

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="28"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="33"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by EDGX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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

EDGX Exchange, Inc. proposed to amend Rules 1.5 and 11.3.

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 * <input type="text" value="Anders"/>	Last Name * <input type="text" value="Franzon"/>
Title * <input type="text" value="VP, Associate General Counsel"/>	
E-mail * <input type="text" value="afranzon@bats.com"/>	
Telephone * <input type="text" value="(913) 815-7154"/>	Fax <input type="text" value="(913) 815-7119"/>

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 <input type="text" value="11/28/2014"/>	<input type="text" value="VP, Associate General Counsel"/>
By <input type="text" value="Anders Franzon"/>	<input type="text" value="afranzon@bats.com"/>
(Name *)	

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² EDGX Exchange, Inc. (the “Exchange” or “EDGX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend Rules 1.5(z), the definition of Sponsored Participant,³ and 11.3, titled Access, to harmonize its sponsored access rules and definitions with those set forth under BATS Exchange, Inc. (“BATS”) Rules 1.5(x) and 11.3 as well as BATS Y-Exchange, Inc. (“BYX”) Rules 1.5(x) and 11.3.⁴ The Exchange has designated the proposed rule change as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁵

(b) The Exchange does not believe that the proposed rule change will have any direct or significant indirect effect on any other Exchange rule in effect at the time of this filing.

(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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As defined below.

⁴ See BATS Rules 1.5(x) and 11.3; BYX Rules 1.5(x) and 11.3.

⁵ 17 CFR 240.19b-4(f)(6)(iii).

Exchange's internal procedures with respect to the proposed change are complete.

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

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

Anders Franzon
VP, Associate General Counsel
(913) 815-7154

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 Rules 1.5(z) and 11.3 to harmonize its sponsored access rules with those set forth under BATS Rules 1.5(x) and 11.3 and BYX Rules 1.5(x) and 11.3.⁶ Earlier this year, the Exchange and its affiliate EDGA Exchange, Inc. ("EDGA") received approval to effect a merger (the "Merger") of the Exchange's parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BATS and BYX (together with BATS, BYX, EDGA and EDGX, the "BGM Affiliated Exchanges").⁷ In the context of the Merger, the BGM Affiliated Exchanges are working to align certain rules, retaining only intended differences between the BGM Affiliated Exchanges. As part of this effort, the proposal set forth below harmonizes Exchange Rules 1.5(z) and 11.3 with BATS and BYX Rules 1.5(x) and 11.3 by aligning the rules around sponsored access for all sponsored participants and sponsoring members of the

⁶ See supra note 3.

⁷ See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

BGM Affiliated Exchanges.⁸

Rule 11.3 currently provides that the System⁹ shall be available for entry and execution of orders by Users with authorized access. In order to obtain authorized access to the System, each Member must enter into an agreement with the Exchange in such form as the Exchange may provide. A Sponsored Participant¹⁰ may obtain authorized access to the System only if such access is authorized in advance by one or more Sponsoring Members¹¹ as follows: (i) Sponsored Participants must enter into and maintain sponsored or direct access arrangements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the System; (ii) Sponsoring Member shall maintain a list of Sponsored Participants who Sponsoring Member has authorized to obtain access to the System pursuant to this Rule, shall update the list of Sponsored Participants as necessary, and provide the list of Sponsored Participants to the Exchange upon request; and (iii) Sponsoring Members shall comply with Rule 15c3-5 under the Exchange Act (the “Market Access Rule”)¹² with regard to market access arrangements with Sponsored Participants.

The Exchange is proposing to delete Rules 11.3(b)(2) and (3), which are described in items (ii) and (iii) above. The Exchange is proposing to delete 11.3(b)(2) in

⁸ The Exchange understands that EDGA is to file a proposed rule change with the Commission to adopt similar requirements.

⁹ System is defined in EDGX Rule 1.5(cc).

¹⁰ Sponsored Participant is defined in EDGX Rule 1.5(z).

¹¹ Sponsoring Members is defined in EDGX Rule 1.5(aa).

¹² 17 CFR 240.15c3-5.

order to add more thorough requirements for a Member to provide sponsored access to a Sponsored Participant, as described below. The Exchange is proposing to delete Rule 11.3(b)(3) in order to align the Exchange's rules with those of BATS and BYX. The Exchange notes that, while Rule 11.3(b)(3) requires a Sponsoring Member to comply with the Market Access Rule, such obligation applies to all brokers or dealers with market access¹³ and thus exists whether or not the Exchange has a rule requiring compliance. As such, deleting current Rule 11.3(b)(3) does not alter a Member's or a Sponsored Participant's obligation to comply with the Market Access Rule.

The Exchange is also proposing to amend Rule 11.3(b)(1) in order to replace "sponsored or direct access arrangements" with "customer agreements." In coordination with this change, the Exchange is also proposing to add the following sentence to the end of Rule 11.3(b)(1): "Such customer agreement(s) must incorporate the sponsorship provisions set forth in paragraph (2) below."

The Exchange is also proposing to add a new Rule 11.3(b)(2), which contains the requirements for the customer agreements referenced in proposed Rule 11.3(b)(1). As proposed, in order for a Sponsored Participant to obtain and maintain authorized access to the System, a Sponsored Participant and its Sponsoring Member must agree in writing to the following sponsorship provisions: (i) the Sponsored Participant and its Sponsoring Member must have entered into and maintained a User Agreement with the Exchange; (ii) the Sponsoring Member must acknowledge and agree that all orders entered by the Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding

¹³ 17 CFR 240.15c3-5(b).

in all respects on the Sponsoring Member, and the Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant; (iii) the Sponsoring Member shall comply with the Exchange's Certificate of Incorporation, By-Laws, Rules and procedures, and the Sponsored Participant shall comply with the Exchange's Certificate of Incorporation, By-Laws, Rules and procedures, as if such Sponsored Participant were a Member; (iv) the Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member, and to the Exchange upon request, a list of Authorized Traders who may obtain access to the System on behalf of the Sponsored Participant. Sponsored Participant shall be subject to the obligations of Rule 11.4 with respect to such Authorized Traders;¹⁴ (v) the Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the System; (vi) the Sponsored Participant may not permit anyone other than Authorized Traders to use or obtain access to the System; (vii) the Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. The Sponsored Participant understands and agrees that the Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Authorized Traders, and for the trading and other consequences thereof; (viii) the Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls

¹⁴ See EDGX Rule 11.4.

that permit it to effectively monitor its employees', agents' and customers' use and access to the System for compliance with the terms of this agreement; and (ix) the Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of the System. Such amounts include, but are not limited to applicable exchange and regulatory fees.

The Exchange is also proposing to replace Rule 11.3(b)(3) to state that the Sponsoring Member must provide the Exchange with a written statement in form and substance acceptable to the Exchange identifying each Sponsored Participant by name and acknowledging its responsibility for the orders, executions and actions of such Sponsored Participant. Such written statement in form and substance acceptable to the Exchange will be available as the "Sponsored Application and Agreements" form on the Exchange's website.¹⁵

Finally, the Exchange is proposing to amend Rule 1.5(z) to align the definition of Sponsored Participant with the definition on BATS and BYX¹⁶ and to align the definition with the relationship between a Sponsoring Member, Sponsored Participant, and the Exchange, as proposed above. Specifically, the Exchange is proposing that the term Sponsored Participant mean a person which has entered into a sponsorship arrangement with a Sponsoring Member pursuant to Rule 11.3.

The Exchange notes that this proposal would in effect restore Exchange Rules

¹⁵ The Exchange's website is accessible at www.directedge.com.

¹⁶ See supra note 3.

1.5(z) and 11.3 to their state prior to filing SR-EDGX-2012-24 (the “Filing”).¹⁷ In the Filing, the Exchange described the rationale for the proposed changes as being rendered superfluous and unnecessary by the adoption of Market Access Rule. Such changes, in contrast to the rules on BATS and BYX, however, created a situation in which the Exchange still had Sponsored Participants that were entering orders through Sponsoring Members, but the Exchange had no direct relationship with Sponsored Participants. In certain circumstances, this arrangement led to employees of the Exchange being unable to discuss certain order and/or trade details with Sponsored Participants. Based on these experiences, the Exchange no longer views the proposed rule text as superfluous, but, rather, such proposed rule text outlines a reasonable set of standards for a sponsored access relationship between the Exchange, the Sponsoring Member, and the Sponsored Participant. The Exchange believes that the proposed changes will enhance its rules and, as discussed above, harmonize the Exchange’s rules with those of BATS and BYX. The Exchange does note that the proposal is not intended to supersede or supplement the Market Access Rule in any way, but rather to establish a more thorough set of rules under which the Exchange, Sponsored Participants, and Sponsoring Members will interact. As such, the Exchange also notes that compliance with the proposed rules has no bearing on whether any particular Member, Sponsoring Member, or Sponsored Participant is in compliance with the Market Access Rule.

Implementation Date

The Exchange intends to implement the proposed rule change on or about January

¹⁷ See Securities Exchange Act Release No. 67711 (August 22, 2012), 77 FR 52096 (August 28, 2012) (SR-EDGX-2012-24).

12, 2015. The Exchange will announce the implementation of the proposed rule change via a trading notice to be posted on the Exchange's website.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act¹⁸ and furthers the objectives of Section 6(b)(5) of the Act,¹⁹ in that it is designed promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposal would effectively allow a Sponsoring Member(s) to provide a Sponsored Participant(s) with access to the Exchange and the ability to interact directly with Exchange employees. More specifically, the Exchange believes that the proposal is designed to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general protect investors and the public interest because it would allow the Exchange to directly recognize the trading activity of Sponsored Participants and to communicate directly with Sponsored Participants regarding any potential issues that may arise.

The Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers or dealers. The proposed rule change is identical to the existing rules of BATS and BYX.²⁰ The proposed rule change is intended to align the Exchange's requirements for Sponsoring Members to provide

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(5).

²⁰ See supra note 3.

sponsored access to Sponsored Participants with that of BATS, BYX, and EDGA²¹ in order to provide consistent rules across the BGM Affiliated Exchanges. Consistent rules, in turn, will simplify the regulatory requirements for Members of the Exchange that are also participants on the other BGM Affiliated Exchanges. The proposed rule change would provide greater harmonization between the rules of the BGM Affiliated Exchanges of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The proposed rule change would not impose any burden on competition. The Exchange believes that the proposed rule changes will not burden intramarket competition because all Sponsoring Members and Sponsored Participants would be subject to the same requirements for sponsored access. The proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization among the Exchange, EDGA, BATS and BYX rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members of the BGM Affiliated Exchanges.

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

²¹ See supra note 8.

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) or Section 19(b)(7)(D)

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)²² of the Act and Rule 19b-4(f)(6)²³ thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission 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 of the proposed rule change, or such shorter time as designated by the Commission. 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 (5) business days prior to the date of filing.²⁴

As described above, the Exchange notes that the proposed change is directly based on the rules of BATS and BYX.²⁵ Based on the foregoing, the proposed rule

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f)(6).

²⁴ 17 CFR 240.19b-4(f)(6)(iii).

²⁵ See supra note 3.

change does not present any unique issues not previously considered by the Commission, and the Exchange has accordingly designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act²⁶ and paragraph (f)(6) of Rule 19b-4 thereunder.²⁷

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

This proposed rule change is based on BATS Rules 1.5(x) and 11.3 and BYX Rules 1.5(x) and 11.3.²⁸

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

(a) – (e) Not applicable.

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

(a) – (e) Not applicable.

11. Exhibits

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

Exhibit 5 – Text of the proposed rule change.

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 17 C.F.R. 240.19b-4(f)(6).

²⁸ See supra note 3.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-EDGX-2014-33)

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 1.5 and 11.3 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 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 Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ 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 Rules 1.5(z), the definition of Sponsored Participant,⁵ and 11.3, titled Access, to harmonize its sponsored access rules and definitions with those set forth under BATS Exchange, Inc. (“BATS”) Rules 1.5(x) and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ As defined below.

11.3 as well as BATS Y-Exchange, Inc. (“BYX”) Rules 1.5(x) and 11.3.⁶

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 Rules 1.5(z) and 11.3 to harmonize its sponsored access rules with those set forth under BATS Rules 1.5(x) and 11.3 and BYX Rules 1.5(x) and 11.3.⁷ Earlier this year, the Exchange and its affiliate EDGA Exchange, Inc. (“EDGA”) received approval to effect a merger (the “Merger”) of the Exchange’s parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BATS and BYX (together with BATS, BYX, EDGA and EDGX, the “BGM Affiliated Exchanges”).⁸ In the context of the Merger, the BGM Affiliated Exchanges are working

⁶ See BATS Rules 1.5(x) and 11.3; BYX Rules 1.5(x) and 11.3.

⁷ See supra note 5.

⁸ See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961

to align certain rules, retaining only intended differences between the BGM Affiliated Exchanges. As part of this effort, the proposal set forth below harmonizes Exchange Rules 1.5(z) and 11.3 with BATS and BYX Rules 1.5(x) and 11.3 by aligning the rules around sponsored access for all sponsored participants and sponsoring members of the BGM Affiliated Exchanges.⁹

Rule 11.3 currently provides that the System¹⁰ shall be available for entry and execution of orders by Users with authorized access. In order to obtain authorized access to the System, each Member must enter into an agreement with the Exchange in such form as the Exchange may provide. A Sponsored Participant¹¹ may obtain authorized access to the System only if such access is authorized in advance by one or more Sponsoring Members¹² as follows: (i) Sponsored Participants must enter into and maintain sponsored or direct access arrangements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the System; (ii) Sponsoring Member shall maintain a list of Sponsored Participants who Sponsoring Member has authorized to obtain access to the System pursuant to this Rule, shall update the list of Sponsored Participants as necessary, and provide the list of Sponsored Participants to the Exchange upon request; and (iii)

(February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

⁹ The Exchange understands that EDGA is to file a proposed rule change with the Commission to adopt similar requirements.

¹⁰ System is defined in EDGX Rule 1.5(cc).

¹¹ Sponsored Participant is defined in EDGX Rule 1.5(z).

¹² Sponsoring Members is defined in EDGX Rule 1.5(aa).

Sponsoring Members shall comply with Rule 15c3-5 under the Exchange Act (the “Market Access Rule”)¹³ with regard to market access arrangements with Sponsored Participants.

The Exchange is proposing to delete Rules 11.3(b)(2) and (3), which are described in items (ii) and (iii) above. The Exchange is proposing to delete 11.3(b)(2) in order to add more thorough requirements for a Member to provide sponsored access to a Sponsored Participant, as described below. The Exchange is proposing to delete Rule 11.3(b)(3) in order to align the Exchange’s rules with those of BATS and BYX. The Exchange notes that, while Rule 11.3(b)(3) requires a Sponsoring Member to comply with the Market Access Rule, such obligation applies to all brokers or dealers with market access¹⁴ and thus exists whether or not the Exchange has a rule requiring compliance. As such, deleting current Rule 11.3(b)(3) does not alter a Member’s or a Sponsored Participant’s obligation to comply with the Market Access Rule.

The Exchange is also proposing to amend Rule 11.3(b)(1) in order to replace “sponsored or direct access arrangements” with “customer agreements.” In coordination with this change, the Exchange is also proposing to add the following sentence to the end of Rule 11.3(b)(1): “Such customer agreement(s) must incorporate the sponsorship provisions set forth in paragraph (2) below.”

The Exchange is also proposing to add a new Rule 11.3(b)(2), which contains the requirements for the customer agreements referenced in proposed Rule 11.3(b)(1). As

¹³ 17 CFR 240.15c3-5.

¹⁴ 17 CFR 240.15c3-5(b).

proposed, in order for a Sponsored Participant to obtain and maintain authorized access to the System, a Sponsored Participant and its Sponsoring Member must agree in writing to the following sponsorship provisions: (i) the Sponsored Participant and its Sponsoring Member must have entered into and maintained a User Agreement with the Exchange; (ii) the Sponsoring Member must acknowledge and agree that all orders entered by the Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member, and the Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant; (iii) the Sponsoring Member shall comply with the Exchange's Certificate of Incorporation, By-Laws, Rules and procedures, and the Sponsored Participant shall comply with the Exchange's Certificate of Incorporation, By-Laws, Rules and procedures, as if such Sponsored Participant were a Member; (iv) the Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member, and to the Exchange upon request, a list of Authorized Traders who may obtain access to the System on behalf of the Sponsored Participant. Sponsored Participant shall be subject to the obligations of Rule 11.4 with respect to such Authorized Traders;¹⁵ (v) the Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the System; (vi) the Sponsored Participant may not permit anyone other than Authorized Traders to use or

¹⁵ See EDGX Rule 11.4.

obtain access to the System; (vii) the Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. The Sponsored Participant understands and agrees that the Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Authorized Traders, and for the trading and other consequences thereof; (viii) the Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees', agents' and customers' use and access to the System for compliance with the terms of this agreement; and (ix) the Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of the System. Such amounts include, but are not limited to applicable exchange and regulatory fees.

The Exchange is also proposing to replace Rule 11.3(b)(3) to state that the Sponsoring Member must provide the Exchange with a written statement in form and substance acceptable to the Exchange identifying each Sponsored Participant by name and acknowledging its responsibility for the orders, executions and actions of such Sponsored Participant. Such written statement in form and substance acceptable to the Exchange will be available as the "Sponsored Application and Agreements" form on the Exchange's website.¹⁶

¹⁶ The Exchange's website is accessible at www.directedge.com.

Finally, the Exchange is proposing to amend Rule 1.5(z) to align the definition of Sponsored Participant with the definition on BATS and BYX¹⁷ and to align the definition with the relationship between a Sponsoring Member, Sponsored Participant, and the Exchange, as proposed above. Specifically, the Exchange is proposing that the term Sponsored Participant mean a person which has entered into a sponsorship arrangement with a Sponsoring Member pursuant to Rule 11.3.

The Exchange notes that this proposal would in effect restore Exchange Rules 1.5(z) and 11.3 to their state prior to filing SR-EDGX-2012-24 (the “Filing”).¹⁸ In the Filing, the Exchange described the rationale for the proposed changes as being rendered superfluous and unnecessary by the adoption of Market Access Rule. Such changes, in contrast to the rules on BATS and BYX, however, created a situation in which the Exchange still had Sponsored Participants that were entering orders through Sponsoring Members, but the Exchange had no direct relationship with Sponsored Participants. In certain circumstances, this arrangement led to employees of the Exchange being unable to discuss certain order and/or trade details with Sponsored Participants. Based on these experiences, the Exchange no longer views the proposed rule text as superfluous, but, rather, such proposed rule text outlines a reasonable set of standards for a sponsored access relationship between the Exchange, the Sponsoring Member, and the Sponsored Participant. The Exchange believes that the proposed changes will enhance its rules and, as discussed above, harmonize the Exchange’s rules with those of BATS and BYX. The

¹⁷ See supra note 5.

¹⁸ See Securities Exchange Act Release No. 67711 (August 22, 2012), 77 FR 52096 (August 28, 2012) (SR-EDGX-2012-24).

Exchange does note that the proposal is not intended to supersede or supplement the Market Access Rule in any way, but rather to establish a more thorough set of rules under which the Exchange, Sponsored Participants, and Sponsoring Members will interact. As such, the Exchange also notes that compliance with the proposed rules has no bearing on whether any particular Member, Sponsoring Member, or Sponsored Participant is in compliance with the Market Access Rule.

Implementation Date

The Exchange intends to implement the proposed rule change on or about January 12, 2015. The Exchange will announce the implementation of the proposed rule change via a trading notice to be posted on the Exchange's website.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act¹⁹ and furthers the objectives of Section 6(b)(5) of the Act,²⁰ in that it is designed promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposal would effectively allow a Sponsoring Member(s) to provide a Sponsored Participant(s) with access to the Exchange and the ability to interact directly with Exchange employees. More specifically, the Exchange believes that the proposal is designed to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

and a national market system, and, in general protect investors and the public interest because it would allow the Exchange to directly recognize the trading activity of Sponsored Participants and to communicate directly with Sponsored Participants regarding any potential issues that may arise.

The Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers or dealers. The proposed rule change is identical to the existing rules of BATS and BYX.²¹ The proposed rule change is intended to align the Exchange's requirements for Sponsoring Members to provide sponsored access to Sponsored Participants with that of BATS, BYX, and EDGA²² in order to provide consistent rules across the BGM Affiliated Exchanges. Consistent rules, in turn, will simplify the regulatory requirements for Members of the Exchange that are also participants on the other BGM Affiliated Exchanges. The proposed rule change would provide greater harmonization between the rules of the BGM Affiliated Exchanges of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The proposed rule change would not impose any burden on competition. The

²¹ See supra note 5.

²² See supra note 9.

Exchange believes that the proposed rule changes will not burden intramarket competition because all Sponsoring Members and Sponsored Participants would be subject to the same requirements for sponsored access. The proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization among the Exchange, EDGA, BATS and BYX rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members of the BGM Affiliated Exchanges.

(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 Act²³ and paragraph (f)(6) of Rule 19b-4 thereunder.²⁴

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 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

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 C.F.R. 240.19b-4.

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. Please include File No. SR-EDGX-2014-33 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-2014-33. 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-2014-33 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.²⁵

Kevin M. O'Neill
Deputy Secretary

²⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

CHAPTER I. ADOPTION, INTERPRETATION AND APPLICATION OF RULES,
AND DEFINITIONS

* * * * *

Rule 1.5 Definitions

(No changes.)

(a)-(y) (No changes.)

(z) Sponsored Participant

The term “Sponsored Participant” shall mean a person which has entered into [an]a sponsorship arrangement with [one or more]a Sponsoring Member[s] [whereby such person obtains authorized access to the System in accordance with]pursuant to Rule 11.3.

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CHAPTER XI. TRADING RULES

* * * * *

Rule 11.3. Access

(a) *General.* The System shall be available for entry and execution of orders by Users with authorized access. To obtain authorized access to the System, each [Member]User must enter into [an agreement]a User Agreement with the Exchange in such form as the Exchange may provide (“User Agreement”).

(b) *Sponsored Participants.* A Sponsored Participant may obtain authorized access to the System only if such access is authorized in advance by one or more Sponsoring Members as follows:

(1) Sponsored Participants must enter into and maintain [sponsored or direct access arrangements]customer agreements with one or more Sponsoring Members establishing proper relationship(s) and account(s) through which the Sponsored Participant may trade on the System. Such customer agreement(s) must incorporate the Sponsorship Provisions set forth in paragraph (2) below.

(2) For a Sponsored Participant to obtain and maintain authorized access to the System, a Sponsored Participant and its Sponsoring Member must agree in writing to the following Sponsorship Provisions:

(A) Sponsored Participant and its Sponsoring Member must have entered into and maintained a User Agreement with the Exchange.

(B) Sponsoring Member acknowledges and agrees that:

(i) All orders entered by the Sponsored Participants and any person acting on behalf of or in the name of such Sponsored Participant and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member, and

(ii) Sponsoring Member is responsible for any and all actions taken by such Sponsored Participant and any person acting on behalf of or in the name of such Sponsored Participant.

(C) Sponsoring Member shall comply with the Exchange's Certificate of Incorporation, By-Laws, Rules and procedures, and Sponsored Participant shall comply with the Exchange's Certificate of Incorporation, By-Laws, Rules and procedures, as if Sponsored Participant were a Member.

(D) Sponsored Participant shall maintain, keep current and provide to the Sponsoring Member, and to the Exchange upon request, a list of Authorized Traders who may obtain access to the System on behalf of the Sponsored Participant. Sponsored Participant shall be subject to the obligations of Rule 11.4 with respect to such Authorized Traders.

(E) Sponsored Participant shall familiarize its Authorized Traders with all of the Sponsored Participant's obligations under this Rule and will assure that they receive appropriate training prior to any use or access to the System.

(F) Sponsored Participant may not permit anyone other than Authorized Traders to use or obtain access to the System.

(G) Sponsored Participant shall take reasonable security precautions to prevent unauthorized use or access to the System, including unauthorized entry of information into the System, or the information and data made available therein. Sponsored Participant understands and agrees that Sponsored Participant is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Authorized Traders, and for the trading and other consequences thereof.

(H) Sponsored Participant acknowledges its responsibility to establish adequate procedures and controls that permit it to effectively monitor its employees',

agents' and customers' use and access to the System for compliance with the terms of this agreement.

(I) Sponsored Participant shall pay when due all amounts, if any, payable to Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored Participant's access to and use of the System. Such amounts include, but are not limited to applicable exchange and regulatory fees.

(3) The Sponsoring Member must provide the Exchange with a written statement in form and substance acceptable to the Exchange identifying each Sponsored Participant by name and acknowledging its responsibility for the orders, executions and actions of such Sponsored Participant.

[(2) Sponsoring Member shall maintain a list of Sponsored Participants who Sponsoring Member has authorized to obtain access to the System pursuant to this Rule. The Sponsoring Member shall update the list of Sponsored Participants as necessary. Members must provide the list of Sponsored Participants to the Exchange upon request.

(3) Sponsoring Members shall comply with Rule 15c3-5 under the Exchange Act with regard to market access arrangements with Sponsored Participants.]

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