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

File No.* SR - 2015 - * 33

Amendment No. (req. for Amendments *)

Filing by EDGA Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Section 806(e)(2) *

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 *).

Proposal to amend Rule 11.6, Definitions; Rule 11.8, Order Types; Rule 11.9, Priority of Orders; Rule 11.10, Order Execution; and Rule 11.11, Routing to Away Trading Centers.

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 * Assistant General Counsel
 E-mail * csolgan@bats.com
 Telephone * (646) 856-8723 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 08/11/2015

By Chris Solgan

(Name *)

Assistant General 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.

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WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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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

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² EDGA Exchange, Inc. (the “Exchange” or “EDGA”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to align certain rules with similar rules of BATS Exchange, Inc. (“BZX”), BATS Y-Exchange, Inc., (“BYX”), and EDGX Exchange, Inc. (“EDGX”). These changes are described in detail below and include amending: (i) Rule 11.6, Definitions; (ii) Rule 11.8, Order Types; (iii) Rule 11.9, Priority of Orders; (iv) Rule 11.10, Order Execution; and (v) Rule 11.11, Routing to Away Trading Centers. The Exchange does not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX, BYX, or EDGX. The Exchange notes that the proposed rule text is based on BZX, BYX, and EDGX rules and is different only to the extent necessary to conform to the Exchange’s current rules. 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.³

(a) The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

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

Chris Solgan
Assistant General Counsel
(646) 856-8723

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

(a) Purpose

On June 5, 2014, Chair Mary Jo White asked all national securities exchanges to conduct a comprehensive review of each order type offered to members and how it operates.⁴ The Exchange notes that a comprehensive rule filing clarifying and updating Exchange rules was approved by the Commission in November 2014.⁵ However, based on the request from Chair White, the Exchange did indeed conduct further review of each

⁴ See Mary Jo White, Chair, Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference, (June 5, 2014) (available at <http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.VD2HW610w6Y>).

⁵ Securities Exchange Act Release No. 73592 (November 13, 2014), 79 FR 68937 (November 19, 2014) (SR-EDGA-2014-20).

order types and its operation. The proposals set forth below are based on this comprehensive review and are intended to clarify and to include additional specificity regarding the current functionality of the Exchange's System,⁶ including the operation of its order types and order instructions. The proposals set forth below are intended to supplement the approved filing based on further review conducted by the Exchange and are intended to clarify and enhance the understandability of the Exchange's rules related to the ranking and execution of orders.

The proposed amendments are also intended to better align certain Exchange rules and system functionality with that currently offered by BZX, BYX, and EDGX in order to provide a consistent rule set across the exchanges. In early 2014, the Exchange and its affiliate, 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 BZX and BYX (together with BZX, EDGA and EDGX, the "BGM Affiliated Exchanges").⁷ In order to provide consistent rules and system functionality amongst the Exchange, BZX, BYX, and EDGX, the Exchange proposes to amend: (i) Rule 11.6, Definitions; (ii) Rule 11.8, Order Types; (iii) Rule 11.9, Priority of Orders; (iv) Rule 11.10, Order Execution; and (v) Rule 11.11, Routing to Away Trading Centers.

Unless otherwise noted, the proposed rule text is based on BZX, BYX, or EDGX rules and is different only to the extent necessary to conform to the Exchange's current

⁶ The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(cc).

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).

rules.⁸ The proposed amendments do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX, BYX, or EDGX.⁹

Rule 11.6, Definitions

Rule 11.6, Definitions, sets forth in one rule current defined terms and order instructions that are utilized in Chapter XI. Rule 11.6 also includes additional defined terms and instructions to aid in describing System¹⁰ functionality and the operation of the Exchange's order types. The Exchange proposes to amend Rule 11.6 to align certain sections with the rules of BZX, BYX, and EDGX, including additional specificity regarding the operation of Exchange functionality. These changes are described below

⁸ To the extent a proposed rule change is based on an existing BZX or BYX rule, the language of the BZX, BYX, and Exchange rules may differ to extent necessary to conform with existing Exchange rule text or to account for details or descriptions included in the Exchange Rules but not currently included in BZX or BYX rules based on the current structure of such rules.

⁹ The Exchange's affiliate, EDGX, recently filed a proposal making many of the same changes to clarify and enhance EDGX Rules that are proposed in this filing with respect to EDGA Rules. See infra, note 14. In contrast to that filing, however, which also proposed functional changes to the EDGX system so that such system operates more like BZX, this proposal does not propose any changes that would modify the operation of the EDGA System. Rather, all changes proposed herein are intended to clarify and enhance the Exchange's Rules or to align such Rules with the Exchange's affiliates. The Exchange notes that certain of the proposed changes would modify Exchange functionality if all orders with a Post Only instruction, as defined below, did not remove contra-side liquidity on entry based on the Exchange's fee structure. See infra, notes 18 and 19. Because orders with a Post Only instruction do, however, remove liquidity on entry pursuant to the Exchange's fee structure, the Exchange is proposing these changes to maintain rules that are consistent with the other BGM Affiliated Exchanges and in the event the Exchange's fee structure changes in the future.

¹⁰ The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(cc).

and include: (i) amending paragraph (d) regarding Discretionary Range; (ii) amending subparagraph (l)(1)(A) regarding the Price Adjust Re-Pricing instruction; (iii) amending subparagraph (l)(1)(B) regarding the Display-Price Sliding instruction; (iv) amending subparagraph (l)(2) regarding the Short Sale re-pricing instruction; (v) amending subparagraph (l)(3) regarding the re-pricing of non-displayed orders; (vi) amending subparagraph (n)(1), (2) and (4) regarding the Aggressive, Super Aggressive, and Post Only instructions; and (vii) amending subparagraph (q) regarding Immediate-or-Cancel and Fill-or-Kill Time-In-Force instructions. As stated above, the proposed amendments to Rule 11.6 do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX, BYX, or EDGX. Each of these amendments are described in more detail below.

Discretionary Range (Rule 11.6(d))

Current Functionality. Pursuant to current Rule 11.6(d), Discretionary Range is an instruction the User¹¹ may attach to an order to buy (sell) a stated amount of a security at a specified, displayed price with discretion to execute up (down) to a specified, non-displayed price. An order with a Discretionary Range instruction resting on the EDGA Book¹² will execute at its least aggressive price when matched for execution against an incoming order that also contains a Discretionary Range instruction, as permitted by the terms of both the incoming and resting order.

¹¹ The term “User” is defined as “and Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.” See Exchange Rule 1.5(ee).

¹² The “EDGA Book” is defined as “System’s electronic file of orders.” See Exchange Rule 1.5(d).

Proposed Functionality. The Exchange proposes to amend the Discretionary Range instruction under Rule 11.6(d) to align with BZX Rule 11.9(c)(10)¹³ and EDGX Rule 11.6(d).¹⁴ As proposed, amended Rule 11.6(d) is substantially similar to BZX and BYX Rule 11.9(c)(10) and identical to EDGX Rule 11.6(d).

First, the Exchange proposes to add specificity to the Exchange's rule based on BZX and BYX Rule 11.9(c)(10) to make clear that although an order with a Discretionary Range instruction may be accompanied by a Displayed¹⁵ instruction, an order with a Discretionary Range instruction may also be accompanied by a Non-Displayed¹⁶ instruction, and if so, will have a non-displayed ranked price as well as a discretionary price. The Exchange further proposes to adopt language from BZX and Rule 11.9(c)(10) to specifically state that resting orders with a Discretionary Range instruction will be executed at a price that uses the minimum amount of discretion necessary to execute the order against an incoming order. Neither of these proposed changes represent changes to functionality, but rather, additional specificity in Exchange Rules based on BZX and BYX Rule 11.9(c)(10). The Exchange notes that the same changes were recently made to EDGX Rule 11.6(d).¹⁷

Second, the Exchange also proposes to amend its current Rule by adding language

¹³ See Securities Exchange Act Release No. 74738 (April 16, 2015), 80 FR 22600 (April 22, 2015) (SR-BATS-2015-09) (Order Granting Approval of a Proposed Rule Change to Amend Rules 11.9, 11.12, and 11.13).

¹⁴ See Securities Exchange No. 75479 (July 17, 2015), 80 FR 43810 (July 23, 2015) (SR-EDGX-2015-33).

¹⁵ See Exchange Rule 11.6(e)(1).

¹⁶ See Exchange Rule 11.6(e)(2).

¹⁷ See supra note 14.

to 11.6(d) discussing how an order with a Discretionary Range instruction would interact with an order with a Post Only instruction. Specifically, when an order with a Post Only instruction that is entered at the displayed or non-displayed ranked price of an order with a Discretionary Range instruction that does not remove liquidity on entry pursuant to Rule 11.6(n)(4),¹⁸ the order with a Discretionary Range instruction would be converted to an executable order and will remove liquidity against such incoming order.¹⁹ Similar to the proposed amendments to the Aggressive and Super Aggressive instructions described below, due to the fact that an order with a Discretionary Range instruction contains a more aggressive price at which it is willing to execute, the Exchange proposes to treat orders with a Discretionary Range instruction as aggressive orders that would prefer to execute at their displayed or non-displayed ranked price than to forgo an execution due to applicable fees or rebates. Accordingly, in order to facilitate transactions consistent with the instructions of its Users, the Exchange proposes to execute resting orders with a Discretionary Range instruction (and certain orders with an Aggressive or Super

¹⁸ Under Rule 11.6(n)(4), an order with a Post Only instruction or Price Adjust instruction will remove contra-side liquidity from the EDGA Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

¹⁹ The Exchange notes that under its current fee structure all orders with a Post Only instruction remove liquidity on entry. As such, the proposal will not modify the operation of the Exchange at this time. However, if, in the future, the Exchange modifies its fees such that all orders with a Post Only instruction do not remove liquidity then such changes do represent a functional change to the System.

Aggressive instruction, as described below) against incoming orders, when such incoming orders would otherwise forego an execution. The Exchange notes that the determination of whether an order should execute on entry against resting interest, including against a resting order with a Discretionary Range instruction, is made prior to determining whether the price of such an incoming order should be adjusted pursuant to the Exchange's price sliding functionality pursuant to Rule 11.6(l). In other words, an execution would have already occurred as set forth above before the Exchange would consider whether an order could be displayed and/or posted to the EDGA Book, and if so, at what price.

Examples – Order with a Discretionary Range Instruction Executes against an Order with a Post Only Instruction

Assume that the National Best Bid or Offer ("NBBO") is \$10.00 by \$10.05, and the Exchange's BBO is \$9.99 by \$10.06. Assume that the Exchange receives a non-routable order to buy 100 shares at \$10.00 per share designated with discretion to pay up to an additional \$0.05 per share. Assume further that an order would not remove any liquidity upon entry pursuant to the Exchange's economic best interest functionality.

- Assume that the next order received by the Exchange is an order with a Post Only instruction to sell 100 shares of the security priced at \$10.03 per share. The order with a Post Only instruction would not remove any liquidity upon entry, and would post to the EDGA Book at \$10.03. This would, in turn, trigger the discretion of the resting buy order with a Discretionary Range instruction and an execution would occur at \$10.03. The order with a Post Only instruction to sell would be treated as the adder

of liquidity and the buy order with discretion would be treated as the remover of liquidity.

- Assume the same facts as above, but that the incoming order with a Post Only instruction is priced at \$10.00 instead of \$10.03. As is true in the example above, the order with a Post Only instruction would not remove any liquidity upon entry. Rather than cancelling the incoming order with a Post Only instruction to sell back to the User, particularly when the resting order with a Discretionary Range instruction is willing to buy the security for up to \$10.05 per share, the Exchange proposes to execute at \$10.00 the order with a Post Only instruction against the resting buy order with a Discretionary Range instruction. As is also true in the example above, the order with a Post Only instruction to sell would be treated as the liquidity adder and the buy order with discretion would be treated as the liquidity remover. As set forth in more detail below, if the incoming order was not an order with a Post Only instruction to sell, the incoming order could be executed at the ranked price of the order with a Discretionary Range instruction without restriction and would therefore be treated as the liquidity remover.

Third, the Exchange proposes to modify the description of the process by which it handles incoming orders that interact with Discretionary Orders. The Exchange proposes to specify in Rule 11.6(d) its proposed handling of a contra-side order that executes against a resting Discretionary Order at its displayed or non-displayed ranked price or that contains a time-in-force of IOC or FOK and a price in the discretionary range by

stating that such an incoming order will remove liquidity against the Discretionary Order. The Exchange also proposes to specify in Rule 11.6(d) its handling of orders that are intended to post to the EDGA Book at a price within the discretionary range of an order with a Discretionary Range instruction. This includes, but is not limited to, an order with a Post Only instruction. Specifically, the Exchange proposes to specify in Rule 11.6(d) that any contra-side order with a time-in-force other than IOC or FOK and a price within the discretionary range but not at the displayed or non-displayed ranked price of an order with a Discretionary Range instruction will be posted to the EDGA Book and then the order with a Discretionary Range instruction would remove liquidity against such posted order.

Examples – Order with a Discretionary Instruction Executes against an Order Without a Post Only Instruction

Assume that the NBBO is \$10.00 by \$10.05, and the Exchange's BBO is \$9.99 by \$10.06. Assume that the Exchange receives an order to buy 100 shares of a security at \$10.00 per share designated with discretion to pay up to an additional \$0.05 per share.

- Assume that the next order received by the Exchange is an order with a Book Only instruction²⁰ to sell 100 shares of the security with a TIF other than IOC or FOK priced at \$10.03 per share. The order with a Book Only instruction would not remove any liquidity upon entry and would post to the EDGA Book at \$10.03. This would, in turn, trigger the discretion of the resting buy order and an execution would occur at \$10.03. The order

²⁰ The term "Book Only" is defined as an "order instruction stating that an order will be matched against an order on the EDGA Book or posted to the EDGA Book, but will not route to an away Trading Center." See Exchange Rule 11.6(n)(3).

with a Book Only instruction to sell would be treated as the adder of liquidity and the buy order with discretion would be treated as the remover of liquidity.

- Assume the same facts as above, but that the incoming order with a Book Only instruction is priced at \$10.00 instead of \$10.03. The order with a Book Only instruction would remove liquidity upon entry at \$10.00 per share pursuant to the Exchange's order execution rule.²¹ Contrary to the examples set forth above, the order with a Book Only instruction to sell would be treated as the liquidity remover and the resting buy order with discretion would be treated as the liquidity adder. The Exchange notes that this example operates the same whether an order contains a TIF of IOC, FOK or any other TIF.

Finally, because orders with a Discretionary Range instruction have both a price at which they will be ranked and an additional discretionary price, the Exchange proposes to expressly state how the Exchange handles a routable order with a Discretionary Range instruction by stating that such an order will be routed away from the Exchange at its full discretionary price. As an example, assume the NBBO is \$10.00 by \$10.05 and the Exchange's BBO is \$9.99 by \$10.06. If the Exchange receives a routable order with a Discretionary Range instruction to buy at \$10.00 with discretion to pay up to an additional \$0.05 per share, the Exchange would route the order as a limit order to buy at \$10.05. Any unexecuted portion of the order would be posted to the EDGA Book with a ranked price of \$10.00 and discretion to pay up to \$10.05.

²¹ See Exchange Rule 11.10.

The Exchange notes that it has historically treated orders with a Discretionary Range instruction as relatively passive orders and as orders that, once posted to the EDGA Book, would in all cases be treated as the liquidity provider. The changes proposed above will change the handling of orders with a Discretionary Range instruction such that such orders are more aggressive and, thus, such orders will execute on the Exchange in additional circumstances than they do currently without regard to such orders' status as resting orders. In turn, orders with a Discretionary Range instruction resting on the EDGA Book may be treated as liquidity removers under certain circumstances, as outlined above.

Re-Pricing (Rule 11.6(l))

The Exchange currently offers re-pricing instructions which, in all cases, result in the ranking and/or display of an order at a price other than its limit price in order to comply with applicable securities laws and Exchange Rules. Specifically, the Exchange currently offers re-pricing instructions to ensure compliance with Regulation NMS and Regulation SHO. The re-pricing instructions currently offered by the Exchange re-price and display an order upon entry and in certain cases again re-price and re-display an order at a more aggressive price based on changes in the NBBO. Rule 11.6(l) sets forth the re-pricing instructions currently available to Users with regard to Regulation NMS compliance – Price Adjust, and Display-Price Sliding, as well as a separate re-pricing process with regard to Regulation SHO compliance. As described below, the Exchange now proposes to amend its re-pricing instructions to align and streamline Exchange rules with those of BZX, BYX, and EDGX. As above, the Exchange notes that the proposed changes are intended to clarify and enhance Exchange Rules or to align such Rules with

the other BGM Affiliated Exchanges but will not modify the current operation of the System because of the Exchange's current fee structure and because all orders with a Post Only instruction currently will remove liquidity from the Exchange if they interact with contra-side liquidity.

Re-Pricing Instructions to Comply with Rule 610(d) of Regulation NMS

The Exchange proposes to amend its re-pricing instructions to comply with Rule 610(d) of Regulation NMS as follows: (i) amend the Price Adjust instruction under Rule 11.6(l)(1)(A) to: (A) divide the rule into subparagraphs (i), (ii), and (iii); (B) clarify the order must be a Locking Quotation²² or Crossing Quotation²³ of an external market; and (C) propose new subparagraph (iv) described below; and (ii) amend the Displayed Price Sliding instruction under Rule 11.6(l)(1)(B) to: (A) change references from "Displayed Price Sliding" to "Display-Price Sliding"; (B) replace the text of Rule 11.6(l)(1)(B) with text that is substantially similar to BZX and BYX Rules 11.19(g)(1) and identical to EDGX Rule 11.6(l)(1)(B).

Price Adjust Re-Pricing (Rule 11.6(l)(1)(A)). Under the Price Adjust instruction, where a buy (sell) order would be a Locking Quotation or Crossing Quotation if

²² The term "Locking Quotation" is defined as "[t]he display of a bid for an NMS stock at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(d) of Regulation NMS." See Exchange Rule 11.6(g).

²³ The term "Crossing Quotation" is defined as "[t]he display of a bid (offer) for an NMS stock at a price that is higher (lower) than the price of an offer (bid) for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(d) of Regulation NMS." See Exchange Rule 11.6(c).

displayed by the System on the EDGA Book at the time of entry, the order will be displayed and ranked²⁴ at a price that is one Minimum Price Variation lower (higher) than the Locking Price.²⁵ The Exchange proposes to modify the operation of the Price Adjust instruction such that an order must be a Locking Quotation or Crossing Quotation of an external market, not the EDGA Book, in order to be eligible for the re-pricing. This change will provide additional specificity within the Exchange's rules regarding the applicability of the Price Adjust instruction as well as align the description with the Price Adjust process described under BZX and BYX Rules 11.9(g)(2),²⁶ and EDGX Rule 11.6(l)(1)(A). This change is also consistent with display-price sliding on BZX and Display-Price Sliding discussed below, under which orders are only re-priced where they are a Locking Quotation or Crossing Quotation of an external market, and not the BZX order book or EDGA Book, as applicable. Other than as described above, these

²⁴ For purposes of the description of the re-pricing instructions under proposed Rule 11.6(l), the terms "ranked" and "priced" are synonymous and used interchangeably.

²⁵ The term "Locking Price" is defined as "[t]he price at which an order to buy (sell), that if displayed by the System on the EDGA Book, either upon entry into the System, or upon return to the System after being routed away, would be a Locking Quotation." See Exchange Rule 11.6(f).

²⁶ The description of the Price Adjust process under BATS Rule 11.9(g)(2), states that "[a]n order eligible for display by the Exchange that, at the time of entry, would create a violation of Rule 610(d) of Regulation NMS by locking or crossing a Protected Quotation of an external market will be ranked and displayed by the System at one minimum price variation below the current NBO (for bids) or to one minimum price variation above the current NBB (for offers) . . ." (emphasis added). Thus, an order will only be re-priced pursuant to its Price Adjust process where it locks or crosses a Protected Quotation of an external market, and not BATS. The Exchange notes that this reflects a recent change to BATS Rule 11.9(g)(2). See Securities Exchange Act Release No. 75324 (June 29, 2015) (SR-BATS-2015-47) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.9 of BATS Exchange, Inc., to Modify its Price Adjust Functionality).

provisions will remain unchanged and be set forth under subparagraph (i), so that the Exchange may renumber the following provisions of Rule 11.6(l)(1)(A) as set forth below.

The Exchange proposes to restructure the provisions of the current rule by separating rule text and adopting additional subparagraph references, subparagraph (ii) and (iii).

The Exchange also proposes to add new subparagraph (iv) to Rule 11.6(l)(1)(A) which would cover where an order with a Price Adjust instruction and a Post Only instruction would be a Locking Quotation or Crossing Quotation of the Exchange. The proposed amendments to Rule 11.6(l)(1)(A) are based on BZX and BYX Rules 11.9(g)(2)(D) and are identical to EDGX Rule 11.6(l)(1)(A)(iv). To the extent the amended text of Exchange Rule 11.6(l)(1)(A) differs from BZX and BYX Rules 11.9(g)(2)(D), such differences are necessary to conform the rule with existing rule text.

As noted above, an order subject to the Price Adjust instruction will only be re-priced where it would be a Locking Quotation or Crossing Quotation of an external market, and not the Exchange. In such case, any display-eligible order with a Price Adjust instruction and a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(n)(4)²⁷ or cancelled. For example, assume the NBBO is \$10.00 by \$10.01 and an order to sell at \$10.01 is resting on the EDGA Book. Further assume that no other Trading Center²⁸ is displaying an order to sell at \$10.01. Assume that the Exchange

²⁷ See supra notes 18 and 19.

²⁸ The term “Trading Center” is defined as “[o]ther securities exchanges, facilities of

receives an order to buy with a Post Only instruction and Price Adjust instruction at \$10.01. The incoming order to buy will be cancelled unless, pursuant to Rule 11.6(n)(4), the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity. The incoming order to buy will not be posted to the EDGA Book and re-priced pursuant to the Price Adjust instruction.

Displayed Price Sliding (Rule 11.6(l)(1)(B)).

The Exchange proposes to amend the Displayed Price Sliding instruction under Rule 11.6(l)(1)(B) to: (A) change the name from “Displayed Price Sliding” to “Display-Price Sliding”; and (B) replace the text of Rule 11.6(l)(1)(B) with text that is identical to BZX Rule 11.19(g)(1), BYX Rule 11.9(g)(1), and EDGX Rule 11.6(l)(1)(B). The Exchange does not propose to modify the operation of Display-Price Sliding. It simply seeks to replace the rule text with of Rule 11.6(l)(1)(B) with text that is substantially similar to BZX and BYX Rules 11.9(g)(1) and identical to EDGX Rule 11.6(l)(1)(B). The Display-Price Sliding instruction operates in an identical manner as the Display-Price Sliding instruction on EDGX and the display price sliding process on BZX and BYX. To the extent the amended text of Exchange Rule 11.6(l)(1)(B) differs from BZX and BYX Rules 11.9(g)(1), such differences are necessary to conform the rule to existing rule text. The Exchange does not propose to modify the operation of the re-pricing of orders with a Non-Displayed instruction. Replacing the rule text would enable the Exchange to include substantially similar or identical rule text describing processes that

securities exchanges, automated trading systems, electronic communications networks or other broker dealers.” See Exchange Rule 11.6(r).

operate in the same manner across each of the BGM Affiliated Exchanges, thus avoiding potential confusion.

In sum, Display-Price Sliding is an order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the EDGA Book at the time of entry, such order will be ranked at the Locking Price and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). A User may elect for the Display-Price Sliding instruction to only apply where their display-eligible order would be a Locking Quotation of an external market upon entry (“Lock Only”). In such cases, the User’s display-eligible order will be cancelled if the order would be a Crossing Quotation of an external market upon entry.

For example, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell \$10.13. Assume the NBBO is \$10.10 by \$10.12. If the Exchange receives an order with a Book Only instruction to buy at \$10.12, the Exchange will rank the order to buy at \$10.12 and display the order at \$10.11 because displaying the bid at \$10.12 would cause it to be a Locking Quotation of an external market’s Protected Offer to sell for \$10.12. If the NBO then moved to \$10.13, the Exchange would un-slide the bid to buy and display it at its ranked price (and limit price) of \$10.12.

As an example of the Lock-Only option for Display-Price Sliding, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell at \$10.14. Assume the NBBO is \$10.10 by \$10.12. If the Exchange receives an order with a Book Only instruction to buy 100 shares at \$10.13 and the User has

elected the Lock-Only option for Display-Price Sliding, the Exchange will cancel the order back to the User. To reiterate a basic example of Display-Price Sliding, if instead the User applied Display-Price Sliding (and not the Lock-Only option for Display-Price Sliding), the Exchange would rank the order to buy at \$10.12 and display the order at \$10.11 because displaying the bid at \$10.13 would cause it to be a Crossing Quotation of an external market's Protected Offer to sell for \$10.12. If the NBO then moved to \$10.13, the Exchange would un-slide the bid to buy and display it at \$10.12.

An order subject to the Display-Price Sliding instruction retains its original limit price irrespective of the prices at which such order is ranked and displayed. An order subject to the Display-Price Sliding instruction is displayed at the most aggressive price possible and receives a new time stamp should the NBBO change such that the order would no longer be a Locking Quotation or Crossing Quotation of an external market. All orders that are re-ranked and re-displayed pursuant to the Display-Price Sliding instruction retain their priority as compared to other orders subject to the Display-Price Sliding instruction based upon the time such orders were initially received by the Exchange. Following the initial ranking and display of an order subject to the Display-Price Sliding instruction, an order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-rank an order at its displayed price in the event such order's displayed price would be a Locking Quotation or Crossing Quotation. Such event will not result in a change in priority for the order at its displayed price. This will avoid the potential of a ranked price that crosses the Protected Quotation displayed by such external market, which could, in turn, lead to a trade through of such Protected Quotation at such ranked price. The Exchange notes that,

as described below, when an external market crosses the Exchange's Protected Quotation and the Exchange's Protected Quotation is a displayed order subject to Display-Price Sliding, the Exchange re-ranks such order at the displayed price. Thus, the order displayed by the Exchange will still be ranked and permitted to execute at a price that is consistent with Rule 611(b)(4) of Regulation NMS.²⁹

The ranked and displayed prices of an order subject to the Display-Price Sliding instruction may be adjusted once or multiple times depending upon the instructions of a User and changes to the prevailing NBBO. Multiple re-pricing is optional and must be explicitly selected by a User before it will be applied. The Exchange's default Display-Price Sliding instruction will only adjust the ranked and displayed prices of an order upon entry and then the displayed price one time following a change to the prevailing NBBO, provided however, that if such an order's displayed price becomes a Locking Quotation or Crossing Quotation then the Exchange will adjust the ranked price of such order and it will not be further re-ranked or re-displayed at any other price. Orders subject to the optional multiple price sliding process will be further re-ranked and re-displayed as permissible based on changes to the prevailing NBBO.

As an example of the multiple re-pricing option for Display-Price Sliding, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell at \$10.14. Assume the NBBO is \$10.10 by \$10.12. If the Exchange receives an order with a Book Only instruction to buy at \$10.13, the Exchange would rank the

²⁹ 17 CFR 242.611(b)(4). See also Securities Exchange Act Release Nos. 64475 (May 12, 2011), 76 FR 28830, 28832 (May 18, 2011) (SR-BATS-2011-015); 67657 (August 14, 2012), 77 FR 50199 (August 20, 2012) (SR-BATS-2012-035); 68791 (January 31, 2013), 78 FR 8617 (February 6, 2013) (SR-BATS-2013-007) ("BATS Display-Price Sliding Releases").

order to buy at \$10.12 and display the order at \$10.11 because displaying the bid at \$10.13 would cause it to be a Crossing Quotation of an external market's Protected Offer to sell for \$10.12. If the NBO then moved to \$10.13, the Exchange would un-slide the bid to buy, rank it at \$10.13 and display it at \$10.12. Where the User did not elect the multiple re-pricing option for Display-Price Sliding, the Exchange would not further adjust the ranked or displayed price following this un-slide. However, under the multiple re-pricing option, if the NBO then moved to \$10.14, the Exchange would un-slide the bid to buy and display it at its full limit price of \$10.13.

Pursuant to proposed Rule 11.6(l)(1)(B)(iv), any display-eligible order with a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(n)(4) or cancelled. Consistent with the principle of not re-pricing orders to avoid executions, in the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding instruction would be ranked at a price at which it could remove displayed liquidity from the EDGA Book, the order will be executed as set forth in Rule 11.6(n)(4) or cancelled.³⁰

Pursuant to proposed Rule 11.6(l)(1)(B)(v), an order with a Post Only instruction will be permitted to post and be displayed opposite the ranked price of orders subject to Display-Price Sliding instruction. In the event an order subject to the Display-Price Sliding instruction is ranked on the EDGA Book with a price equal to an opposite side

³⁰ As noted above, the Exchange will execute an order with a Post Only instruction in certain circumstances where the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See supra notes 18 and 19.

order displayed by the Exchange, it will be subject to processing as set forth in Rule 11.10(a)(4), which is described in greater detail below.

For example, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell at \$10.12. Assume the NBBO (including Protected Quotations of other external markets) is also \$10.10 by \$10.12. If the Exchange receives an order with a Post Only instruction to buy at \$10.12 per share, unless executed pursuant to Rule 11.6(n)(4),³¹ the Exchange would cancel the order back to the User because absent the order with a Post Only instruction, the order to buy at \$10.12 would be able to remove the order to sell \$10.12, and, as explained above, the Exchange would no longer offer re-pricing to avoid executions against orders displayed by the Exchange.

If the Exchange did not have a displayed offer to sell at \$10.12 in the example above, but instead the best offer on the EDGA Book was \$10.13, the Exchange would apply Display-Price Sliding to the incoming order to buy by ranking such order at \$10.12 and displaying the order at \$10.11. The EDGA Book would now be displayed as \$10.11 by \$10.13. Assume, however, that after price sliding the incoming order to buy from \$10.12 to a display price of \$10.11, the Exchange received an order with a Post Only instruction to sell at \$10.12, thus joining the NBO. The order with a Post Only instruction would be permitted to post and be displayed opposite the ranked price of orders subject to display-price sliding. Accordingly, the Exchange would allow such incoming order with a Post Only instruction to sell at \$10.12 to post and display on the EDGA Book, as described above, with an opposite side order subject to Display-Price

³¹ Id.

Sliding displayed at \$10.11. Assume that the next Protected Offer displayed by all external markets other than the Exchange moved to \$10.13. In this situation the Exchange would un-slide but then cancel the bid at \$10.12 because, as proposed, in the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding would un-slide and would be ranked at a price at which it could remove displayed liquidity from the EDGA Book (i.e., when the Exchange is at the NBB or NBO) the Exchange proposes to execute³² or cancel such order.

Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO

Under Rule 11.6(l)(2), an order to sell with a Short Sale instruction that, at the time of entry, could not be executed or displayed in compliance with Rule 201 of Regulation SHO will be re-priced by the System at the Permitted Price.³³ The default short sale re-pricing process will only re-price an order upon entry and one additional time to reflect a decline in the NBB. Depending upon the instructions of a User, to reflect declines in the NBB the System will continue to re-price and re-display a short sale order at the Permitted Price down to the order's limit price. In the event the NBB changes such that the price of an order with a Non-Displayed instruction subject to Rule 201 of Regulation SHO would be a Locking Quotation or Crossing Quotation, the order will receive a new time stamp, and will be re-priced by the System to the mid-point of the NBBO.

Rule 11.6(l)(2) states that: (i) when a Short Sale Circuit Breaker is in effect, the

³² Id.

³³ The term "Permitted Price" is defined as "[t]he price at which a sell order will be displayed at one Minimum Price Variation above the NBB." See Exchange Rule 11.6(k).

System will execute a sell order with a Displayed and Short Sale instruction at the price of the NBB if, at the time of initial display of the sell order with a Short Sale instruction, the order was at a price above the then current NBB; (ii) orders with a Short Exempt instruction will not be subject to re-pricing under amended Rule 11.6(l)(2); and (iii) the re-pricing instructions to comply with Rule 610(d) of Regulation NMS will continue to be ignored for an order to sell with a Short Sale instruction when a Short Sale Circuit Breaker is in effect and the re-pricing instructions to comply with Rule 201 of Regulation SHO under this Rule will apply.

The Exchange proposes to make the below changes to align the description of the Exchange's short sale re-pricing process under Rule 11.6(l)(2) with BZX and BYX Rules 11.9(g)(5) and EDGX Rule 11.6(l)(2). Specifically, the Exchange proposed to amend Rule 11.6(l)(2)(A) to remove the last sentence which states that, "[a]n order to sell with a Short Sale instruction that is re-priced pursuant to this paragraph will be ranked at the Permitted Price." No such phrase is included in the BZX and BYX Rules 11.9(g)(5)(A) or EDGX Rule 11.6(l)(2). The Exchange also believes this sentence is superfluous, as the description of the short sale re-pricing process currently references to which prices such orders are to be re-priced and the price of such orders is the equivalent to the price at which the order is to be ranked on the EDGA Book for purposes of Exchange Rule 11.9. The Exchange also proposes to amend Rule 11.6(l)(2)(D) to align with BZX and BYX Rules 11.9(g)(6) and EDGX Rule 11.6(l)(2)(D) to state that where an order is subject to either a Display-Price Sliding instruction or a Price Adjust instruction and also contains a Short Sale instruction when a Short Sale Circuit Breaker is in effect, the re-pricing instructions to comply with Rule 201 of Regulation SHO will apply. The Exchange does

not propose this change to alter the meaning of Rule 11.6(l)(2)(D), but rather, to align the language with BZX and BYX Rule 11.9(g) and EDGX Rule 11.6(l)(2)(D) in order to provide consistent rules across the Exchange and BZX.

Re-Pricing of Orders with a Non-Displayed Instruction (Rule 11.6(l)(3))

The Exchange proposes to amend Rule 11.6(l)(3) to align with BZX and BYX Rules 11.9(g)(4) and to be identical to EDGX Rule 11.6(l)(3). To the extent the amended text of Exchange Rule 11.6(l)(3) differs from BZX and BYX Rules 11.9(g)(4), such differences are necessary to conform the rule to existing rule text. The Exchange does not propose to modify the operation of the re-pricing of orders with a Non-Displayed instruction. It simply seeks to replace the rule text with of Rule 11.6(l)(3) with text that is substantially similar to BZX and BYX Rules 11.9(g)(4) and identical to EDGX Rule 11.6(l)(3). The re-re-pricing of orders with a Non-Displayed instruction operates in an identical manner as the repricing of non-displayed orders on BZX, BYX, and EDGX. Replacing the rule text would enable the Exchange to include substantially similar or identical rule text describing processes that operate in the same manner across each of the BGM Affiliated Exchanges.

In sum, Rule 11.6(l)(2) would state that in order to avoid potentially trading through Protected Quotations of external markets, any order with a Non-Displayed instruction that is subject to the Display-Price Sliding or Price Adjust instruction would be ranked at the Locking Price on entry. In the event the NBBO changes such that an order with a Non-Displayed instruction subject to the Display-Price Sliding or Price Adjust instruction would cross a Protected Quotation of an external market, the order will receive a new time stamp, and will be ranked by the System at the Locking Price. In the event an order with a Non-Displayed instruction has been re-priced by the System, such

order with a Non-Displayed instruction is not re-priced by the System unless it again would cross a Protected Quotation of an external market. This functionality is equivalent to the handling of displayable orders pursuant to the Display-Price Sliding instruction except that such orders will not have a displayed price.

Aggressive (Rule 11.6(n)(1))

Aggressive is an order instruction that directs the System to route the order if an away Trading Center crosses the limit price of the order resting on the EDGA Book. Based on BZX Rule 11.13(a)(4)(A), the Exchange proposes to also amend Rule 11.6(n)(1) to state that any routable order with a Non-Displayed instruction that is resting on the EDGA Book and is crossed by an away Trading Center will be automatically routed to the Trading Center displaying the Crossing Quotation. To the extent the amended text of Exchange Rule 11.6(n)(1) differs from BZX Rule 11.13(a)(4)(A), such differences are necessary to conform the rule with existing rule text. Lastly, the proposed rule text is identical to EDGX Rule 11.6(l)(1).

Super Aggressive (Rule 11.6(n)(2))

Super Aggressive is an order instruction that directs the System to route an order when an away Trading Center locks or crosses the limit price of the order resting on the EDGA Book. A User may designate an order as Super Aggressive solely to routable orders posted to the EDGA Book with remaining size of an Odd Lot. Based on BZX Rule 11.13(b)(4)(C),³⁴ the Exchange proposes to amend Rule 11.6(n)(2) to state that when any order with a Super Aggressive instruction is locked by an incoming order with

³⁴ See supra note 13.

a Post Only instruction that does not remove liquidity pursuant to Rule 11.6(n)(4),³⁵ the order with a Super Aggressive instruction would be converted to an executable order and will remove liquidity against such incoming order. Rule 11.6(n)(2) would further state that notwithstanding the foregoing, if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted, as described above, and the incoming order with a Post Only instruction will be posted or cancelled in accordance with Rule 11.6(n)(4). To the extent the amended text of Exchange Rule 11.6(n)(2) differs from BZX Rule 11.13(b)(4)(C), such differences are necessary to conform the rule with existing rule text. Lastly, the proposed rule text is identical to EDGX Rule 11.6(l)(2).

The Exchange proposes to apply this logic in order to facilitate executions that would otherwise not occur due to the Post Only instruction requirement to not remove liquidity. Because a Super Aggressive Re-Route eligible order is willing to route to an away Trading Center and remove liquidity (i.e., pay a fee at such Trading Center) when it becomes either a Locking Quotation or Crossing Quotation, the Exchange believes it is reasonable and consistent with the instruction to force an execution between an incoming order with a Post Only instruction and an order that has been posted to the EDGA Book with the Super Aggressive instruction. The Exchange notes that the determination of

³⁵ As noted above, the Exchange will execute an order with a Post Only instruction where the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See supra note 18. As is also noted above, based on the Exchange's current fee structure, currently all orders with a Post Only instruction remove liquidity on entry if there is available contra-side liquidity. See supra note 19.

whether an order should execute on entry against resting interest, including against resting orders with a Super Aggressive instruction, is made prior to determining whether the price of such an incoming order should be adjusted pursuant to the Exchange's re-pricing instructions under Rule 11.6(l). Like BZX Rule 11.13(b)(4)(C), the Exchange has limited the proposed language to orders with a Post Only instruction that would lock the price of an order with a Super Aggressive instruction because orders with a Post Only instruction that cross resting orders will always remove liquidity because it is in their economic best interest to do so.³⁶ Also like BZX Rule 11.13(b)(4)(C), the Exchange proposes to make clear that although it will execute an order with a Super Aggressive instruction against an order with a Post Only instruction that would create a Locking Quotation, if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted, as described above, and the incoming order with a Post Only instruction will be posted or cancelled in accordance with Rule 11.6(n)(4). The Exchange believes it is necessary to avoid applying the Super Aggressive functionality to routable orders that are resting behind orders that are not eligible for routing to avoid violating the Exchange's priority rule, Rule 11.9.

Example – Super Aggressive Re-Route and Orders with a Post Only Instruction

Assume that the Exchange receives an order to buy 300 shares of a security at \$10.10 per share designated with a Super Aggressive instruction. Assume further that the NBBO is \$10.09 by \$10.10 when the order is received, and the Exchange's lowest offer is priced at \$10.11. The Exchange will route the order away from the Exchange as a bid

³⁶ See supra note 18.

to buy 300 shares at \$10.10. Assume that the order obtains one 100 share execution through the routing process and then returns to the Exchange. The Exchange will post the order as a bid to buy 200 shares at \$10.10. If the Exchange subsequently receives an order with a Post Only instruction to sell priced at \$10.09 per share, such order will execute against the posted order to buy with an execution price of \$10.10. The posted buy order will be treated as the liquidity provider and the incoming order with a Post Only instruction to sell will be treated as the liquidity remover, based on Exchange Rule 11.6(n)(4) that executes orders with a Post Only instruction upon entry if such execution is in their economic interest.

However, assuming the same facts as above, if the incoming order with a Post Only instruction to sell is priced at \$10.10 and thus does not remove liquidity pursuant to the economic best interest functionality, the posted order with a Super Aggressive instruction will execute against such order at \$10.10. In this scenario, the posted order to buy will be treated as the liquidity remover and the incoming order with a Post Only instruction to sell will be treated as the liquidity provider.

Finally, assume that the NBBO is \$10.10 by \$10.11 and that the Exchange has a displayed bid to buy 100 shares of a security at \$10.10 and a displayed offer to sell 100 shares of a security at \$10.11. Assume that the displayed bid has not been designated with the Super Aggressive instruction. Assume next that the Exchange receives a second displayable bid to buy 100 shares of the same security at \$10.10 that has been designated as routable and subject to the Super Aggressive instruction. Because there is no liquidity to which the Exchange can route the order, the second order will post to the EDGA Book as a bid to buy at \$10.10 behind the original displayed bid to buy at \$10.10. If the

Exchange then received an order with a Post Only instruction to sell 100 shares at \$10.10 then no execution would occur because the incoming order with a Post Only instruction cannot remove liquidity at \$10.10 based on the economic best interest analysis, the first order with priority to buy at \$10.10 was not designated with the Super Aggressive instruction and the second booked order to buy at \$10.10 is not permitted to bypass the first order as this would result in a violation of the Exchange's priority rule, Rule 11.9.

Post Only (Rule 11.6(n)(4))

The Exchange proposes to amend the definition of Post Only under Rule 11.6(n)(4) to replace an erroneous reference to the Hide Not Slide instruction with Display-Price Sliding. In sum, Post Only is an instruction that may be attached to an order that is to be ranked and executed on the Exchange pursuant to Rule 11.9 and Rule 11.10(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the EDGA Book, except as described below. As amended, an order with a Post Only instruction and a Display-Price Sliding, rather than Hide Not Slide, or Price Adjust instruction will remove contra-side liquidity from the EDGA Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided.

Time-In-Force ("TIF") (Rule 11.6(q))

The Exchange proposes to amend its TIF instructions to align with BZX Rule 11.9(b) and EDGX Rule 11.6(q). To the extent the amended text of Exchange Rule 11.6(q) differs from BZX Rule 11.9(b), such differences are necessary to conform the

rule with existing Exchange rule text. The amended text is identical to EDGX Rule 11.6(q).

First, the Exchange proposes to align the definition of Immediate-or-Cancel (“IOC”) under Rule 11.6(q)(1) with BZX Rule 11.9(b)(1) and EDGX Rule 11.6(q)(1) to make clear that an order with an IOC instruction that does not include a Book Only instruction and that cannot be executed in accordance with Rule 11.10(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 11.11.³⁷ Under current rules, the TIF of IOC indicates that an order is to be executed in whole or in part as soon as such order is received and the portion not executed is to be cancelled. Based on BZX Rule 11.9(b)(1) and EDGX Rule 11.6(q)(1), the Exchange proposes to expand upon the description of IOC to specify that an order with such TIF may be routed away from the Exchange but that in no event will an order with such TIF be posted to the EDGA Book. Also like BZX and EDGX, the Exchange notes that an order with an IOC instruction routed away from the Exchange are in turn routed with an IOC instruction.

Second, the Exchange proposes to amend the definition of the Fill-or-Kill (“FOK”) under Rule 11.6(q)(3) to align with BZX Rule 11.9(b)(6) and EDGX Rule 11.6(q)(3) to make clear that an order with a TIF instruction of FOK is not eligible for routing away pursuant to Rule 11.11.³⁸ Although orders with a TIF of FOK are generally treated the same as order with a TIF of IOC, the Exchange does not permit routing of orders with an order with a TIF of FOK because the Exchange is unable to ensure the

³⁷ See supra note 13.

³⁸ Id.

instruction of FOK (i.e., execution of an order in its entirety) through the routing process.

Rule 11.8, Order Types

The Exchange proposes to amend the description of Limit Orders under Rule 11.8(b) to align such Rule with existing EDGX and BZX Rules. Each of these changes are described in more detail below.

Limit Orders (Rule 11.8(b)). The Exchange proposes to amend Rule 11.8(b) to: (i) remove language from subparagraph (4) stating a Limit Order that includes both a Post Only instruction and Non-Displayed instruction will be rejected by the System; (ii) update the description of the inclusion of a Discretionary Range instruction on a Limit Order; (iii) amend subparagraph (10) to replace a reference to “Displayed Price Sliding” with “Display-Price Sliding”; and (iv) amend subparagraph (12) to update the description of the re-pricing of orders with a Non-Displayed instruction.

First, the Exchange proposes to remove from Rule 11.8(b)(4) language stating a Limit Order that includes both a Post Only instruction and Non-Displayed instruction will be rejected by the System. A similar prohibition against coupling a Post Only instruction and Non-Displayed instruction is not included in EDGX Rule 11.8(b)(4). Removing such language would enable the Exchange to further align its treatment of Limit Orders under Rule 11.8(b) with that of EDGX Rule 11.8(b). Such change also updates Rule 11.8(b)(4) to reflect current system functionality. As proposed, Rule 11.8(b)(4) would no longer prohibit User from including both a Post Only instruction and Non-Displayed instruction on their Limit Orders.

Second, the Exchange proposes to re-locate within Rule 11.8(b) and re-word the statement regarding the inclusion of a Discretionary Range on a Limit Order. Current

Rule 11.8(b)(8) currently states that a “User may include a Discretionary Range instruction.” This ability to include a Discretionary Range instruction on a Limit Order is currently grouped with other functionality that can be elected for Limit Orders that also include a Post Only or Book Only instruction as well as specified time-in-force instructions for orders that can be entered into the System and post to the EDGA Book. However, the System does not allow the combination of a Discretionary Range and a Post Only instruction. Accordingly, the Exchange proposes to re-locate the reference to the Discretionary Range instruction within Rule 11.8(b) so that it is no longer grouped with other orders that can be combined with a Post Only instruction. The Exchange also proposes to state in Rule 11.8(b) that: (i) a Limit Order with a Discretionary Range instruction may also include a Book Only instruction; and (ii) a Limit Order with a Discretionary Range instruction and a Post Only instruction will be rejected. Further, the Exchange proposes to refer to the ability of a Limit Order to include a Discretionary Range instruction, rather than a “User” that may include a Discretionary Range instruction.

Third, the Exchange proposes to replace a reference to “Displayed Price Sliding” with “Display-Price Sliding”. This proposed rule change is designed to update Rule 11.8(b)(10) to reflect the proposed changes of references from “Displayed Price Sliding” to “Display-Price Sliding” discussed above.

Fourth, the Exchange proposes to amend Rule 11.8(b)(12) regarding the re-pricing of orders with a Non-Displayed instruction to align with to be identical to EDGX Rule 11.8(b)(12). The Exchange does not propose to modify the operation of the re-pricing of Limit Orders with a Non-Displayed instruction. It simply seeks to replace the

rule text with of Rule 11.8(b)(12) with text that is identical to EDGX Rule 11.8(b)(12).

The re-pricing of Limit Orders with a Non-Displayed instruction operates in an identical manner as the re-pricing of non-displayed limit orders on EDGX. Replacing the rule text would enable the Exchange to include identical rule text describing processes that operate in an identical manner across EDGA and EDGX.

MidPoint Peg Order Type (Rule 11.8(d)). The Exchange proposes amend Rule 11.8(d)(4) to correct a reference to the Pre-Opening Session. Currently, Rule 11.8(d)(4) states that MidPoint Peg Orders may be executed during Pre-Opening Sessions, Regular Trading Hours, Regular Session, and the Post-Closing Session. The Exchange proposes to amend Rule 11.8(d)(4) to state “Pre-Opening Session” rather than “Pre-Opening Sessions”.

Rule 11.9, Priority of Orders

With respect to the Exchange’s priority and execution algorithm, the Exchange is proposing various minor and structural to changes based on BZX Rule 11.12 and EDGX Rule 11.9 that are intended to emphasize the processes by which orders are accepted, priced, ranked, displayed and executed, as well as a new provision related to the ability of orders to rest at the Locking Price and the Exchange’s handling of orders in such a circumstance. In addition to the changes proposed with respect to Rule 11.9, discussed immediately below, these changes also relate to Rules 11.10 and 11.11.

The Exchange proposes modifications to Rule 11.9, Priority of Orders, to make clear that the ranking of orders described in such rule is in turn dependent on Exchange rules related to the execution of orders, primarily Rule 11.10. The Exchange believes that this has always been the case under Exchange rules but there was not previously a

description of the cross-reference to Rule 11.10 within such rules. Accordingly, the Exchange proposes to add reference to the execution process in addition to the numeric cross-reference to Rule 11.10. The Exchange also proposes to change certain references within Rule 11.9 to refer to ranking rather than executing equally priced trading interest, as the Rule as a whole is intended to describe the manner in which resting orders are ranked and maintained, specifically in price and time priority, while awaiting execution against incoming orders. The Exchange does not believe that the proposed modifications substantively modify the operation of the rules but the Exchange believes that it is important to make clear that the ranking of orders is a separate process from the execution of orders. The Exchange also proposes changes to Rule 11.9(a)(4) and (a)(5) to specify that orders retain and lose “time” priority under certain circumstances as opposed to priority generally because retaining or losing price priority does not require the same descriptions, as price priority will always be retained unless the price of an order changes. Each change proposed above was recently approved with respect to analogous rules of BZX and BYX, specifically amendments to Rule 11.12.³⁹

Lastly, the Exchange proposes to amend Rule 11.9(a)(2)(B)(ii) to replace a reference to “Displayed Price Sliding” with “Display-Price Sliding”. This proposed rule change is designed to update Rule 11.9(a)(2)(B)(ii) to reflect the proposed change of references from “Displayed Price Sliding” to “Display-Price Sliding” discussed above.

Rule 11.10, Order Execution

The Exchange proposes to adopt paragraph (C) of Rule 11.10(a)(4), which would

³⁹

Id.

be identical to BZX Rule 11.13(a)(4)(C)⁴⁰ and EDGX Rule 11.10(a)(4). Proposed paragraph (C) would provide further clarity regarding the situations where orders are not executable, which although covered in other rules proposed above and in current rules,⁴¹ would focus on the incoming order on the same side of an order displayed on the EDGA Book rather than the resting order that is rendered not executable at a specified price because it is opposite such order displayed on the EDGA Book. Proposed paragraph (C) would state that, subject to proposed paragraph (D), described below, if an incoming order is on the same side of the market as an order displayed on the EDGA Book and upon entry would execute against contra-side interest at the same price as such displayed order, such incoming order will be cancelled or posted to the EDGA Book and ranked in accordance with Rule 11.9. The Exchange will suspend the ability of any order to execute at the price of a contra-side order with a Displayed instruction, as described above. The Exchange suspends this the ability of any order to execute in such situations to avoid an apparent priority issue. In particular, in such a situation the Exchange believes a User representing an order that is displayed on the Exchange might believe that an incoming order was received by the Exchange and then bypassed such displayed order, removing some other non-displayed liquidity on the same side of the market as such displayed order.

⁴⁰ Id.

⁴¹ The Exchange notes that consistent with the proposed changes to Rules 11.6 and 11.8 described above, based on User instructions certain orders are permitted to post and rest on the EDGA Book at prices that lock contra-side liquidity, provided, however, that the System will never display a Locking Quotation. Similar behavior is also in place with respect to the Display-Price Sliding instruction under current rules.

The Exchange also proposes to adopt Rule 11.10(a)(4)(D), which would be identical to BZX Rule 11.13(a)(4)(D).⁴² Proposed Rule 11.10(a)(4)(D) would govern the price at which an order is executable when it is not displayed on the Exchange and there is a contra-side displayed order at such price. Specifically, for bids or offers equal to or greater than \$1.00 per share, in the event that an incoming order is a Market Order or is a Limit Order priced more aggressively than an order displayed on the Exchange, the Exchange will execute the incoming order at, in the case of an incoming sell order, one-half minimum price variation less than the price of the displayed order, and, in the case of an incoming buy order, at one-half minimum price variation more than the price of the displayed order. As is true under existing functionality, this order handling is inapplicable for bids or offers under \$1.00 per share.

To demonstrate the operation of this provision, again assume the NBBO is \$10.10 by \$10.11. Assume the Exchange has a posted and displayed bid to buy 100 shares of a security priced at \$10.10 per share and a resting non-displayed bid to buy 100 shares of a security priced at \$10.11 per share.

- Assume that the next order received by the Exchange is an order with a Post Only instruction to sell 100 shares of the security priced at \$10.11 per share. The order with a Post Only instruction would not remove any liquidity upon entry pursuant to the Exchange's economic best interest functionality, would post to the EDGA Book and would be displayed at \$10.11. The display of this order would, in turn, make the resting non-displayed bid not executable at \$10.11.

⁴²

See supra note 13.

- If an incoming offer to sell 100 shares at \$10.10 is entered into the EDGA Book, the resting non-displayed bid originally priced at \$10.11 will be executed at \$10.105 per share, thus providing a half-penny of price improvement as compared to the order's limit price of \$10.11. The execution at \$10.105 per share also provides the incoming offer with a half-penny of price improvement as compared to its limit price of \$10.10. The result would be the same for an incoming market order to sell or any other incoming limit order offer priced at \$10.10 or below, which would execute against the non-displayed bid at a price of \$10.105 per share. As above, an offer at the full price of the resting and displayed \$10.11 offer would not execute against the resting non-displayed bid, but would instead either cancel or post to the EDGA Book behind the original \$10.11 offer in priority.

The Exchange notes that, in addition to the changes described above, it is proposing to add descriptive titles to paragraphs (A) and (B) of Rule 11.10(a)(4), which describe the process by which executable orders are matched within the System. Specifically, so long as it is otherwise executable, an incoming order to buy will be automatically executed to the extent that it is priced at an amount that equals or exceeds any order to sell in the EDGA Book and an incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than any other order to buy in the EDGA Book. These rules further state that an order to buy shall be executed at the price(s) of the lowest order(s) to sell having priority in the EDGA Book and an order to sell shall be executed at the price(s) of the highest order(s) to buy having

priority in the EDGA Book. The Exchange emphasizes these current rules only insofar as to highlight the interconnected nature of the priority rule. The Exchange also proposes to move language contained within Rule 11.10(a)(2) to paragraph (a) of the rule such that the language is more generally applicable to the rules governing execution contained in Rule 11.10(a)(1) through (5). Specifically, the Exchange proposes to relocate language stating that any order falling within the parameters of the paragraph shall be referred to as “executable” and that an order will be cancelled back to the User, if based on market conditions, User instructions, applicable Exchange Rules and /or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to another Trading Center pursuant to Rule 11.11 or cannot be posted to the EDGA Book. Each change proposed above was recently approved with respect to analogous rules of BZX, specifically amendments to Rule 11.13.⁴³

Rule 11.11, Routing to Away Trading Centers

The Exchange also proposes to modify paragraph (h) of Rule 11.11 to clarify the Exchange’s rule regarding the priority of routed orders. Paragraph (h) currently sets forth the proposition that a routed order does not retain priority on the Exchange while it is being routed to other markets. The Exchange believes that its proposed clarification to paragraph (h) is appropriate because it more clearly states that a routed order is not ranked and maintained in the EDGA Book pursuant to Rule 11.9(a), and therefore is not available to execute against incoming orders pursuant to Rule 11.10. The change proposed above was recently approved with respect to the analogous rule of BZX,

⁴³Id.

specifically Rule 11.13, as amended.⁴⁴

Implementation Date

The Exchange intends to implement the proposed rule change immediately.⁴⁵

(b) Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act⁴⁶ and further the objectives of Section 6(b)(5) of the Act⁴⁷ because they are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)⁴⁸ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule changes are generally intended to better align certain Exchange rules with those currently in place on EDGX, BZX, and BYX in order to provide a consistent rule set and functionality across the BGM Affiliated Exchanges. As noted above, the proposed changes will not result in any changes to the way the System operates due to the Exchange's current fee structure. However, by making the rule

⁴⁴ Id.

⁴⁵ Implementation of the proposed rule change immediately is contingent upon the Commission granting a waiver of the 30-day operative delay. 17 CFR 240.19b-4(f)(6)(iii).

⁴⁶ 15 U.S.C. 78f(b).

⁴⁷ 15 U.S.C. 78f(b)(5).

⁴⁸ 15 U.S.C. 78k-1(a)(1).

change, the Exchange will be in position to support such functionality immediately in the event the Exchange's fee structure changes in the future. Consistent functionality across the BGM Affiliated Exchanges will reduce complexity and streamline duplicative functionality, thereby resulting in simpler technology implementation, changes and maintenance by Users of the Exchange that are also participants on EDGX, BZX, and BYX. The proposed rule changes do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on EDGX, BZX or BYX. The Exchange notes that the proposed rule text is based on applicable BZX and BYX rules and substantially similar to applicable EDGX rules; the proposed language of the Exchange's Rules differs from EDGX rules only to extent necessary to conform to existing Exchange rule text. Where possible, the Exchange has mirrored EDGX, BYX, or BZX rules, because consistent rules will simplify the regulatory requirements and increase the understanding of the Exchange's operations for Members of the Exchange that are also participants on EDGX, BZX, and BYX. 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.

In addition to the specific rules discussed below, the Exchange also believes that the proposed amendments to clarify and re-structure the Exchange's priority, execution and routing rules will contribute to the protection of investors and the public interest by making the Exchange's rules easier to understand.

Definitions (Rule 11.6). The modifications related to Discretionary Range, Pegged instructions, Re-Pricing, Aggressive, Super Aggressive, Post Only, as well as

TIFs of IOC and FOK, are each designed to better align certain Exchange rules and system functionality with that currently offered by EDGX, BYX and BZX in order to provide a consistent functionality across the BGM Affiliated Exchanges. Specifically, the Exchange believes that the proposed rule changes will provide additional clarity and specificity regarding the functionality of the System and provide Users with consistent rules across the BGM Affiliated Exchanges, and thus would promote just and equitable principles of trade and remove impediments to a free and open market.

In particular, the Exchange believes it is consistent with the Act to execute orders with a Discretionary Range instruction and orders with a Super Aggressive instruction against marketable liquidity (i.e., order with a Post Only instruction) when an execution would not otherwise occur is consistent with both: (i) the Act, by facilitating executions, removing impediments and perfecting the mechanism of a free and open market and national market system; and (ii) a User's instructions, which have evidenced a willingness by the User to pay applicable execution fees and/or execute at more aggressive prices than they are currently ranked in favor of an execution.

The Exchange also believes that the proposed changes to Rule 11.6(l) are consistent with Section 6(b)(5) of the Act,⁴⁹ as well as Rule 610 of Regulation NMS⁵⁰ and Rule 201 of Regulation SHO.⁵¹ Rule 610(d) requires exchanges to establish, maintain, and enforce rules that require members reasonably to avoid "[d]isplaying

⁴⁹ 15 U.S.C. 78f(b)(5).

⁵⁰ 17 CFR 242.610.

⁵¹ 17 CFR 242.201.

quotations that lock or cross any protected quotation in an NMS stock.”⁵² Such rules must be “reasonably designed to assure the reconciliation of locked or crossed quotations in an NMS stock,” and must “prohibit ... members from engaging in a pattern or practice of displaying quotations that lock or cross any quotation in an NMS stock.”⁵³ These changes will provide additional specificity within the Exchange’s rules regarding the operation of the Exchange’s re-pricing options. The proposed rule change will also align the descriptions of the Exchange’s re-pricing options under Rule 11.6(l) with EDGX’s re-pricing options under EDGX Rule 11.6(l) and BZX’s price sliding processes described under BZX Rule 11.9(g).

Order Types (Rule 11.8). The Exchange believes that the proposed changes to its order types under Rule 11.8 are consistent with Section 6(b)(5) of the Act,⁵⁴ because they are intended to align their operation with the operation of identical order types on EDGX and BZX, thereby fostering cooperation and coordination with persons engaged in facilitating transactions in securities and removing impediments to and perfecting the mechanism of a free and open market and a national market system.

The Exchange believes its proposed amendments to the description of Limit Orders under Rule 11.8(b) is reasonable because it aligns their operation with existing EDGX and BZX rules and functionality as well as to reflect the relevant proposed changes discussed above. Therefore, the proposed rule change promotes just and equitable principles of trade because it will avoid investor confusion by providing the

⁵² 17 CFR 242.610(d).

⁵³ Id.

⁵⁴ 15 U.S.C. 78f(b)(5).

identical default behavior across the Exchange, EDGA and BZX.

Priority (Rule 11.9). The Exchange believes its proposed amendments to Rule 11.9 regarding the priority of orders promotes just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system by providing Members, Users, and the investing public with greater transparency regarding how the System operates. The Exchange believes that the proposed rule changes regarding order priority will continue to provide greater transparency and further clarity on how the various order types will be assigned priority under various scenarios, thereby assisting Members, Users and the investing public in understanding the manner in which the System may execute their orders.

Order Execution (Rule 11.10). Proposed Rule 11.10(a)(4)(C), which would be identical to EDGX Rule 11.10(a)(4)(C) and BZX Rule 11.13(a)(4)(C),⁵⁵ is consistent with Rules 11.6 and 11.8, as proposed to be amended, and reflects the fact that the Exchange will suspend the ability of an order to execute at the Locking Price when there is a contra-side order with a Displayed instruction in order to avoid an apparent priority issue. In turn, the Exchange believes that adopting Rule 11.10(a)(4)(C) promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and removes impediments to, and perfects the mechanism of, a free and open market and a national market system, both with respect to the functionality that prevents executions in such a circumstance and with respect to the addition of the rule text, because it makes clear to Users the operation of the Exchange in conjunction with the proposed changes to the System. The Exchange also believes its

⁵⁵ See supra note 13.

proposal to adopt Rule 11.10(a)(4)(D), which would be identical to EDGX Rule 11.10(a)(4)(D) and BZX Rule 11.13(a)(4)(D),⁵⁶ promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and removes impediments to, and perfects the mechanism of, a free and open market and a national market system. The proposed change is based on EDGX Rule 11.10(a)(4)(D) and BZX Rule 11.13(a)(4)(D) and sets forth how marketable orders that would otherwise not be executed under specific scenarios will be executed, thereby improving execution quality for participants sending orders to the Exchange. Further, the proposed change will help to provide price improvement to market participants, again, in scenarios that at times, such participants would potentially not receive executions on the Exchange. Thus, the Exchange believes that its proposed order handling process in the scenario described in this filing will benefit market participants and their customers by allowing them greater flexibility in their efforts to fill orders and minimize trading costs. The proposed rule change will also provide consistent handling for orders in such scenarios across the Exchange, EDGX, and BZX, thereby avoiding investor confusion and promoting just and equitable principles of trade.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposal will provide consistent functionality across the BGM Affiliated Exchanges, thereby reducing complexity and streamlining duplicative functionality, resulting in simpler technology implementation, changes and

⁵⁶ Id.

maintenance by Users of the Exchange that are also participants on EDGX, BYX and BZX. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is designed to achieve a consistent technology offering by 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 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)⁵⁷ of the Act and Rule 19b-4(f)(6)⁵⁸ 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

⁵⁷ 15 U.S.C. 78s(b)(3)(A).

⁵⁸ 17 CFR 240.19b-4(f)(6).

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.⁵⁹

As described above, the Exchange notes that the proposed change is directly based on the rules of EDGX and BZX.⁶⁰ The proposed rule change does not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on EDGX, BYX or BZX. The Exchange notes that the proposed rule text is based on EDGX, BYX and/or BZX Rules and is different only to the extent necessary to conform to the Exchange's current rules. Based on the foregoing, the proposed rule 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 Act⁶¹ and paragraph (f)(6) of Rule 19b-4 thereunder.⁶²

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the 30-day operative delay would provide permit the Exchange to implement the proposed rule change immediately, which is the anticipated

⁵⁹ 17 CFR 240.19b-4(f)(6)(iii).

⁶⁰ See BZX and BYX Rules 11.9(c)(10), 11.9(c)(8), 11.9(g)(2), 11.9(g)(1), 11.9(g)(5), 11.9(g)(4), 11.13(b)(4)(A), 11.13(b)(4)(B) and (C), 11.9(b), 11.9(g)(2), Rule 11.9(c)(9), 11.12(a)(2), 11.12(a)(4), 11.12(a)(5), 11.13(a), 11.13(a)(2), 11.13(a)(4), 11.13(b)(5) and EDGX Rules 11.6(d), (l), (n), and (q), 11.8(b), 11.9(a)(2), (4) and (5), 11.10(a), and Rule 11.11(h).

⁶¹ 15 U.S.C. 78s(b)(3)(A).

⁶² 17 CFR 240.19b-4(f)(6).

upon which the necessary technology change will be complete. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange to harmonize its rules across the BGM Affiliated Exchanges in a timely manner, thereby simplifying the rules available to Members of the Exchange that are also participants on EDGX, BYX and BZX. As noted above, the proposed changes would not have any immediate impact on participants due to the Exchange's current pricing structure or are simply intended to clarify and enhance the Exchange's rules based on the approved rules of the BGM Affiliated Exchanges. Waiver of the operative delay is, therefore, consistent with the protection of investors and the public interest because it will enable to the Exchange to implement the proposed rule change immediately.

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

The proposed changes to Rule 11.6(d) regarding the Discretionary Range instruction are based on BZX and BYX Rules 11.9(c)(10) and EDGX Rule 11.6(d).

The proposed changes to Rule 11.6(j) regarding the Pegged instruction are based on BZX and BYX Rules 11.9(c)(8) and EDGX Rule 11.6(j).

The proposed changes to Rule 11.6(l)(1)(A) regarding the Price Adjust instruction are based on BZX and BYX Rules 11.9(g)(2) and EDGX Rule 11.6(l)(1)(A).

The proposed changes to Rule 11.6(l)(2)(B) regarding the Display-Price Sliding

instruction are based on BZX and BYX Rules 11.9(g)(1) and EDGX Rule 11.6(l)(1)(B).

The proposed changes to Rule 11.6(l)(2) regarding the re-pricing options to comply with Rule 201 of Regulation SHO are based on BZX and BYX Rules 11.9(g)(5) and EDGX Rule 11.6(l)(2).

The proposed changes to Rule 11.6(l)(3) regarding the re-pricing of orders with a Non-Displayed instruction are based on BZX and BYX Rules 11.9(g)(4) and EDGX Rule 11.6(l)(3).

The proposed changes to Rule 11.6(n)(1) regarding the Aggressive instruction are based on BZX and BYX Rules 11.13(b)(4)(A) and EDGX Rule 11.6(n)(1).

The proposed changes to Rule 11.6(n)(2) regarding the Super Aggressive instruction are based on BZX and BYX Rules 11.13(b)(4)(B) and (C) and EDGX Rule 11.6(n)(2).

The proposed changes to Rule 11.6(q) regarding the TIF instructions are based on BZX and BYX Rules 11.9(b) and EDGX Rule 11.6(q).

The proposed changes to Rule 11.8(b) regarding Limit Orders are based on EDGX Rule 11.8(b).

The proposed changes to Rules 11.9(a)(2), (a)(4), and (a)(5) regarding order priority are based on BZX and BYX Rules 11.12(a)(2), (a)(4) and (a)(5) and EDGX Rules 11.9(a)(2), (a)(4), and (a)(5).

The proposed changes to Rules 11.10(a), (a)(2) and (a)(4) regarding order execution are based on BZX and BYX Rules 11.13(a), (a)(2) and (a)(4) and EDGX Rules 11.10(a), (a)(2) and (a)(4).

The proposed changes to Rule 11.11(h) regarding order routing are based on BZX

and BYX Rules 11.13(b)(5) and EDGX Rule 11.11(h).

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-EDGA-2015-33)

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 11.6, Definitions; Rule 11.8, Order Types; Rule 11.9, Priority of Orders; Rule 11.10, Order Execution; and Rule 11.11, Routing to Away Trading Centers

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 _____, EDGA Exchange, Inc. (the “Exchange” or “EDGA”) 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 align certain rules with similar rules of BATS Exchange, Inc. (“BZX”), BATS Y-Exchange, Inc., (“BYX”), and EDGX Exchange, Inc. (“EDGX”). These changes are described in detail below and include amending: (i) Rule 11.6, Definitions; (ii) Rule 11.8, Order Types; (iii) Rule 11.9, Priority of Orders; (iv)

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).

Rule 11.10, Order Execution; and (v) Rule 11.11, Routing to Away Trading Centers. The Exchange does not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX, BYX, or EDGX. The Exchange notes that the proposed rule text is based on BZX, BYX, and EDGX rules and is different only to the extent necessary to conform to the Exchange's current rules.

The text of the proposed rule change is available at the Exchange's website at www.batstrading.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

On June 5, 2014, Chair Mary Jo White asked all national securities exchanges to conduct a comprehensive review of each order type offered to members and how it operates.⁵ The Exchange notes that a comprehensive rule filing clarifying and updating

⁵ See Mary Jo White, Chair, Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference, (June 5, 2014) (available at

Exchange rules was approved by the Commission in November 2014.⁶ However, based on the request from Chair White, the Exchange did indeed conduct further review of each order types and its operation. The proposals set forth below are based on this comprehensive review and are intended to clarify and to include additional specificity regarding the current functionality of the Exchange's System,⁷ including the operation of its order types and order instructions. The proposals set forth below are intended to supplement the approved filing based on further review conducted by the Exchange and are intended to clarify and enhance the understandability of the Exchange's rules related to the ranking and execution of orders.

The proposed amendments are also intended to better align certain Exchange rules and system functionality with that currently offered by BZX, BYX, and EDGX in order to provide a consistent rule set across the exchanges. In early 2014, the Exchange and its affiliate, 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 BZX and BYX (together with BZX, EDGA and EDGX, the "BGM Affiliated Exchanges").⁸ In order to provide consistent rules and system functionality amongst the

<http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.VD2HW610w6Y>).

⁶ Securities Exchange Act Release No. 73592 (November 13, 2014), 79 FR 68937 (November 19, 2014) (SR-EDGA-2014-20).

⁷ The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(cc).

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

Exchange, BZX, BYX, and EDGX, the Exchange proposes to amend: (i) Rule 11.6, Definitions; (ii) Rule 11.8, Order Types; (iii) Rule 11.9, Priority of Orders; (iv) Rule 11.10, Order Execution; and (v) Rule 11.11, Routing to Away Trading Centers.

Unless otherwise noted, the proposed rule text is based on BZX, BYX, or EDGX rules and is different only to the extent necessary to conform to the Exchange's current rules.⁹ The proposed amendments do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX, BYX, or EDGX.¹⁰

Rule 11.6, Definitions

Rule 11.6, Definitions, sets forth in one rule current defined terms and order

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

⁹ To the extent a proposed rule change is based on an existing BZX or BYX rule, the language of the BZX, BYX, and Exchange rules may differ to extent necessary to conform with existing Exchange rule text or to account for details or descriptions included in the Exchange Rules but not currently included in BZX or BYX rules based on the current structure of such rules.

¹⁰ The Exchange's affiliate, EDGX, recently filed a proposal making many of the same changes to clarify and enhance EDGX Rules that are proposed in this filing with respect to EDGA Rules. *See infra*, note 14. In contrast to that filing, however, which also proposed functional changes to the EDGX system so that such system operates more like BZX, this proposal does not propose any changes that would modify the operation of the EDGA System. Rather, all changes proposed herein are intended to clarify and enhance the Exchange's Rules or to align such Rules with the Exchange's affiliates. The Exchange notes that certain of the proposed changes would modify Exchange functionality if all orders with a Post Only instruction, as defined below, did not remove contra-side liquidity on entry based on the Exchange's fee structure. *See infra*, notes 18 and 19. Because orders with a Post Only instruction do, however, remove liquidity on entry pursuant to the Exchange's fee structure, the Exchange is proposing these changes to maintain rules that are consistent with the other BGM Affiliated Exchanges and in the event the Exchange's fee structure changes in the future.

instructions that are utilized in Chapter XI. Rule 11.6 also includes additional defined terms and instructions to aid in describing System¹¹ functionality and the operation of the Exchange's order types. The Exchange proposes to amend Rule 11.6 to align certain sections with the rules of BZX, BYX, and EDGX, including additional specificity regarding the operation of Exchange functionality. These changes are described below and include: (i) amending paragraph (d) regarding Discretionary Range; (ii) amending subparagraph (l)(1)(A) regarding the Price Adjust Re-Pricing instruction; (iii) amending subparagraph (l)(1)(B) regarding the Display-Price Sliding instruction; (iv) amending subparagraph (l)(2) regarding the Short Sale re-pricing instruction; (v) amending subparagraph (l)(3) regarding the re-pricing of non-displayed orders; (vi) amending subparagraph (n)(1), (2) and (4) regarding the Aggressive, Super Aggressive, and Post Only instructions; and (vii) amending subparagraph (q) regarding Immediate-or-Cancel and Fill-or-Kill Time-In-Force instructions. As stated above, the proposed amendments to Rule 11.6 do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX, BYX, or EDGX. Each of these amendments are described in more detail below.

Discretionary Range (Rule 11.6(d))

Current Functionality. Pursuant to current Rule 11.6(d), Discretionary Range is

¹¹ The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(cc).

an instruction the User¹² may attach to an order to buy (sell) a stated amount of a security at a specified, displayed price with discretion to execute up (down) to a specified, non-displayed price. An order with a Discretionary Range instruction resting on the EDGA Book¹³ will execute at its least aggressive price when matched for execution against an incoming order that also contains a Discretionary Range instruction, as permitted by the terms of both the incoming and resting order.

Proposed Functionality. The Exchange proposes to amend the Discretionary Range instruction under Rule 11.6(d) to align with BZX Rule 11.9(c)(10)¹⁴ and EDGX Rule 11.6(d).¹⁵ As proposed, amended Rule 11.6(d) is substantially similar to BZX and BYX Rule 11.9(c)(10) and identical to EDGX Rule 11.6(d).

First, the Exchange proposes to add specificity to the Exchange's rule based on BZX and BYX Rule 11.9(c)(10) to make clear that although an order with a Discretionary Range instruction may be accompanied by a Displayed¹⁶ instruction, an order with a Discretionary Range instruction may also be accompanied by a Non-

¹² The term "User" is defined as "and Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3." See Exchange Rule 1.5(ee).

¹³ The "EDGA Book" is defined as "System's electronic file of orders." See Exchange Rule 1.5(d).

¹⁴ See Securities Exchange Act Release No. 74738 (April 16, 2015), 80 FR 22600 (April 22, 2015) (SR-BATS-2015-09) (Order Granting Approval of a Proposed Rule Change to Amend Rules 11.9, 11.12, and 11.13).

¹⁵ See Securities Exchange No. 75479 (July 17, 2015), 80 FR 43810 (July 23, 2015) (SR-EDGX-2015-33).

¹⁶ See Exchange Rule 11.6(e)(1).

Displayed¹⁷ instruction, and if so, will have a non-displayed ranked price as well as a discretionary price. The Exchange further proposes to adopt language from BZX and Rule 11.9(c)(10) to specifically state that resting orders with a Discretionary Range instruction will be executed at a price that uses the minimum amount of discretion necessary to execute the order against an incoming order. Neither of these proposed changes represent changes to functionality, but rather, additional specificity in Exchange Rules based on BZX and BYX Rule 11.9(c)(10). The Exchange notes that the same changes were recently made to EDGX Rule 11.6(d).¹⁸

Second, the Exchange also proposes to amend its current Rule by adding language to 11.6(d) discussing how an order with a Discretionary Range instruction would interact with an order with a Post Only instruction. Specifically, when an order with a Post Only instruction that is entered at the displayed or non-displayed ranked price of an order with a Discretionary Range instruction that does not remove liquidity on entry pursuant to Rule 11.6(n)(4),¹⁹ the order with a Discretionary Range instruction would be converted to

¹⁷ See Exchange Rule 11.6(e)(2).

¹⁸ See supra note 15.

¹⁹ Under Rule 11.6(n)(4), an order with a Post Only instruction or Price Adjust instruction will remove contra-side liquidity from the EDGA Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

an executable order and will remove liquidity against such incoming order.²⁰ Similar to the proposed amendments to the Aggressive and Super Aggressive instructions described below, due to the fact that an order with a Discretionary Range instruction contains a more aggressive price at which it is willing to execute, the Exchange proposes to treat orders with a Discretionary Range instruction as aggressive orders that would prefer to execute at their displayed or non-displayed ranked price than to forgo an execution due to applicable fees or rebates. Accordingly, in order to facilitate transactions consistent with the instructions of its Users, the Exchange proposes to execute resting orders with a Discretionary Range instruction (and certain orders with an Aggressive or Super Aggressive instruction, as described below) against incoming orders, when such incoming orders would otherwise forego an execution. The Exchange notes that the determination of whether an order should execute on entry against resting interest, including against a resting order with a Discretionary Range instruction, is made prior to determining whether the price of such an incoming order should be adjusted pursuant to the Exchange's price sliding functionality pursuant to Rule 11.6(l). In other words, an execution would have already occurred as set forth above before the Exchange would consider whether an order could be displayed and/or posted to the EDGA Book, and if so, at what price.

Examples – Order with a Discretionary Range Instruction Executes against an

²⁰ The Exchange notes that under its current fee structure all orders with a Post Only instruction remove liquidity on entry. As such, the proposal will not modify the operation of the Exchange at this time. However, if, in the future, the Exchange modifies its fees such that all orders with a Post Only instruction do not remove liquidity then such changes do represent a functional change to the System.

Order with a Post Only Instruction

Assume that the National Best Bid or Offer (“NBBO”) is \$10.00 by \$10.05, and the Exchange’s BBO is \$9.99 by \$10.06. Assume that the Exchange receives a non-routable order to buy 100 shares at \$10.00 per share designated with discretion to pay up to an additional \$0.05 per share. Assume further that an order would not remove any liquidity upon entry pursuant to the Exchange’s economic best interest functionality.

- Assume that the next order received by the Exchange is an order with a Post Only instruction to sell 100 shares of the security priced at \$10.03 per share. The order with a Post Only instruction would not remove any liquidity upon entry, and would post to the EDGA Book at \$10.03. This would, in turn, trigger the discretion of the resting buy order with a Discretionary Range instruction and an execution would occur at \$10.03. The order with a Post Only instruction to sell would be treated as the adder of liquidity and the buy order with discretion would be treated as the remover of liquidity.
- Assume the same facts as above, but that the incoming order with a Post Only instruction is priced at \$10.00 instead of \$10.03. As is true in the example above, the order with a Post Only instruction would not remove any liquidity upon entry. Rather than cancelling the incoming order with a Post Only instruction to sell back to the User, particularly when the resting order with a Discretionary Range instruction is willing to buy the security for up to \$10.05 per share, the Exchange proposes to execute at \$10.00 the order with a Post Only instruction against the resting buy order with a

Discretionary Range instruction. As is also true in the example above, the order with a Post Only instruction to sell would be treated as the liquidity adder and the buy order with discretion would be treated as the liquidity remover. As set forth in more detail below, if the incoming order was not an order with a Post Only instruction to sell, the incoming order could be executed at the ranked price of the order with a Discretionary Range instruction without restriction and would therefore be treated as the liquidity remover.

Third, the Exchange proposes to modify the description of the process by which it handles incoming orders that interact with Discretionary Orders. The Exchange proposes to specify in Rule 11.6(d) its proposed handling of a contra-side order that executes against a resting Discretionary Order at its displayed or non-displayed ranked price or that contains a time-in-force of IOC or FOK and a price in the discretionary range by stating that such an incoming order will remove liquidity against the Discretionary Order. The Exchange also proposes to specify in Rule 11.6(d) its handling of orders that are intended to post to the EDGA Book at a price within the discretionary range of an order with a Discretionary Range instruction. This includes, but is not limited to, an order with a Post Only instruction. Specifically, the Exchange proposes to specify in Rule 11.6(d) that any contra-side order with a time-in-force other than IOC or FOK and a price within the discretionary range but not at the displayed or non-displayed ranked price of an order with a Discretionary Range instruction will be posted to the EDGA Book and then the order with a Discretionary Range instruction would remove liquidity against such posted order.

*Examples – Order with a Discretionary Instruction Executes against an Order**Without a Post Only Instruction*

Assume that the NBBO is \$10.00 by \$10.05, and the Exchange's BBO is \$9.99 by \$10.06. Assume that the Exchange receives an order to buy 100 shares of a security at \$10.00 per share designated with discretion to pay up to an additional \$0.05 per share.

- Assume that the next order received by the Exchange is an order with a Book Only instruction²¹ to sell 100 shares of the security with a TIF other than IOC or FOK priced at \$10.03 per share. The order with a Book Only instruction would not remove any liquidity upon entry and would post to the EDGA Book at \$10.03. This would, in turn, trigger the discretion of the resting buy order and an execution would occur at \$10.03. The order with a Book Only instruction to sell would be treated as the adder of liquidity and the buy order with discretion would be treated as the remover of liquidity.
- Assume the same facts as above, but that the incoming order with a Book Only instruction is priced at \$10.00 instead of \$10.03. The order with a Book Only instruction would remove liquidity upon entry at \$10.00 per share pursuant to the Exchange's order execution rule.²² Contrary to the examples set forth above, the order with a Book Only instruction to sell

²¹ The term "Book Only" is defined as an "order instruction stating that an order will be matched against an order on the EDGA Book or posted to the EDGA Book, but will not route to an away Trading Center." See Exchange Rule 11.6(n)(3).

²² See Exchange Rule 11.10.

would be treated as the liquidity remover and the resting buy order with discretion would be treated as the liquidity adder. The Exchange notes that this example operates the same whether an order contains a TIF of IOC, FOK or any other TIF.

Finally, because orders with a Discretionary Range instruction have both a price at which they will be ranked and an additional discretionary price, the Exchange proposes to expressly state how the Exchange handles a routable order with a Discretionary Range instruction by stating that such an order will be routed away from the Exchange at its full discretionary price. As an example, assume the NBBO is \$10.00 by \$10.05 and the Exchange's BBO is \$9.99 by \$10.06. If the Exchange receives a routable order with a Discretionary Range instruction to buy at \$10.00 with discretion to pay up to an additional \$0.05 per share, the Exchange would route the order as a limit order to buy at \$10.05. Any unexecuted portion of the order would be posted to the EDGA Book with a ranked price of \$10.00 and discretion to pay up to \$10.05.

The Exchange notes that it has historically treated orders with a Discretionary Range instruction as relatively passive orders and as orders that, once posted to the EDGA Book, would in all cases be treated as the liquidity provider. The changes proposed above will change the handling of orders with a Discretionary Range instruction such that such orders are more aggressive and, thus, such orders will execute on the Exchange in additional circumstances than they do currently without regard to such orders' status as resting orders. In turn, orders with a Discretionary Range instruction resting on the EDGA Book may be treated as liquidity removers under certain circumstances, as outlined above.

Re-Pricing (Rule 11.6(l))

The Exchange currently offers re-pricing instructions which, in all cases, result in the ranking and/or display of an order at a price other than its limit price in order to comply with applicable securities laws and Exchange Rules. Specifically, the Exchange currently offers re-pricing instructions to ensure compliance with Regulation NMS and Regulation SHO. The re-pricing instructions currently offered by the Exchange re-price and display an order upon entry and in certain cases again re-price and re-display an order at a more aggressive price based on changes in the NBBO. Rule 11.6(l) sets forth the re-pricing instructions currently available to Users with regard to Regulation NMS compliance – Price Adjust, and Display-Price Sliding, as well as a separate re-pricing process with regard to Regulation SHO compliance. As described below, the Exchange now proposes to amend its re-pricing instructions to align and streamline Exchange rules with those of BZX, BYX, and EDGX. As above, the Exchange notes that the proposed changes are intended to clarify and enhance Exchange Rules or to align such Rules with the other BGM Affiliated Exchanges but will not modify the current operation of the System because of the Exchange's current fee structure and because all orders with a Post Only instruction currently will remove liquidity from the Exchange if they interact with contra-side liquidity.

Re-Pricing Instructions to Comply with Rule 610(d) of Regulation NMS

The Exchange proposes to amend its re-pricing instructions to comply with Rule 610(d) of Regulation NMS as follows: (i) amend the Price Adjust instruction under Rule 11.6(l)(1)(A) to: (A) divide the rule into subparagraphs (i), (ii), and (iii); (B) clarify the

order must be a Locking Quotation²³ or Crossing Quotation²⁴ of an external market; and (C) propose new subparagraph (iv) described below; and (ii) amend the Displayed Price Sliding instruction under Rule 11.6(l)(1)(B) to: (A) change references from “Displayed Price Sliding” to “Display-Price Sliding”; (B) replace the text of Rule 11.6(l)(1)(B) with text that is substantially similar to BZX and BYX Rules 11.19(g)(1) and identical to EDGX Rule 11.6(l)(1)(B).

Price Adjust Re-Pricing (Rule 11.6(l)(1)(A)). Under the Price Adjust instruction, where a buy (sell) order would be a Locking Quotation or Crossing Quotation if displayed by the System on the EDGA Book at the time of entry, the order will be displayed and ranked²⁵ at a price that is one Minimum Price Variation lower (higher) than the Locking Price.²⁶ The Exchange proposes to modify the operation of the Price

²³ The term “Locking Quotation” is defined as “[t]he display of a bid for an NMS stock at a price that equals the price of an offer for such NMS stock previously disseminated pursuant to an effective national market system plan, or the display of an offer for an NMS stock at a price that equals the price of a bid for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(d) of Regulation NMS.” See Exchange Rule 11.6(g).

²⁴ The term “Crossing Quotation” is defined as “[t]he display of a bid (offer) for an NMS stock at a price that is higher (lower) than the price of an offer (bid) for such NMS stock previously disseminated pursuant to an effective national market system plan in violation of Rule 610(d) of Regulation NMS.” See Exchange Rule 11.6(c).

²⁵ For purposes of the description of the re-pricing instructions under proposed Rule 11.6(l), the terms “ranked” and “priced” are synonymous and used interchangeably.

²⁶ The term “Locking Price” is defined as “[t]he price at which an order to buy (sell), that if displayed by the System on the EDGA Book, either upon entry into the System, or upon return to the System after being routed away, would be a Locking Quotation.” See Exchange Rule 11.6(f).

Adjust instruction such that an order must be a Locking Quotation or Crossing Quotation of an external market, not the EDGA Book, in order be eligible for the re-pricing. This change will provide additional specificity within the Exchange's rules regarding the applicability of the Price Adjust instruction as well as align the description with the Price Adjust process described under BZX and BYX Rules 11.9(g)(2),²⁷ and EDGX Rule 11.6(l)(1)(A). This change is also consistent with display-price sliding on BZX and Display-Price Sliding discussed below, under which orders are only re-priced where they are a Locking Quotation or Crossing Quotation of an external market, and not the BZX order book or EDGA Book, as applicable. Other than as described above, these provisions will remain unchanged and be set forth under subparagraph (i), so that the Exchange may renumber the following provisions of Rule 11.6(l)(1)(A) as set forth below.

The Exchange proposes to restructure the provisions of the current rule by separating rule text and adopting additional subparagraph references, subparagraph (ii) and (iii).

²⁷ The description of the Price Adjust process under BATS Rule 11.9(g)(2), states that “[a]n order eligible for display by the Exchange that, at the time of entry, would create a violation of Rule 610(d) of Regulation NMS by locking or crossing a Protected Quotation of an external market will be ranked and displayed by the System at one minimum price variation below the current NBO (for bids) or to one minimum price variation above the current NBB (for offers) . . .” (emphasis added). Thus, an order will only be re-priced pursuant to its Price Adjust process where it locks or crosses a Protected Quotation of an external market, and not BATS. The Exchange notes that this reflects a recent change to BATS Rule 11.9(g)(2). See Securities Exchange Act Release No. 75324 (June 29, 2015) (SR-BATS-2015-47) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.9 of BATS Exchange, Inc., to Modify its Price Adjust Functionality).

The Exchange also proposes to add new subparagraph (iv) to Rule 11.6(l)(1)(A) which would cover where an order with a Price Adjust instruction and a Post Only instruction would be a Locking Quotation or Crossing Quotation of the Exchange. The proposed amendments to Rule 11.6(l)(1)(A) are based on BZX and BYX Rules 11.9(g)(2)(D) and are identical to EDGX Rule 11.6(l)(1)(A)(iv). To the extent the amended text of Exchange Rule 11.6(l)(1)(A) differs from BZX and BYX Rules 11.9(g)(2)(D), such differences are necessary to conform the rule with existing rule text.

As noted above, an order subject to the Price Adjust instruction will only be re-priced where it would be a Locking Quotation or Crossing Quotation of an external market, and not the Exchange. In such case, any display-eligible order with a Price Adjust instruction and a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(n)(4)²⁸ or cancelled. For example, assume the NBBO is \$10.00 by \$10.01 and an order to sell at \$10.01 is resting on the EDGA Book. Further assume that no other Trading Center²⁹ is displaying an order to sell at \$10.01. Assume that the Exchange receives an order to buy with a Post Only instruction and Price Adjust instruction at \$10.01. The incoming order to buy will be cancelled unless, pursuant to Rule 11.6(n)(4), the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided

²⁸ See supra notes 19 and 20.

²⁹ The term “Trading Center” is defined as “[o]ther securities exchanges, facilities of securities exchanges, automated trading systems, electronic communications networks or other broker dealers.” See Exchange Rule 11.6(r).

liquidity. The incoming order to buy will not be posted to the EDGA Book and re-priced pursuant to the Price Adjust instruction.

Displayed Price Sliding (Rule 11.6(l)(1)(B)).

The Exchange proposes to amend the Displayed Price Sliding instruction under Rule 11.6(l)(1)(B) to: (A) change the name from “Displayed Price Sliding” to “Display-Price Sliding”; and (B) replace the text of Rule 11.6(l)(1)(B) with text that is identical to BZX Rule 11.19(g)(1), BYX Rule 11.9(g)(1), and EDGX Rule 11.6(l)(1)(B). The Exchange does not propose to modify the operation of Display-Price Sliding. It simply seeks to replace the rule text with of Rule 11.6(l)(1)(B) with text that is substantially similar to BZX and BYX Rules 11.9(g)(1) and identical to EDGX Rule 11.6(l)(1)(B). The Display-Price Sliding instruction operates in an identical manner as the Display-Price Sliding instruction on EDGX and the display price sliding process on BZX and BYX. To the extent the amended text of Exchange Rule 11.6(l)(1)(B) differs from BZX and BYX Rules 11.9(g)(1), such differences are necessary to conform the rule to existing rule text. The Exchange does not propose to modify the operation of the re-pricing of orders with a Non-Displayed instruction. Replacing the rule text would enable the Exchange to include substantially similar or identical rule text describing processes that operate in the same manner across each of the BGM Affiliated Exchanges, thus avoiding potential confusion.

In sum, Display-Price Sliding is an order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the EDGA Book at the time of entry, such order will be ranked at the Locking Price and displayed by the System at one Minimum Price Variation lower

(higher) than the Locking Price for orders to buy (sell). A User may elect for the Display-Price Sliding instruction to only apply where their display-eligible order would be a Locking Quotation of an external market upon entry (“Lock Only”). In such cases, the User’s display-eligible order will be cancelled if the order would be a Crossing Quotation of an external market upon entry.

For example, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell \$10.13. Assume the NBBO is \$10.10 by \$10.12. If the Exchange receives an order with a Book Only instruction to buy at \$10.12, the Exchange will rank the order to buy at \$10.12 and display the order at \$10.11 because displaying the bid at \$10.12 would cause it to be a Locking Quotation of an external market’s Protected Offer to sell for \$10.12. If the NBO then moved to \$10.13, the Exchange would un-slide the bid to buy and display it at its ranked price (and limit price) of \$10.12.

As an example of the Lock-Only option for Display-Price Sliding, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell at \$10.14. Assume the NBBO is \$10.10 by \$10.12. If the Exchange receives an order with a Book Only instruction to buy 100 shares at \$10.13 and the User has elected the Lock-Only option for Display-Price Sliding, the Exchange will cancel the order back to the User. To reiterate a basic example of Display-Price Sliding, if instead the User applied Display-Price Sliding (and not the Lock-Only option for Display-Price Sliding), the Exchange would rank the order to buy at \$10.12 and display the order at \$10.11 because displaying the bid at \$10.13 would cause it to be a Crossing Quotation of an external market’s Protected Offer to sell for \$10.12. If the NBO then moved to

\$10.13, the Exchange would un-slide the bid to buy and display it at \$10.12.

An order subject to the Display-Price Sliding instruction retains its original limit price irrespective of the prices at which such order is ranked and displayed. An order subject to the Display-Price Sliding instruction is displayed at the most aggressive price possible and receives a new time stamp should the NBBO change such that the order would no longer be a Locking Quotation or Crossing Quotation of an external market. All orders that are re-ranked and re-displayed pursuant to the Display-Price Sliding instruction retain their priority as compared to other orders subject to the Display-Price Sliding instruction based upon the time such orders were initially received by the Exchange. Following the initial ranking and display of an order subject to the Display-Price Sliding instruction, an order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-rank an order at its displayed price in the event such order's displayed price would be a Locking Quotation or Crossing Quotation. Such event will not result in a change in priority for the order at its displayed price. This will avoid the potential of a ranked price that crosses the Protected Quotation displayed by such external market, which could, in turn, lead to a trade through of such Protected Quotation at such ranked price. The Exchange notes that, as described below, when an external market crosses the Exchange's Protected Quotation and the Exchange's Protected Quotation is a displayed order subject to Display-Price Sliding, the Exchange re-ranks such order at the displayed price. Thus, the order displayed by the Exchange will still be ranked and permitted to execute at a price that is

consistent with Rule 611(b)(4) of Regulation NMS.³⁰

The ranked and displayed prices of an order subject to the Display-Price Sliding instruction may be adjusted once or multiple times depending upon the instructions of a User and changes to the prevailing NBBO. Multiple re-pricing is optional and must be explicitly selected by a User before it will be applied. The Exchange's default Display-Price Sliding instruction will only adjust the ranked and displayed prices of an order upon entry and then the displayed price one time following a change to the prevailing NBBO, provided however, that if such an order's displayed price becomes a Locking Quotation or Crossing Quotation then the Exchange will adjust the ranked price of such order and it will not be further re-ranked or re-displayed at any other price. Orders subject to the optional multiple price sliding process will be further re-ranked and re-displayed as permissible based on changes to the prevailing NBBO.

As an example of the multiple re-pricing option for Display-Price Sliding, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell at \$10.14. Assume the NBBO is \$10.10 by \$10.12. If the Exchange receives an order with a Book Only instruction to buy at \$10.13, the Exchange would rank the order to buy at \$10.12 and display the order at \$10.11 because displaying the bid at \$10.13 would cause it to be a Crossing Quotation of an external market's Protected Offer to sell for \$10.12. If the NBO then moved to \$10.13, the Exchange would un-slide the

³⁰ 17 CFR 242.611(b)(4). See also See also Securities Exchange Act Release Nos. 64475 (May 12, 2011), 76 FR 28830, 28832 (May 18, 2011) (SR-BATS-2011-015); 67657 (August 14, 2012), 77 FR 50199 (August 20, 2012) (SR-BATS-2012-035); 68791 (January 31, 2013), 78 FR 8617 (February 6, 2013) (SR-BATS-2013-007) ("BATS Display-Price Sliding Releases").

bid to buy, rank it at \$10.13 and display it at \$10.12. Where the User did not elect the multiple re-pricing option for Display-Price Sliding, the Exchange would not further adjust the ranked or displayed price following this un-slide. However, under the multiple re-pricing option, if the NBO then moved to \$10.14, the Exchange would un-slide the bid to buy and display it at its full limit price of \$10.13.

Pursuant to proposed Rule 11.6(l)(1)(B)(iv), any display-eligible order with a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(n)(4) or cancelled. Consistent with the principle of not re-pricing orders to avoid executions, in the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding instruction would be ranked at a price at which it could remove displayed liquidity from the EDGA Book, the order will be executed as set forth in Rule 11.6(n)(4) or cancelled.³¹

Pursuant to proposed Rule 11.6(l)(1)(B)(v), an order with a Post Only instruction will be permitted to post and be displayed opposite the ranked price of orders subject to Display-Price Sliding instruction. In the event an order subject to the Display-Price Sliding instruction is ranked on the EDGA Book with a price equal to an opposite side order displayed by the Exchange, it will be subject to processing as set forth in Rule 11.10(a)(4), which is described in greater detail below.

³¹ As noted above, the Exchange will execute an order with a Post Only instruction in certain circumstances where the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See supra notes 19 and 20.

For example, assume the Exchange has a posted and displayed bid to buy at \$10.10 and a posted and displayed offer to sell at \$10.12. Assume the NBBO (including Protected Quotations of other external markets) is also \$10.10 by \$10.12. If the Exchange receives an order with a Post Only instruction to buy at \$10.12 per share, unless executed pursuant to Rule 11.6(n)(4),³² the Exchange would cancel the order back to the User because absent the order with a Post Only instruction, the order to buy at \$10.12 would be able to remove the order to sell \$10.12, and, as explained above, the Exchange would no longer offer re-pricing to avoid executions against orders displayed by the Exchange.

If the Exchange did not have a displayed offer to sell at \$10.12 in the example above, but instead the best offer on the EDGA Book was \$10.13, the Exchange would apply Display-Price Sliding to the incoming order to buy by ranking such order at \$10.12 and displaying the order at \$10.11. The EDGA Book would now be displayed as \$10.11 by \$10.13. Assume, however, that after price sliding the incoming order to buy from \$10.12 to a display price of \$10.11, the Exchange received an order with a Post Only instruction to sell at \$10.12, thus joining the NBO. The order with a Post Only instruction would be permitted to post and be displayed opposite the ranked price of orders subject to display-price sliding. Accordingly, the Exchange would allow such incoming order with a Post Only instruction to sell at \$10.12 to post and display on the EDGA Book, as described above, with an opposite side order subject to Display-Price Sliding displayed at \$10.11. Assume that the next Protected Offer displayed by all

³²Id.

external markets other than the Exchange moved to \$10.13. In this situation the Exchange would un-slide but then cancel the bid at \$10.12 because, as proposed, in the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding would un-slide and would be ranked at a price at which it could remove displayed liquidity from the EDGA Book (i.e., when the Exchange is at the NBB or NBO) the Exchange proposes to execute³³ or cancel such order.

Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO

Under Rule 11.6(l)(2), an order to sell with a Short Sale instruction that, at the time of entry, could not be executed or displayed in compliance with Rule 201 of Regulation SHO will be re-priced by the System at the Permitted Price.³⁴ The default short sale re-pricing process will only re-price an order upon entry and one additional time to reflect a decline in the NBB. Depending upon the instructions of a User, to reflect declines in the NBB the System will continue to re-price and re-display a short sale order at the Permitted Price down to the order's limit price. In the event the NBB changes such that the price of an order with a Non-Displayed instruction subject to Rule 201 of Regulation SHO would be a Locking Quotation or Crossing Quotation, the order will receive a new time stamp, and will be re-priced by the System to the mid-point of the NBBO.

Rule 11.6(l)(2) states that: (i) when a Short Sale Circuit Breaker is in effect, the

³³ Id.

³⁴ The term "Permitted Price" is defined as "[t]he price at which a sell order will be displayed at one Minimum Price Variation above the NBB." See Exchange Rule 11.6(k).

System will execute a sell order with a Displayed and Short Sale instruction at the price of the NBB if, at the time of initial display of the sell order with a Short Sale instruction, the order was at a price above the then current NBB; (ii) orders with a Short Exempt instruction will not be subject to re-pricing under amended Rule 11.6(l)(2); and (iii) the re-pricing instructions to comply with Rule 610(d) of Regulation NMS will continue to be ignored for an order to sell with a Short Sale instruction when a Short Sale Circuit Breaker is in effect and the re-pricing instructions to comply with Rule 201 of Regulation SHO under this Rule will apply.

The Exchange proposes to make the below changes to align the description of the Exchange's short sale re-pricing process under Rule 11.6(l)(2) with BZX and BYX Rules 11.9(g)(5) and EDGX Rule 11.6(l)(2). Specifically, the Exchange proposed to amend Rule 11.6(l)(2)(A) to remove the last sentence which states that, "[a]n order to sell with a Short Sale instruction that is re-priced pursuant to this paragraph will be ranked at the Permitted Price." No such phrase is included in the BZX and BYX Rules 11.9(g)(5)(A) or EDGX Rule 11.6(l)(2). The Exchange also believes this sentence is superfluous, as the description of the short sale re-pricing process currently references to which prices such orders are to be re-priced and the price of such orders is the equivalent to the price at which the order is to be ranked on the EDGA Book for purposes of Exchange Rule 11.9. The Exchange also proposes to amend Rule 11.6(l)(2)(D) to align with BZX and BYX Rules 11.9(g)(6) and EDGX Rule 11.6(l)(2)(D) to state that where an order is subject to either a Display-Price Sliding instruction or a Price Adjust instruction and also contains a Short Sale instruction when a Short Sale Circuit Breaker is in effect, the re-pricing instructions to comply with Rule 201 of Regulation SHO will apply. The Exchange does

not propose this change to alter the meaning of Rule 11.6(l)(2)(D), but rather, to align the language with BZX and BYX Rule 11.9(g) and EDGX Rule 11.6(l)(2)(D) in order to provide consistent rules across the Exchange and BZX.

Re-Pricing of Orders with a Non-Displayed Instruction (Rule 11.6(l)(3))

The Exchange proposes to amend Rule 11.6(l)(3) to align with BZX and BYX Rules 11.9(g)(4) and to be identical to EDGX Rule 11.6(l)(3). To the extent the amended text of Exchange Rule 11.6(l)(3) differs from BZX and BYX Rules 11.9(g)(4), such differences are necessary to conform the rule to existing rule text. The Exchange does not propose to modify the operation of the re-pricing of orders with a Non-Displayed instruction. It simply seeks to replace the rule text with of Rule 11.6(l)(3) with text that is substantially similar to BZX and BYX Rules 11.9(g)(4) and identical to EDGX Rule 11.6(l)(3). The re-re-pricing of orders with a Non-Displayed instruction operates in an identical manner as the repricing of non-displayed orders on BZX, BYX, and EDGX. Replacing the rule text would enable the Exchange to include substantially similar or identical rule text describing processes that operate in the same manner across each of the BGM Affiliated Exchanges.

In sum, Rule 11.6(l)(2) would state that in order to avoid potentially trading through Protected Quotations of external markets, any order with a Non-Displayed instruction that is subject to the Display-Price Sliding or Price Adjust instruction would be ranked at the Locking Price on entry. In the event the NBBO changes such that an order with a Non-Displayed instruction subject to the Display-Price Sliding or Price Adjust instruction would cross a Protected Quotation of an external market, the order will receive a new time stamp, and will be ranked by the System at the Locking Price. In the

event an order with a Non-Displayed instruction has been re-priced by the System, such order with a Non-Displayed instruction is not re-priced by the System unless it again would cross a Protected Quotation of an external market. This functionality is equivalent to the handling of displayable orders pursuant to the Display-Price Sliding instruction except that such orders will not have a displayed price.

Aggressive (Rule 11.6(n)(1))

Aggressive is an order instruction that directs the System to route the order if an away Trading Center crosses the limit price of the order resting on the EDGA Book. Based on BZX Rule 11.13(a)(4)(A), the Exchange proposes to also amend Rule 11.6(n)(1) to state that any routable order with a Non-Displayed instruction that is resting on the EDGA Book and is crossed by an away Trading Center will be automatically routed to the Trading Center displaying the Crossing Quotation. To the extent the amended text of Exchange Rule 11.6(n)(1) differs from BZX Rule 11.13(a)(4)(A), such differences are necessary to conform the rule with existing rule text. Lastly, the proposed rule text is identical to EDGX Rule 11.6(l)(1).

Super Aggressive (Rule 11.6(n)(2))

Super Aggressive is an order instruction that directs the System to route an order when an away Trading Center locks or crosses the limit price of the order resting on the EDGA Book. A User may designate an order as Super Aggressive solely to routable orders posted to the EDGA Book with remaining size of an Odd Lot. Based on BZX Rule 11.13(b)(4)(C),³⁵ the Exchange proposes to amend Rule 11.6(n)(2) to state that

³⁵ See supra note 14.

when any order with a Super Aggressive instruction is locked by an incoming order with a Post Only instruction that does not remove liquidity pursuant to Rule 11.6(n)(4),³⁶ the order with a Super Aggressive instruction would be converted to an executable order and will remove liquidity against such incoming order. Rule 11.6(n)(2) would further state that notwithstanding the foregoing, if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted, as described above, and the incoming order with a Post Only instruction will be posted or cancelled in accordance with Rule 11.6(n)(4). To the extent the amended text of Exchange Rule 11.6(n)(2) differs from BZX Rule 11.13(b)(4)(C), such differences are necessary to conform the rule with existing rule text. Lastly, the proposed rule text is identical to EDGX Rule 11.6(l)(2).

The Exchange proposes to apply this logic in order to facilitate executions that would otherwise not occur due to the Post Only instruction requirement to not remove liquidity. Because a Super Aggressive Re-Route eligible order is willing to route to an away Trading Center and remove liquidity (i.e., pay a fee at such Trading Center) when it becomes either a Locking Quotation or Crossing Quotation, the Exchange believes it is reasonable and consistent with the instruction to force an execution between an incoming

³⁶ As noted above, the Exchange will execute an order with a Post Only instruction where the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See supra note 19. As is also noted above, based on the Exchange's current fee structure, currently all orders with a Post Only instruction remove liquidity on entry if there is available contra-side liquidity. See supra note 20.

order with a Post Only instruction and an order that has been posted to the EDGA Book with the Super Aggressive instruction. The Exchange notes that the determination of whether an order should execute on entry against resting interest, including against resting orders with a Super Aggressive instruction, is made prior to determining whether the price of such an incoming order should be adjusted pursuant to the Exchange's re-pricing instructions under Rule 11.6(l). Like BZX Rule 11.13(b)(4)(C), the Exchange has limited the proposed language to orders with a Post Only instruction that would lock the price of an order with a Super Aggressive instruction because orders with a Post Only instruction that cross resting orders will always remove liquidity because it is in their economic best interest to do so.³⁷ Also like BZX Rule 11.13(b)(4)(C), the Exchange proposes to make clear that although it will execute an order with a Super Aggressive instruction against an order with a Post Only instruction that would create a Locking Quotation, if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted, as described above, and the incoming order with a Post Only instruction will be posted or cancelled in accordance with Rule 11.6(n)(4). The Exchange believes it is necessary to avoid applying the Super Aggressive functionality to routable orders that are resting behind orders that are not eligible for routing to avoid violating the Exchange's priority rule, Rule 11.9.

Example – Super Aggressive Re-Route and Orders with a Post Only Instruction

Assume that the Exchange receives an order to buy 300 shares of a security at

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See supra note 19.

\$10.10 per share designated with a Super Aggressive instruction. Assume further that the NBBO is \$10.09 by \$10.10 when the order is received, and the Exchange's lowest offer is priced at \$10.11. The Exchange will route the order away from the Exchange as a bid to buy 300 shares at \$10.10. Assume that the order obtains one 100 share execution through the routing process and then returns to the Exchange. The Exchange will post the order as a bid to buy 200 shares at \$10.10. If the Exchange subsequently receives an order with a Post Only instruction to sell priced at \$10.09 per share, such order will execute against the posted order to buy with an execution price of \$10.10. The posted buy order will be treated as the liquidity provider and the incoming order with a Post Only instruction to sell will be treated as the liquidity remover, based on Exchange Rule 11.6(n)(4) that executes orders with a Post Only instruction upon entry if such execution is in their economic interest.

However, assuming the same facts as above, if the incoming order with a Post Only instruction to sell is priced at \$10.10 and thus does not remove liquidity pursuant to the economic best interest functionality, the posted order with a Super Aggressive instruction will execute against such order at \$10.10. In this scenario, the posted order to buy will be treated as the liquidity remover and the incoming order with a Post Only instruction to sell will be treated as the liquidity provider.

Finally, assume that the NBBO is \$10.10 by \$10.11 and that the Exchange has a displayed bid to buy 100 shares of a security at \$10.10 and a displayed offer to sell 100 shares of a security at \$10.11. Assume that the displayed bid has not been designated with the Super Aggressive instruction. Assume next that the Exchange receives a second displayable bid to buy 100 shares of the same security at \$10.10 that has been designated

as routable and subject to the Super Aggressive instruction. Because there is no liquidity to which the Exchange can route the order, the second order will post to the EDGA Book as a bid to buy at \$10.10 behind the original displayed bid to buy at \$10.10. If the Exchange then received an order with a Post Only instruction to sell 100 shares at \$10.10 then no execution would occur because the incoming order with a Post Only instruction cannot remove liquidity at \$10.10 based on the economic best interest analysis, the first order with priority to buy at \$10.10 was not designated with the Super Aggressive instruction and the second booked order to buy at \$10.10 is not permitted to bypass the first order as this would result in a violation of the Exchange's priority rule, Rule 11.9.

Post Only (Rule 11.6(n)(4))

The Exchange proposes to amend the definition of Post Only under Rule 11.6(n)(4) to replace an erroneous reference to the Hide Not Slide instruction with Display-Price Sliding. In sum, Post Only is an instruction that may be attached to an order that is to be ranked and executed on the Exchange pursuant to Rule 11.9 and Rule 11.10(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the EDGA Book, except as described below. As amended, an order with a Post Only instruction and a Display-Price Sliding, rather than Hide Not Slide, or Price Adjust instruction will remove contra-side liquidity from the EDGA Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided.

Time-In-Force ("TIF") (Rule 11.6(q))

The Exchange proposes to amend its TIF instructions to align with BZX Rule 11.9(b) and EDGX Rule 11.6(q). To the extent the amended text of Exchange Rule 11.6(q) differs from BZX Rule 11.9(b), such differences are necessary to conform the rule with existing Exchange rule text. The amended text is identical to EDGX Rule 11.6(q).

First, the Exchange proposes to align the definition of Immediate-or-Cancel (“IOC”) under Rule 11.6(q)(1) with BZX Rule 11.9(b)(1) and EDGX Rule 11.6(q)(1) to make clear that an order with an IOC instruction that does not include a Book Only instruction and that cannot be executed in accordance with Rule 11.10(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 11.11.³⁸ Under current rules, the TIF of IOC indicates that an order is to be executed in whole or in part as soon as such order is received and the portion not executed is to be cancelled. Based on BZX Rule 11.9(b)(1) and EDGX Rule 11.6(q)(1), the Exchange proposes to expand upon the description of IOC to specify that an order with such TIF may be routed away from the Exchange but that in no event will an order with such TIF be posted to the EDGA Book. Also like BZX and EDGX, the Exchange notes that an order with an IOC instruction routed away from the Exchange are in turn routed with an IOC instruction.

Second, the Exchange proposes to amend the definition of the Fill-or-Kill (“FOK”) under Rule 11.6(q)(3) to align with BZX Rule 11.9(b)(6) and EDGX Rule 11.6(q)(3) to make clear that an order with a TIF instruction of FOK is not eligible for

³⁸ See supra note 14.

routing away pursuant to Rule 11.11.³⁹ Although orders with a TIF of FOK are generally treated the same as order with a TIF of IOC, the Exchange does not permit routing of orders with an order with a TIF of FOK because the Exchange is unable to ensure the instruction of FOK (i.e., execution of an order in its entirety) through the routing process.

Rule 11.8, Order Types

The Exchange proposes to amend the description of Limit Orders under Rule 11.8(b) to align such Rule with existing EDGX and BZX Rules. Each of these changes are described in more detail below.

Limit Orders (Rule 11.8(b)). The Exchange proposes to amend Rule 11.8(b) to: (i) remove language from subparagraph (4) stating a Limit Order that includes both a Post Only instruction and Non-Displayed instruction will be rejected by the System; (ii) update the description of the inclusion of a Discretionary Range instruction on a Limit Order; (iii) amend subparagraph (10) to replace a reference to “Displayed Price Sliding” with “Display-Price Sliding”; and (iv) amend subparagraph (12) to update the description of the re-pricing of orders with a Non-Displayed instruction.

First, the Exchange proposes to remove from Rule 11.8(b)(4) language stating a Limit Order that includes both a Post Only instruction and Non-Displayed instruction will be rejected by the System. A similar prohibition against coupling a Post Only instruction and Non-Displayed instruction is not included in EDGX Rule 11.8(b)(4). Removing such language would enable the Exchange to further align its treatment of Limit Orders under Rule 11.8(b) with that of EDGX Rule 11.8(b). Such change also updates Rule 11.8(b)(4)

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Id.

to reflect current system functionality. As proposed, Rule 11.8(b)(4) would no longer prohibit User from including both a Post Only instruction and Non-Displayed instruction on their Limit Orders.

Second, the Exchange proposes to re-locate within Rule 11.8(b) and re-word the statement regarding the inclusion of a Discretionary Range on a Limit Order. Current Rule 11.8(b)(8) currently states that a “User may include a Discretionary Range instruction.” This ability to include a Discretionary Range instruction on a Limit Order is currently grouped with other functionality that can be elected for Limit Orders that also include a Post Only or Book Only instruction as well as specified time-in-force instructions for orders that can be entered into the System and post to the EDGA Book. However, the System does not allow the combination of a Discretionary Range and a Post Only instruction. Accordingly, the Exchange proposes to re-locate the reference to the Discretionary Range instruction within Rule 11.8(b) so that it is no longer grouped with other orders that can be combined with a Post Only instruction. The Exchange also proposes to state in Rule 11.8(b) that: (i) a Limit Order with a Discretionary Range instruction may also include a Book Only instruction; and (ii) a Limit Order with a Discretionary Range instruction and a Post Only instruction will be rejected. Further, the Exchange proposes to refer to the ability of a Limit Order to include a Discretionary Range instruction, rather than a “User” that may include a Discretionary Range instruction.

Third, the Exchange proposes to replace a reference to “Displayed Price Sliding” with “Display-Price Sliding”. This proposed rule change is designed to update Rule 11.8(b)(10) to reflect the proposed changes of references from “Displayed Price Sliding”

to “Display-Price Sliding” discussed above.

Fourth, the Exchange proposes to amend Rule 11.8(b)(12) regarding the re-pricing of orders with a Non-Displayed instruction to align with to be identical to EDGX Rule 11.8(b)(12). The Exchange does not propose to modify the operation of the re-pricing of Limit Orders with a Non-Displayed instruction. It simply seeks to replace the rule text with of Rule 11.8(b)(12) with text that is identical to EDGX Rule 11.8(b)(12). The re-pricing of Limit Orders with a Non-Displayed instruction operates in an identical manner as the re-pricing of non-displayed limit orders on EDGX. Replacing the rule text would enable the Exchange to include identical rule text describing processes that operate in an identical manner across EDGA and EDGX.

MidPoint Peg Order Type (Rule 11.8(d)). The Exchange proposes amend Rule 11.8(d)(4) to correct a reference to the Pre-Opening Session. Currently, Rule 11.8(d)(4) states that MidPoint Peg Orders may be executed during Pre-Opening Sessions, Regular Trading Hours, Regular Session, and the Post-Closing Session. The Exchange proposes to amend Rule 11.8(d)(4) to state “Pre-Opening Session” rather than “Pre-Opening Sessions”.

Rule 11.9, Priority of Orders

With respect to the Exchange’s priority and execution algorithm, the Exchange is proposing various minor and structural to changes based on BZX Rule 11.12 and EDGX Rule 11.9 that are intended to emphasize the processes by which orders are accepted, priced, ranked, displayed and executed, as well as a new provision related to the ability of orders to rest at the Locking Price and the Exchange’s handling of orders in such a circumstance. In addition to the changes proposed with respect to Rule 11.9, discussed

immediately below, these changes also relate to Rules 11.10 and 11.11.

The Exchange proposes modifications to Rule 11.9, Priority of Orders, to make clear that the ranking of orders described in such rule is in turn dependent on Exchange rules related to the execution of orders, primarily Rule 11.10. The Exchange believes that this has always been the case under Exchange rules but there was not previously a description of the cross-reference to Rule 11.10 within such rules. Accordingly, the Exchange proposes to add reference to the execution process in addition to the numeric cross-reference to Rule 11.10. The Exchange also proposes to change certain references within Rule 11.9 to refer to ranking rather than executing equally priced trading interest, as the Rule as a whole is intended to describe the manner in which resting orders are ranked and maintained, specifically in price and time priority, while awaiting execution against incoming orders. The Exchange does not believe that the proposed modifications substantively modify the operation of the rules but the Exchange believes that it is important to make clear that the ranking of orders is a separate process from the execution of orders. The Exchange also proposes changes to Rule 11.9(a)(4) and (a)(5) to specify that orders retain and lose “time” priority under certain circumstances as opposed to priority generally because retaining or losing price priority does not require the same descriptions, as price priority will always be retained unless the price of an order changes. Each change proposed above was recently approved with respect to analogous rules of BZX and BYX, specifically amendments to Rule 11.12.⁴⁰

Lastly, the Exchange proposes to amend Rule 11.9(a)(2)(B)(ii) to replace a

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Id.

reference to “Displayed Price Sliding” with “Display-Price Sliding”. This proposed rule change is designed to update Rule 11.9(a)(2)(B)(ii) to reflect the proposed change of references from “Displayed Price Sliding” to “Display-Price Sliding” discussed above.

Rule 11.10, Order Execution

The Exchange proposes to adopt paragraph (C) of Rule 11.10(a)(4), which would be identical to BZX Rule 11.13(a)(4)(C)⁴¹ and EDGX Rule 11.10(a)(4). Proposed paragraph (C) would provide further clarity regarding the situations where orders are not executable, which although covered in other rules proposed above and in current rules,⁴² would focus on the incoming order on the same side of an order displayed on the EDGA Book rather than the resting order that is rendered not executable at a specified price because it is opposite such order displayed on the EDGA Book. Proposed paragraph (C) would state that, subject to proposed paragraph (D), described below, if an incoming order is on the same side of the market as an order displayed on the EDGA Book and upon entry would execute against contra-side interest at the same price as such displayed order, such incoming order will be cancelled or posted to the EDGA Book and ranked in accordance with Rule 11.9. The Exchange will suspend the ability of any order to execute at the price of a contra-side order with a Displayed instruction, as described above. The Exchange suspends this the ability of any order to execute in such situations

⁴¹ Id.

⁴² The Exchange notes that consistent with the proposed changes to Rules 11.6 and 11.8 described above, based on User instructions certain orders are permitted to post and rest on the EDGA Book at prices that lock contra-side liquidity, provided, however, that the System will never display a Locking Quotation. Similar behavior is also in place with respect to the Display-Price Sliding instruction under current rules.

to avoid an apparent priority issue. In particular, in such a situation the Exchange believes a User representing an order that is displayed on the Exchange might believe that an incoming order was received by the Exchange and then bypassed such displayed order, removing some other non-displayed liquidity on the same side of the market as such displayed order.

The Exchange also proposes to adopt Rule 11.10(a)(4)(D), which would be identical to BZX Rule 11.13(a)(4)(D).⁴³ Proposed Rule 11.10(a)(4)(D) would govern the price at which an order is executable when it is not displayed on the Exchange and there is a contra-side displayed order at such price. Specifically, for bids or offers equal to or greater than \$1.00 per share, in the event that an incoming order is a Market Order or is a Limit Order priced more aggressively than an order displayed on the Exchange, the Exchange will execute the incoming order at, in the case of an incoming sell order, one-half minimum price variation less than the price of the displayed order, and, in the case of an incoming buy order, at one-half minimum price variation more than the price of the displayed order. As is true under existing functionality, this order handling is inapplicable for bids or offers under \$1.00 per share.

To demonstrate the operation of this provision, again assume the NBBO is \$10.10 by \$10.11. Assume the Exchange has a posted and displayed bid to buy 100 shares of a security priced at \$10.10 per share and a resting non-displayed bid to buy 100 shares of a security priced at \$10.11 per share.

- Assume that the next order received by the Exchange is an order with a

⁴³ See supra note 14.

Post Only instruction to sell 100 shares of the security priced at \$10.11 per share. The order with a Post Only instruction would not remove any liquidity upon entry pursuant to the Exchange's economic best interest functionality, would post to the EDGA Book and would be displayed at \$10.11. The display of this order would, in turn, make the resting non-displayed bid not executable at \$10.11.

- If an incoming offer to sell 100 shares at \$10.10 is entered into the EDGA Book, the resting non-displayed bid originally priced at \$10.11 will be executed at \$10.105 per share, thus providing a half-penny of price improvement as compared to the order's limit price of \$10.11. The execution at \$10.105 per share also provides the incoming offer with a half-penny of price improvement as compared to its limit price of \$10.10. The result would be the same for an incoming market order to sell or any other incoming limit order offer priced at \$10.10 or below, which would execute against the non-displayed bid at a price of \$10.105 per share. As above, an offer at the full price of the resting and displayed \$10.11 offer would not execute against the resting non-displayed bid, but would instead either cancel or post to the EDGA Book behind the original \$10.11 offer in priority.

The Exchange notes that, in addition to the changes described above, it is proposing to add descriptive titles to paragraphs (A) and (B) of Rule 11.10(a)(4), which describe the process by which executable orders are matched within the System.

Specifically, so long as it is otherwise executable, an incoming order to buy will be

automatically executed to the extent that it is priced at an amount that equals or exceeds any order to sell in the EDGA Book and an incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than any other order to buy in the EDGA Book. These rules further state that an order to buy shall be executed at the price(s) of the lowest order(s) to sell having priority in the EDGA Book and an order to sell shall be executed at the price(s) of the highest order(s) to buy having priority in the EDGA Book. The Exchange emphasizes these current rules only insofar as to highlight the interconnected nature of the priority rule. The Exchange also proposes to move language contained within Rule 11.10(a)(2) to paragraph (a) of the rule such that the language is more generally applicable to the rules governing execution contained in Rule 11.10(a)(1) through (5). Specifically, the Exchange proposes to relocate language stating that any order falling within the parameters of the paragraph shall be referred to as “executable” and that an order will be cancelled back to the User, if based on market conditions, User instructions, applicable Exchange Rules and /or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to another Trading Center pursuant to Rule 11.11 or cannot be posted to the EDGA Book. Each change proposed above was recently approved with respect to analogous rules of BZX, specifically amendments to Rule 11.13.⁴⁴

Rule 11.11, Routing to Away Trading Centers

The Exchange also proposes to modify paragraph (h) of Rule 11.11 to clarify the Exchange’s rule regarding the priority of routed orders. Paragraph (h) currently sets forth

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Id.

the proposition that a routed order does not retain priority on the Exchange while it is being routed to other markets. The Exchange believes that its proposed clarification to paragraph (h) is appropriate because it more clearly states that a routed order is not ranked and maintained in the EDGA Book pursuant to Rule 11.9(a), and therefore is not available to execute against incoming orders pursuant to Rule 11.10. The change proposed above was recently approved with respect to the analogous rule of BZX, specifically Rule 11.13, as amended.⁴⁵

Implementation Date

The Exchange intends to implement the proposed rule change immediately.⁴⁶

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section

⁴⁵ Id.

⁴⁶ Implementation of the proposed rule change immediately is contingent upon the Commission granting a waiver of the 30-day operative delay. 17 CFR 240.19b-4(f)(6)(iii). ⁴⁶ 15 U.S.C. 78f(b).

⁴⁶ 15 U.S.C. 78f(b)(5).

⁴⁶ 15 U.S.C. 78k-1(a)(1).

⁴⁶ 15 U.S.C. 78f(b)(5).

⁴⁶ 17 CFR 242.610.

⁴⁶ 17 CFR 242.201.

⁴⁶ 17 CFR 242.610(d).

⁴⁶ Id.

⁴⁶ 15 U.S.C. 78f(b)(5).

⁴⁶ See supra note 14.

⁴⁶ Id.

6(b) of the Act⁴⁷ and further the objectives of Section 6(b)(5) of the Act⁴⁸ because they are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)⁴⁹ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule changes are generally intended to better align certain Exchange rules with those currently in place on EDGX, BZX, and BYX in order to provide a consistent rule set and functionality across the BGM Affiliated Exchanges. As noted above, the proposed changes will not result in any changes to the way the System operates due to the Exchange's current fee structure. However, by making the rule change, the Exchange will be in position to support such functionality immediately in the event the Exchange's fee structure changes in the future. Consistent functionality across the BGM Affiliated Exchanges will reduce complexity and streamline duplicative functionality, thereby resulting in simpler technology implementation, changes and maintenance by Users of the Exchange that are also participants on EDGX, BZX, and BYX. The proposed rule changes do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available

⁴⁷ 15 U.S.C. 78f(b).

⁴⁸ 15 U.S.C. 78f(b)(5).

⁴⁹ 15 U.S.C. 78k-1(a)(1).

on EDGX, BZX or BYX. The Exchange notes that the proposed rule text is based on applicable BZX and BYX rules and substantially similar to applicable EDGX rules; the proposed language of the Exchange's Rules differs from EDGX rules only to extent necessary to conform to existing Exchange rule text. Where possible, the Exchange has mirrored EDGX, BYX, or BZX rules, because consistent rules will simplify the regulatory requirements and increase the understanding of the Exchange's operations for Members of the Exchange that are also participants on EDGX, BZX, and BYX. 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.

In addition to the specific rules discussed below, the Exchange also believes that the proposed amendments to clarify and re-structure the Exchange's priority, execution and routing rules will contribute to the protection of investors and the public interest by making the Exchange's rules easier to understand.

Definitions (Rule 11.6). The modifications related to Discretionary Range, Pegged instructions, Re-Pricing, Aggressive, Super Aggressive, Post Only, as well as TIFs of IOC and FOK, are each designed to better align certain Exchange rules and system functionality with that currently offered by EDGX, BYX and BZX in order to provide a consistent functionality across the BGM Affiliated Exchanges. Specifically, the Exchange believes that the proposed rule changes will provide additional clarity and specificity regarding the functionality of the System and provide Users with consistent rules across the BGM Affiliated Exchanges, and thus would promote just and equitable principles of trade and remove impediments to a free and open market.

In particular, the Exchange believes it is consistent with the Act to execute orders with a Discretionary Range instruction and orders with a Super Aggressive instruction against marketable liquidity (i.e., order with a Post Only instruction) when an execution would not otherwise occur is consistent with both: (i) the Act, by facilitating executions, removing impediments and perfecting the mechanism of a free and open market and national market system; and (ii) a User's instructions, which have evidenced a willingness by the User to pay applicable execution fees and/or execute at more aggressive prices than they are currently ranked in favor of an execution.

The Exchange also believes that the proposed changes to Rule 11.6(l) are consistent with Section 6(b)(5) of the Act,⁵⁰ as well as Rule 610 of Regulation NMS⁵¹ and Rule 201 of Regulation SHO.⁵² Rule 610(d) requires exchanges to establish, maintain, and enforce rules that require members reasonably to avoid "[d]isplaying quotations that lock or cross any protected quotation in an NMS stock."⁵³ Such rules must be "reasonably designed to assure the reconciliation of locked or crossed quotations in an NMS stock," and must "prohibit ... members from engaging in a pattern or practice of displaying quotations that lock or cross any quotation in an NMS stock."⁵⁴ These changes will provide additional specificity within the Exchange's rules regarding the operation of the Exchange's re-pricing options. The proposed rule change will also align

⁵⁰ 15 U.S.C. 78f(b)(5).

⁵¹ 17 CFR 242.610.

⁵² 17 CFR 242.201.

⁵³ 17 CFR 242.610(d).

⁵⁴ Id.

the descriptions of the Exchange's re-pricing options under Rule 11.6(l) with EDGX's re-pricing options under EDGX Rule 11.6(l) and BZX's price sliding processes described under BZX Rule 11.9(g).

Order Types (Rule 11.8). The Exchange believes that the proposed changes to its order types under Rule 11.8 are consistent with Section 6(b)(5) of the Act,⁵⁵ because they are intended to align their operation with the operation of identical order types on EDGX and BZX, thereby fostering cooperation and coordination with persons engaged in facilitating transactions in securities and removing impediments to and perfecting the mechanism of a free and open market and a national market system.

The Exchange believes its proposed amendments to the description of Limit Orders under Rule 11.8(b) is reasonable because it aligns their operation with existing EDGX and BZX rules and functionality as well as to reflect the relevant proposed changes discussed above. Therefore, the proposed rule change promotes just and equitable principles of trade because it will avoid investor confusion by providing the identical default behavior across the Exchange, EDGA and BZX.

Priority (Rule 11.9). The Exchange believes its proposed amendments to Rule 11.9 regarding the priority of orders promotes just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system by providing Members, Users, and the investing public with greater transparency regarding how the System operates. The Exchange believes that the proposed rule changes regarding order priority will continue to provide greater

⁵⁵ 15 U.S.C. 78f(b)(5).

transparency and further clarity on how the various order types will be assigned priority under various scenarios, thereby assisting Members, Users and the investing public in understanding the manner in which the System may execute their orders.

Order Execution (Rule 11.10). Proposed Rule 11.10(a)(4)(C), which would be identical to EDGX Rule 11.10(a)(4)(C) and BZX Rule 11.13(a)(4)(C),⁵⁶ is consistent with Rules 11.6 and 11.8, as proposed to be amended, and reflects the fact that the Exchange will suspend the ability of an order to execute at the Locking Price when there is a contra-side order with a Displayed instruction in order to avoid an apparent priority issue. In turn, the Exchange believes that adopting Rule 11.10(a)(4)(C) promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and removes impediments to, and perfects the mechanism of, a free and open market and a national market system, both with respect to the functionality that prevents executions in such a circumstance and with respect to the addition of the rule text, because it makes clear to Users the operation of the Exchange in conjunction with the proposed changes to the System. The Exchange also believes its proposal to adopt Rule 11.10(a)(4)(D), which would be identical to EDGX Rule 11.10(a)(4)(D) and BZX Rule 11.13(a)(4)(D),⁵⁷ promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in facilitating transactions in securities, and removes impediments to, and perfects the mechanism of, a free and open market and a national market system. The proposed change is based on

⁵⁶ See supra note 14.

⁵⁷ Id.

EDGX Rule 11.10(a)(4)(D) and BZX Rule 11.13(a)(4)(D) and sets forth how marketable orders that would otherwise not be executed under specific scenarios will be executed, thereby improving execution quality for participants sending orders to the Exchange. Further, the proposed change will help to provide price improvement to market participants, again, in scenarios that at times, such participants would potentially not receive executions on the Exchange. Thus, the Exchange believes that its proposed order handling process in the scenario described in this filing will benefit market participants and their customers by allowing them greater flexibility in their efforts to fill orders and minimize trading costs. The proposed rule change will also provide consistent handling for orders in such scenarios across the Exchange, EDGX, and BZX, thereby avoiding investor confusion and promoting just and equitable principles of trade.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposal will provide consistent functionality across the BGM Affiliated Exchanges, thereby reducing complexity and streamlining duplicative functionality, resulting in simpler technology implementation, changes and maintenance by Users of the Exchange that are also participants on EDGX, BYX and BZX. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is designed to achieve a consistent technology offering by 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 Act⁵⁸ and paragraph (f)(6) of Rule 19b-4 thereunder.⁵⁹ 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.

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

⁵⁸ 15 U.S.C. 78s(b)(3)(A).

⁵⁹ 17 C.F.R. 240.19b-4.

the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-EDGA-2015-33 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-EDGA-2015-33. 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-EDGA-2015-33 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.⁶⁰

Robert W. Errett
Deputy Secretary

⁶⁰ 17 CFR 200.30-3(a)(12).

Exhibit 5

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

Rules of EDGA Exchange, Inc.

* * *

CHAPTER XI. TRADING RULES

* * *

Rule 11.6. Definitions

For purposes of this Chapter XI, the following definitions shall apply:

(a) –(c) (No change).

(d) Discretionary Range. An instruction the User may attach to an order to buy (sell) a stated amount of a security at a specified, displayed or non-displayed ranked price with discretion to execute up (down) to another specified, non-displayed price. Resting orders with a Discretionary Range instruction will be executed at a price that uses the minimum amount of discretion necessary to execute the order against an incoming order. An order with a Discretionary Range instruction resting on the EDGA Book will execute at its least aggressive price when matched for execution against an incoming order that also contains a Discretionary Range instruction, as permitted by the terms of both the incoming and resting order. To the extent an order with a Discretionary Range instruction's displayed or non-displayed ranked price is equal to an incoming order with a Post Only instruction that does not remove liquidity on entry pursuant to Rule 11.6(n)(4), the order with a Discretionary Range instruction will remove liquidity against such incoming order. Any contra-side order that executes against a resting order with a Discretionary Range instruction at its displayed or non-displayed ranked price or that contains a time-in-force of Immediate-or-Cancel or Fill-or-Kill and a price in the discretionary range will remove liquidity against the order with a Discretionary Range instruction. Any contra-side order with a time-in-force other than Immediate-or-Cancel or Fill-or-Kill and a price in the discretionary range but not at the displayed or non-displayed ranked price will be posted to the EDGA Book and then the Discretionary Order will remove liquidity against such posted order. An order with a Discretionary Range instruction that is eligible for routing away pursuant to Rule 11.11 will be routed away from the Exchange at its full discretionary price.

(e) – (k) (No change).

(l) Re-Pricing.

(1) Re-Pricing Instructions to Comply with Rule 610(d) of Regulation NMS

(A) Price Adjust.

(i) _____ An order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the EDGA Book at the time of entry, the order will be displayed and ranked at a price that is one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). The ranked and displayed prices of an order subject to the Price Adjust instruction will only be adjusted once, unless the User elects that the order be adjusted multiple times in response to changes to the prevailing NBBO.

(ii) _____ The order will be displayed and ranked at the Locking Price if: the NBBO changes such that the order, if displayed at the Locking Price would not be a Locking Quotation or Crossing Quotation, including when an Intermarket Sweep Order (“ISO”) with a time-in-force (“TIF”) instruction of Day is entered into the System and displayed on the EDGA Book on the same side of the market as the order at a price that is equal to or more aggressive than the Locking Price. Unless a User has elected the multiple re-pricing option, the order would not be subject to further re-ranking and will be displayed on the EDGA Book at the Locking Price until executed or cancelled by the User. An order subject to the multiple re-pricing option will be further re-ranked and re-displayed to the extent it can permissibly be ranked and displayed at a more aggressive price based on changes to the prevailing NBBO.

(iii) _____ The order will receive a new time stamp at the time it is re-ranked. Pursuant to Rule 11.9, all orders that are re-ranked and re-displayed pursuant to the Price Adjust instruction will retain their priority as compared to each other based upon the time such orders were initially received by the System.

(iv) _____ Any display-eligible order with a Price Adjust instruction and a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(n)(4) or cancelled.

(B) [Displayed]Display-Price Sliding. [An order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation if displayed by the System on the EDGA Book at the time of entry, the order will be displayed at a price that is one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell), will be ranked at the Locking Price with the ability to execute at the Locking Price; provided, however, that if a contra-side order that equals the Locking Price is displayed by the System on the EDGA Book, the order’s ability to execute at the Locking Price will be suspended unless and until there is no contra-side displayed order on the EDGA Book that equals the Locking Price. However, in such case, an order subject to the Displayed Price Sliding instruction may execute against other orders at its displayed price. Where the NBBO changes such that the order, if displayed by the System on the EDGA Book at the Locking Price, would not be a Locking Quotation or Crossing Quotation, the System will rank and display such orders at the Locking Price. The ranked and displayed prices

of an order subject to the Displayed Price Sliding instruction will only be adjusted once, unless the User elects that the order be adjusted multiple times in response to changes to the prevailing NBBO. Unless a User has elected the multiple re-pricing option, the order will not be subject to further re-ranking and will be displayed on the EDGA Book at the Locking Price retaining its time stamp until executed or cancelled by the User. An order subject to the multiple re-pricing option will be further re-ranked and re-displayed to the extent it can permissibly be ranked and displayed at a more aggressive price based on changes to the prevailing NBBO. An order subject to the Displayed Price Sliding instruction will receive a new time stamp each time it is re-ranked.]

(i) An order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the EDGA Book at the time of entry, will be ranked at the Locking Price in the EDGA Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). A User may elect to have the System only apply the Display-Price Sliding instruction to the extent a display-eligible order at the time of entry would be a Locking Quotation. For Users that select this portion of the Display-Price Sliding instruction, any order will be cancelled if, upon entry, such order would be a Crossing Quotation of an external market.

(ii) An order subject to the Display-Price Sliding instruction will retain its original limit price irrespective of the prices at which such order is ranked and displayed. In the event the NBBO changes such that an order subject to the Display-Price Sliding instruction would not be a Locking Quotation or Crossing Quotation, the order will receive a new timestamp, and will be displayed at the most aggressive permissible price. All orders that are re-ranked and re-displayed pursuant to the Display-Price Sliding instruction will retain their priority as compared to other orders subject to the Display-Price Sliding instruction based upon the time such orders were initially received by the Exchange. Following the initial ranking and display of an order subject to the Display-Price Sliding instruction, an order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price, provided, however, that the Exchange will re-rank an order at the same price as the displayed price in the event such order's displayed price would be a Locking Quotation or Crossing Quotation. Such event will not result in a change in priority for the order at its displayed price.

(iii) The ranked and displayed prices of an order subject to the Display-Price Sliding instruction may be adjusted once or multiple times depending upon the instructions of a User and changes to the prevailing NBBO. The Exchange's default Display-Price Sliding instruction will only adjust the ranked and displayed prices of an order upon entry and then the displayed price one time following a change to the prevailing NBBO, provided however, that if such an order's displayed price becomes a Locking Quotation or Crossing Quotation then the Exchange will adjust the ranked price of such order and it will not be further re-

ranked or re-displayed at any other price. Orders subject to the optional multiple price sliding process will be further re-ranked and re-displayed as permissible based on changes to the prevailing NBBO.

(iv) Any display-eligible order with a Post Only instruction that would be a Locking Quotation or Crossing Quotation of the Exchange upon entry will be executed as set forth in Rule 11.6(n)(4) or cancelled. In the event the NBBO changes such that an order with a Post Only instruction subject to Display-Price Sliding instruction would be ranked at a price at which it could remove displayed liquidity from the EDGA Book, the order will be executed as set forth in Rule 11.6(n)(4) or cancelled.

(v) An order with a Post Only instruction will be permitted to post and be displayed opposite the ranked price of orders subject to Display-Price Sliding instruction. In the event an order subject to the Display-Price Sliding instruction is ranked on the EDGA Book with a price equal to an opposite side order displayed by the Exchange, it will be subject to processing as set forth in Rule 11.10(a)(4).

(2) Re-Pricing Instructions to Comply with Rule 201 of Regulation SHO.

(A) An order to sell with a Short Sale instruction that, at the time of entry, could not be executed or displayed in compliance with Rule 201 of Regulation SHO will be re-priced by the System at the Permitted Price. The Exchange's default short sale re-pricing process will only re-price an order upon entry. Depending upon the instructions of a User, to reflect declines in the NBB the System will continue to re-price and re-display a short sale order at the Permitted Price down to the order's limit price. In the event the NBB changes such that the price of an order with a Non-Displayed instruction subject to Rule 201 of Regulation SHO would be a Locking Quotation or Crossing Quotation, the order will receive a new time stamp, and will be re-priced by the System to the Permitted Price. [An order to sell with a Short Sale instruction that is re-priced pursuant to this paragraph will be ranked at the Permitted Price.]

(B) – (C) (No change).

(D) [The re-pricing instructions to comply with Rule 610(d) of Regulation NMS will be ignored for an order to sell] If an order is subject to either a Display-Price Sliding instruction or a Price Adjust instruction and also contains[with] a Short Sale instruction when a Short Sale Circuit Breaker is in effect, [and] the re-pricing instructions to comply with Rule 201 of Regulation SHO under this Rule will apply.

(3) Re-Pricing of Non-Displayed Orders

[To avoid potentially trading through Protected Quotations of external markets, a non-routable order with a Non-Displayed instruction that would be a Crossing Quotation

of an external market will be ranked at the Locking Price, unless the User affirmatively elects that the order Cancel Back. In the event an order has been re-ranked by the System pursuant to this sub-paragraph (3), such order is not re-ranked by the System unless it is again a Crossing Quotation of an external market. The order will receive a new time stamp each time it is subsequently re-ranked.] In order to avoid potentially trading through Protected Quotations of external markets, the Exchange offers price sliding for orders with a Non-Displayed instruction that upon entry would cross a Protected Quotation of an external market that is functionally equivalent to the handling of displayable orders pursuant to the Display-Price Sliding instruction except that such orders will not have a displayed price. Orders with a Non-Displayed instruction that are subject to the Display-Price Sliding or Price Adjust instruction are ranked at the Locking Price on entry. Similarly, in the event the NBBO changes such that an order with a Non-Displayed instruction subject to the Display-Price Sliding or Price Adjust instruction would cross a Protected Quotation of an external market, the order will receive a new timestamp, and will be ranked by the System at the Locking Price. In the event an order with a Non-Displayed instruction has been re-priced by the System pursuant to this sub-paragraph (3), such order with a Non-Displayed instruction is not re-priced by the System unless it again would cross a Protected Quotation of an external market.

(m) (No change).

(n) Routing/Posting Instructions

(1) Aggressive. An order instruction that directs the System to route the order if an away Trading Center crosses the limit price of the order resting on the EDGA Book. Any routable order with a Non-Displayed instruction that is resting on the EDGA Book and is crossed by an away Trading Center will be automatically routed to the Trading Center displaying the Crossing Quotation.

(2) Super Aggressive. An order instruction that directs the System to route the order if an away Trading Center locks or crosses the limit price of the order resting on the EDGA Book. A User may instruct the Exchange to apply the Super Aggressive instruction solely to routable orders posted to the EDGA Book with remaining size of an Odd Lot. When any order with a Super Aggressive instruction is locked by an incoming order with a Post Only instruction that does not remove liquidity pursuant to Rule 11.6(n)(4) below, the order with a Super Aggressive instruction is converted to an executable order and will remove liquidity against such incoming order. Notwithstanding the foregoing, if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted, as described above, and the incoming order with a Post Only instruction will be posted or cancelled in accordance with Rule 11.6(n)(4) below.

(3) (No change).

(4) Post Only. An instruction that may be attached to an order that is to be ranked

and executed on the Exchange pursuant to Rule 11.9 and Rule 11.10(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the EDGA Book, except as described below. An order with a Post Only instruction and a [Hide Not Slide]Display-Price Sliding or Price Adjust instruction will remove contra-side liquidity from the EDGA Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGA Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

(5) – (6) (No change).

(o) – (p) (No change).

(q) Time-in-Force (“TIF”).

(1) Immediate-or-Cancel (“IOC”). An instruction the User may attach to an order stating the order is to be executed in whole or in part as soon as such order is received. The portion not executed immediately on the Exchange or another trading center is treated as cancelled and is not posted to the EDGA Book. An order with an IOC instruction that does not include a Book Only instruction and that cannot be executed in accordance with Rule 11.10(a)(4) on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 11.11.

(2) (No change).

(3) Fill-or-Kill (“FOK”). An instruction the User may attach to an order stating that the order is to be executed in its entirety as soon as it is received and, if not so executed, cancelled. An order with a FOK instruction is not eligible for routing away pursuant to Rule 11.11.

(4) – (6) (No change).

(r) – (s) (No change).

* * *

Rule 11.8. Order Types

Users may enter into the System the types of orders listed in this Rule 11.8, subject to the limitations set forth in this Rule or elsewhere in these Rules.

(a) (No change).

(b) Limit Order. An order to buy or sell a stated amount of a security at a specified price or better. A marketable Limit Order is a Limit Order to buy (sell) at or above (below) the lowest (highest) Protected Offer (Protected Bid) for the security.

(1) - (3) (No change).

(4) Display. A Limit Order will default to a Displayed instruction unless the User includes a Non-Displayed instruction on the order, or a portion thereof. A Limit Order with a Displayed instruction will default to a Non-Attributable instruction, unless the User selects the Attributable instruction. [A Limit Order that includes both a Post Only instruction and Non-Displayed instruction will be rejected by the System.]

(5) – (7) (No change.)

(8) Discretionary Range. A Limit Order may include a Discretionary Range instruction. A Limit Order with a Discretionary Range instruction may also include a Book Only instruction. A Limit Order with a Discretionary Range instruction and a Post Only instruction will be rejected.

The following functionality described in paragraphs [(8)](9) – (11) below is available for Limit Orders that include a Post Only or Book Only instruction or TIF instruction of Day, GTD or GTX.

[(8) Discretionary Range. A User may include a Discretionary Range instruction.]

(9) (No change.)

(10) Re-Pricing Instructions to Comply with Rule 610 of Regulation NMS. A Limit Order that, if displayed at its limit price at the time of entry into the System, would become a Locking Quotation or Crossing Quotation will be automatically defaulted by the System to the [Displayed]Display-Price Sliding instruction, unless the User affirmatively elects to have the order immediately Cancel Back or affirmatively elects the Price Adjust instruction. A Limit Order to buy (sell) with a limit price that would be a Crossing Quotation at the time of entry into the System will not execute at a price that is higher (lower) than the Locking Price.

(11) (No change.)

(12) Re-Pricing of Non-Displayed Limit Orders. [A Limit Order with a Non-Displayed instruction that would be a Crossing Quotation of an external market will be re-ranked in accordance with the Re-Pricing of orders with a Non-Displayed instruction process under proposed Rule 11.6(l)(3), unless the User affirmatively elects that the order Cancel Back.] A Limit Order with a Non-Displayed instruction that would cross a

Protected Quotation of an external market will be re-priced in accordance with the Re-Pricing of orders with a Non-Displayed instruction process under Rule 11.6(l)(3). Under Rule 11.6(l)(3), a User may affirmatively elect that a buy (sell) order with a Non-Displayed instruction Cancel Back when the order's limit price would cross a Protected Quotation of an external market.

(c) (No change.)

(d) (No change.)

(1) – (3) (No change.)

(4) Session. MidPoint Peg Orders may be executed during Pre-Opening Session[s], Regular Trading Hours, Regular Session, and the Post-Closing Session. However, a Minimum Execution Quantity instruction on a MidPoint Peg Order will not be applied during the Opening Process.

Rule 11.9. Priority of Orders

(a) Ranking. Orders of Users shall be ranked and maintained in the EDGA Book based on the following priority:

(1) (No change.)

(2) Time. Subject to the execution process described in Rule 11.10(a), the following priority rules shall apply:

(A) Where orders to buy (sell) are entered into the System at the same price, the order clearly established as the first entered into the System at such particular price shall have precedence at that price, up to the number of shares of stock specified in the order. Except as provided in paragraph (B) below, the System shall [execute]rank equally priced trading interest within the System in time priority in the following order:

(i) - (vii) (No change.)

(B) (No change.)

(i) (No change.)

(ii) Limit Orders to which the [Displayed]Display-Price Sliding instruction has been applied;

(iii) – (iv) (No change.)

(C) (No change.)

(3) (No change.)

(4) Cancel/Replace. In the event an order has been cancelled or replaced in accordance with Rule 11.10(e) below, such order only retains time priority if such modification involves a decrease in the size of the order, a change to Max Floor of an order with a Reserve Quantity, a change to the stop price of an order, the sell long indicator, or Short Sale instruction. Any other modification to an order, including an increase in the size of the order and/or price change, will result in such order losing time priority as compared to other orders in the EDGA Book and the time stamp for such order being revised to reflect the time of the modification.

(5) Except as provided in subparagraph (a)(7) hereof, in the event that an order is executed against an incoming order in accordance with Rule 11.10 for less than [the]its full size [of an order is executed], the unexecuted size of the order shall retain its original time priority [at the same limit price] and be ranked in accordance with paragraphs (1) and (2) above.

(6) - (7) (No change.)

(b) (No change.)

Rule 11.10. Order Execution

(a) Execution. Subject to the restrictions under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution in accordance with this Rule 11.10. For purposes of this Rule 11.10, any order falling within the parameters of this paragraph shall be referred to as “executable.” An order will be cancelled back to the User, if based on market conditions, User instructions, applicable Exchange Rules and /or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to another Trading Center pursuant to Rule 11.11 or cannot be posted to the EDGA Book.

(1) (No change.)

(2) Compliance with Regulation NMS. For any execution to occur during Regular Trading Hours, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS. For any execution to occur during the Pre-Opening Session or the Post-Closing Session, the price must be equal to or better than the highest bid or lowest offer in the EDGA Book or disseminated by the responsible single plan processor, unless the order is marked ISO or a Protected Bid is crossing a Protected Offer. Notwithstanding the foregoing, in the event that a Protected Bid is crossing a Protected Offer, whether during or outside of Regular Trading Hours, unless an order is marked ISO, the Exchange will not execute any portion of a bid at a price more than the greater of 5 cents or 0.5 percent higher than the lowest Protected Offer or any portion of an offer that would execute at a price more than the greater of 5 cents or 0.5 percent lower than the highest Protected Bid. Upon instruction from a User, the Exchange will

cancel any incoming order from such User in the event a Protected Bid is crossing a Protected Offer. [For purposes of this Rule 11.10, any order falling within the parameters of this paragraph shall be referred to as “executable.” An order will be cancelled back to the User, if based on market conditions, User instructions, applicable Exchange Rules and /or the Act and the rules and regulations thereunder, such order is not executable, cannot be routed to another Trading Center pursuant to Rule 11.11 or cannot be posted to the EDGA Book.]

(3) (No change).

(4) Execution against EDGA Book. An incoming order shall first attempt to be matched for execution against orders in the EDGA Book as described below, unless the User instructs the System to bypass the EDGA Book and route the order to an away Trading Center, in accordance with Exchange Rules.

(A) Buy Orders. An incoming order to buy will be automatically executed to the extent that it is priced at an amount that equals or exceeds any order to sell in the EDGA Book and is executable, as defined above. Such order to buy shall be executed at the price(s) of the lowest order(s) to sell having priority in the EDGA Book.

(B) Sell Orders. An incoming order to sell will be automatically executed to the extent that it is priced at an amount that equals or is less than any other order to buy in the EDGA Book and is executable, as defined above. Such order to sell shall be executed at the price(s) of the highest order(s) to buy having priority in the EDGA Book.

(C) Consistent with Rules 11.6 and 11.8, based on User instructions, certain orders are permitted to post and rest on the EDGA Book at prices that lock contra-side liquidity, provided, however, that the System will never display a locked market. Subject to sub-paragraph (d) below, if an incoming order, pursuant to paragraph (A) or (B) above, is on the same side of the market as an order displayed on the EDGA Book and upon entry would execute against contra-side interest at the same price as such displayed order, such incoming order will be cancelled or posted to the EDGA Book and ranked in accordance with Rule 11.9.

(D) For bids or offers equal to or greater than \$1.00 per share, in the event that an incoming order described in sub-paragraphs (A) and (B) above is a Market Order or is a Limit Order priced more aggressively than an order displayed on the EDGX Book, the Exchange will execute the incoming order at, in the case of an incoming sell order, one-half minimum price variation less than the price of the displayed order, and, in the case of an incoming buy order, at one-half minimum price variation more than the price of the displayed order. For bids or offers under \$1.00 per share, this sub-paragraph is inapplicable.

(5) (No change.)

(b) - (f) (No change.)

Rule 11.11. Routing to Away Trading Centers

(No change.)

(a) - (g) (No change).

(h) Priority of Routed Orders. Orders that have been routed [sent] by the System to other Trading Centers are not ranked and maintained in the EDGA Book pursuant to Rule 11.9(a), and therefore are not available to execute against incoming orders pursuant to Rule 11.10 above[do not retain time priority with respect to other orders in the System and the System shall continue to execute other orders while routed orders are away at another Trading Center]. Once routed by the System, an order becomes subject to the rules and procedures of the destination market including, but not limited to, short-sale regulation and order cancellation. Requests from Users to cancel their orders while the order is routed away to another trading center and remains outside the System shall be processed, subject to the applicable trading rules of the relevant trading center. If a routed order is subsequently returned, in whole or in part, that order, or its remainder, shall receive a new time stamp reflecting the time of its return to the System. Following the routing process described above, unless the terms of the order direct otherwise, any unfilled portion of the order originally entered into the System shall be ranked in the EDGA Book in accordance with the terms of such order under Rule 11.9 and such order shall be eligible for execution under Rule 11.10.

(i) (No change.)

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