divide a Member's Flag 5 volume as such because Flag 5 includes both added and removed liquidity because the Exchange's systems cannot currently delineate orders yielding

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https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_3_1_13.pdf.

12 See Securities Exchange Act Release No. 73648 (November 19, 2014) (SR-Nasdaq-2014-108). See also Nasdaq Price List available at http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2.

Flag 5 that added from those that removed liquidity purposes of determining whether a Member satisfies a certain tier. The Exchange believes that Members orders that yield Flags EA, ER, or 5 should be included in the calculation of the ADV threshold as added or removal flags for purposes of determining whether a tier's criteria has been met. Including such Flags would be a reasonable means to encourage Members to direct their orders to the Exchange because they would have certainty that certain orders will not be excluded from their ADV calculations because it inadvertently matched against an order sharing the same MPID. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

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

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

Retail Order Tier

Regarding the Retail Order Tier, the Exchange believes that its proposal to amend the criteria to achieve the tier will increase intermarket competition for Retail Orders because the proposed Retail Order Tier is comparable in price and criteria to NYSE Arca and Nasdaq's retail order tier.[13] In addition, the proposed rule change is in direct response to Nasdaq recently implementing a rebate for retail orders of $0.0034 per share where the member adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules.[14] The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the Retail Order Tier would continue to apply uniformly to all Members and the ability of some Members to meet the Retail Order Tier would only benefit other Members by contributing to increased retail liquidity on the Exchange.

Added and Removal Flags

The Exchange believes that adding orders yielding Flags EA, ER, and 5 to the "added flags" and "removal flags" would increase intermarket competition because it would encourage Members to direct their orders to the Exchange because they would have certainty that their orders will not be excluded from their ADV calculations because it inadvertently matched against an order sharing the same MPID. The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the added and removal flags would continue to apply uniformly to all Members and the ability of some Members to meet the tiers would only benefit other Members by contributing to increased liquidity and improve market quality at the Exchange.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change

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13 See NYSE Arca, NYSE Arca Equities Trading Fees – Retail Order Tier, available at http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees (last visited June 27, 2013). See also Nasdaq, Price List – Rebate to Add Displayed Designated Retail Liquidity, available at http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2 (last visited June 27, 2013).

14 See supra note 12.

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[15] and paragraph (f)(2) of Rule 19b-4 thereunder.[16]

(c) Inapplicable.

(d) Inapplicable.

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

This proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

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

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

16 17 CFR 240.19b-4(f)(2).

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-2014-32)

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Related to Fees for Use of EDGX Exchange, Inc.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on _________________________, 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b-4(f)(2) thereunder,[4] which renders the proposed rule change 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 the fee schedule applicable to Members[5]

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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

4 17 CFR 240.19b-4(f)(2).

5 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

of the Exchange pursuant to EDGX Rules 15.1(a) and (c) ("Fee Schedule"). Changes to the Fee Schedule pursuant to this proposal are effective upon filing.

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 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 its Fee Schedule to amend: (i) the criteria for the Retail Order Tier under Footnote 4; and (ii) the first two bullets regarding added and removal flags under the General Notes section to include Flags EA, ER, and 5, which include in internalized volume.

Retail Order Tier

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the Exchange as that term is defined in Section 3(a)(3) of the Act." See Exchange Rule 1.5(n).

The Exchange currently provides a rebate of $0.0032 per share for Retail Orders[6] that yield Flag ZA and add liquidity. The Exchange currently offers a Retail Order Tier under Footnote 4 whereby Members are provided a rebate of $0.0034 per share if they: (i) add an Average Daily Volume[7] ("ADV") of Retail Orders yielding Flag ZA that is 0.10% or more of the Total Consolidated Volume[8] ("TCV") on a daily basis, measured monthly; and (ii) have an "added liquidity" to "added to removed liquidity" ratio of at least 85%. The Exchange proposes to ease the criteria to satisfy this tier by: (i) lowering the requirement that a Member have an average daily volume of Retail Orders of 0.10% or more of the TCV on a daily basis, measured monthly, to 0.07% or more of the TCV on a daily basis, measured monthly; and (ii) deleting the requirement that a Member have an "added liquidity" to "added to removed liquidity" ratio of at least 85%. The Exchange believes easing the criteria to satisfy the Retail Order Tier will attract more Retail Orders

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[6] Exchange Rule 11.21(a) defines a "Retail Order," in part, as an: (i) an agency order or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person; (ii) is submitted to EDGX by a Member, provided that no change is made to the terms of the order; and (iii) the order does not originate from a trading algorithm or any other computerized methodology.

[7] ADV is defined in the Exchange's Fee Schedule "as the average daily volume of shares that a Member executed on, or routed by, the Exchange for the month in which the fees are calculated. ADV is calculated on a monthly basis, excluding shares on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours ('Exchange System Disruption'), on any day with a scheduled early market close and on the last Friday in June (the 'Russell Reconstitution Day')."

[8] TCV is defined in the Exchange's Fee Schedule "as the volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month in which the fees are calculated, excluding volume on any day that the Exchange experiences an Exchange System Disruption, on any day with a scheduled early market close or the Russell Reconstitution Day."

to the Exchange.

Added and Removal Flags

The General Notes section of the Fee Schedule includes two bullets that contain the list of applicable "added flags" and "removal flags" that may be considered when calculating whether a Member satisfied a certain pricing tier. The Exchange appends Flags EA, ER, and 5 to orders that inadvertently match against each other and share the same MPID (Member shares both sides of the trade). The Exchange proposes to amend the first bullet regarding added flags to include Flag EA, which covers internalized trades that add liquidity. The Exchange also proposes to amend the second bullet regarding removal flags to include Flag ER, which covers internalized trades that remove liquidity. Lastly, the Exchange proposes to amend both the first and second bullets to include Flag 5, which covers internalized trades that add or remove liquidity during the pre and post market sessions. The Exchange also proposes to add Footnote 10 to state that a Member's monthly volume attributed to Flag 5 will be divided evenly between the added flags and removal flags when determining whether that Member satisfied a certain tier. The Exchange proposes to divide a Member's Flag 5 volume as such because the Exchange's systems cannot currently delineate orders yielding Flag 5 that added from those that removed liquidity for purposes of determining whether a Member satisfies a certain tier.

Implementation Date

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

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[9] in general, and furthers the objectives of Section 6(b)(4),[10] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

Retail Order Tier

The Exchange believes that easing the criteria required to achieve the Retail Order Tier is reasonable, equitable and not unfairly discriminatory because it would continue to encourage Members to send additional Retail Orders that add liquidity to the Exchange for execution in order to qualify for an incrementally higher rebate for such executions that add liquidity. The potential for increased volume from Retail Orders would increase potential revenue to the Exchange, and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs.

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9 15 U.S.C. 78f.

10 15 U.S.C. 78f(b)(4).

These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of lower fees. The increased liquidity benefits all investors by deepening EDGX's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. The Exchange notes that a significant percentage of the orders of individual investors are executed over-the-counter.[11] The Exchange believes that it is thus appropriate to continue to create a financial incentive to bring more retail order flow to a public market, such as the Exchange, over off-exchange venues. The Exchange believes that investor protection and transparency is promoted by rewarding displayed liquidity on exchanges over off-exchange executions. In this regard, the Exchange believes that maintaining or increasing the proportion of Retail Orders in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods) would contribute to investors' confidence in the fairness of their transactions and would benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange believes that reducing the percentage of TCV required to achieve

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

the Retail Order Tier from 0.10% to 0.07% for Members' Retail Orders that add liquidity (Flag ZA) is reasonable, equitable and not unfairly discriminatory because this percentage continues to be within a range that the Exchange believes would incentivize Members to submit Retail Orders to the Exchange in order to qualify for the applicable rebate of $0.0034 per share. The Exchange notes that certain other existing pricing tiers within its Fee Schedule make rebates available to Members that are also based on the Member's level of activity as a percentage of TCV. These existing percentage thresholds, depending on other related factors and the level of the corresponding rebates, are both higher and lower than the 0.07% proposed herein.[12]

The Exchange also notes that the revisions to the Retail Order Tier, including removing the requirement that Members have an "added liquidity" to "added to removed liquidity" ratio of at least 85%, are reasonable in that NYSE Arca, Inc. ("NYSE Arca") offers a comparable Retail Order Tier (with an analogous Retail Order definition) that provides a rebate of $0.0033 per share for its Retail Orders that provide liquidity on NYSE Arca in Tapes A, B and C securities for ETP Holders that execute an ADV of Retail Orders that is 0.20% or more of the TCV with no additional criteria.[13] In addition,

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12 See for example, the Market Depth Tier 1 Rebate ($0.00325 per share rebate), Mega Step-Up Tier Rebate ($0.0032 per share), Ultra Tier rebate ($0.0031 per share rebate), and Investor Tier rebate ($0.0032 per share rebate) that are all tied to a percentage of TCV.

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

The NASDAQ Stock Market LLC ("Nasdaq") recently proposed to offer its members a rebate of $0.0034 per share for Designated Retail Orders, as defined by Nasdaq, where the member adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules.[14] Moreover, like existing pricing on the Exchange and the NYSE that are tied to Member's volume levels as a percentage of TCV, the proposed Retail Order Tier continues to be equitable and not unfairly discriminatory because it is available to all Members on an equal and non-discriminatory basis.

Added and Removal Flags

The Exchange believes that its proposal to amend two bullets under the General Notes section of the Fee Schedule that contain the list of applicable "added flags" and "removal flags" are represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The Exchange appends Flag EA, ER, and 5 to buy and sell orders that inadvertently match against each other and share the same MPID (Member shares both sides of the trade). The Exchange also believes proposed Footnote 10 stating that a Member's monthly volume attributed to Flag 5 will be divided evenly between the added flags and removal flags when determining whether that Member satisfied a certain tier represents an equitable allocation of reasonable dues, fees, and other charges. The Exchange proposes to divide a Member's

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[14] See Securities Exchange Act Release No. 73648 (November 19, 2014) (SR-Nasdaq-2014-108). See also Nasdaq Price List available at http://nasdaqtrader.com/Trader.aspx?id=PriceListTrading2.

Flag 5 volume as such because Flag 5 includes both added and removed liquidity because the Exchange's systems cannot currently delineate orders yielding Flag 5 that added from those that removed liquidity purposes of determining whether a Member satisfies a certain tier. The Exchange believes that Members orders that yield Flags EA, ER, or 5 should be included in the calculation of the ADV threshold as added or removal flags for purposes of determining whether a tier's criteria has been met. Including such Flags would be a reasonable means to encourage Members to direct their orders to the Exchange because they would have certainty that certain orders will not be excluded from their ADV calculations because it inadvertently matched against an order sharing the same MPID. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

(B) <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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

<u>Retail Order Tier</u>

Regarding the Retail Order Tier, the Exchange believes that its proposal to amend the criteria to achieve the tier will increase intermarket competition for Retail Orders because the proposed Retail Order Tier is comparable in price and criteria to NYSE Arca and Nasdaq's retail order tier.[15] In addition, the proposed rule change is in direct response to Nasdaq recently implementing a rebate for retail orders of $0.0034 per share where the member adds Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 1.40% or more of national customer volume in multiply-listed equity and ETF options classes in a month as pursuant to Chapter XV, Section 2 of the Nasdaq Options Market rules.[16] The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the Retail Order Tier would continue to apply uniformly to all Members and the ability of some Members to meet the Retail Order Tier would only benefit other Members by contributing to increased retail liquidity on the Exchange.

Added and Removal Flags

The Exchange believes that adding orders yielding Flags EA, ER, and 5 to the "added flags" and "removal flags" would increase intermarket competition because it would encourage Members to direct their orders to the Exchange because they would have certainty that their orders will not be excluded from their ADV calculations because it inadvertently matched against an order sharing the same MPID. The Exchange

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15 See NYSE Arca, NYSE Arca Equities Trading Fees – Retail Order Tier, available at http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees (last visited June 27, 2013). See also Nasdaq, Price List – Rebate to Add Displayed Designated Retail Liquidity, available at http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2 (last visited June 27, 2013).

16 See supra note 14.

believes that its proposal would neither increase nor decrease intramarket competition because the added and removal flags would continue to apply uniformly to all Members and the ability of some Members to meet the tiers would only benefit other Members by contributing to increased liquidity and improve market quality at the Exchange.

(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[17] and paragraph (f) of Rule 19b-4 thereunder.[18] 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.

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:

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[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b-4(f).

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-EDGX-2014-32 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-2014-32. 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-2014-32 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.[19]

Kevin M. O'Neill
Deputy Secretary

[19] 17 CFR 200.30-3(a)(12).

Exhibit 5

Additions are underlined; deletions are [bracketed].

EDGX Exchange, Inc. Fee Schedule – Effective [November 3]December 1, 2014

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Rebates & Charges for Adding, Removing or Routing Liquidity per share for Tape A, B, & C securities[1]:

* * * * *

General Notes:

- Unless otherwise indicated, the following added flags are counted towards tiers: B, V, Y, 3, 4, 5,[10] EA, HA, MM, RP and ZA.
- Unless otherwise indicated, the following removal flags are counted towards tiers: N, W, 5,[10] 6, ER, BB, MT, PI, PR and ZR.
- Unless otherwise indicated, the following routed flag is counted towards tiers prior to 9:30 AM or after 4:00 PM: 7.
- The Exchange notes that to the extent a Member does not qualify for any of the below tiers, the rates listed in the above section titled "Liquidity Flags" will apply.
- To the extent a Member qualifies for higher rebates and/or lower fees than those provided by a tier for which such Member qualifies, the higher rebates and/or lower fees shall apply.
- Variable rates provided by tiers apply only to executions in securities priced at or above $1.00.

Footnotes:

1 - 3 (No change).

[4] **Retail Order Tier:**

Rebate per share to Add	Required Criteria

$0.0034 for orders yielding Flag ZA	[(i)] Add an ADV of Retail Orders (Flag ZA) that is 0.[10]07% or more of the TCV on a daily basis, measured monthly.[; and (ii) Have an "added liquidity" to "added plus removed liquidity" ratio of at least 85%.]

The Exchange notes that to the extent Members qualify for a rebate higher than $0.0032 per share (for Flag ZA executions that do not qualify for the above tier) or $0.0034 per share (for Flag ZA executions qualifying for the above tier) through other volume tiers, such as the Mega Tier 1 or Market Depth Tier, they will earn the higher rebate on Flag ZA instead of its assigned rate. In addition, to the extent Members qualify for a removal rate lower than $0.0030 per share through any other tier, such as the Mega Tiers, then they will earn the lower removal rate on the Flag ZR instead of its assigned rate.

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

5 - 9 (No change).

10 A Member's monthly volume attributed to Flag 5 will be divided evenly between the added flags and removal flags when determining whether that Member satisfied a certain tier.