

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * 30 | SECURITIES AND EXCHANGE COMMISSION<br>WASHINGTON, D.C. 20549<br>Form 19b-4 | File No.* SR - 2015 - * 16 | Amendment No. (req. for Amendments *) |
|----------------|--|----------------------------|---------------------------------------|

Filing by EDGX Exchange, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

|   |   |                                     |   |   |  |
|---|---|-------------------------------------|---|---|--|
| Initial * <input checked="" type="checkbox"/> | Amendment * <input type="checkbox"/>                                      | Withdrawal <input type="checkbox"/> | Section 19(b)(2) * <input type="checkbox"/>     | Section 19(b)(3)(A) * <input checked="" type="checkbox"/> | Section 19(b)(3)(B) * <input type="checkbox"/> |
|   |   |                                     | Rule  |   |  |
| Pilot <input type="checkbox"/>                | Extension of Time Period for Commission Action * <input type="checkbox"/> | Date Expires * <input type="text"/> | <input type="checkbox"/> 19b-4(f)(1)            | <input type="checkbox"/> 19b-4(f)(4)                      |  |
|   |   |                                     | <input checked="" type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5)                      |  |
|   |   |                                     | <input type="checkbox"/> 19b-4(f)(3)            | <input type="checkbox"/> 19b-4(f)(6)                      |  |

|   |  |
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| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 | Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 |
| Section 806(e)(1) * <input type="checkbox"/>  | Section 806(e)(2) * <input type="checkbox"/>                                   |
| Section 3C(b)(2) * <input type="checkbox"/>   |  |

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

**Description**

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

The Exchange proposes to: (i) amend the fees charged for and description of the logical ports offered; and (ii) make a series of immaterial, non-substantive changes.

**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 03/31/2015 Assistant General Counsel  
 By Christopher Solgan

(Name \*)

csolgan@bats.com

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

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

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

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

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

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

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

Add Remove View

Exhibit Sent As Paper Document

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

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

Add Remove View

Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

Add Remove View

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

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

**Partial Amendment**

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

## 1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act” or “Exchange Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> EDGX Exchange, Inc. (“EDGX” or the “Exchange”) proposes to amend its fees and rebates applicable to Members<sup>3</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c) (“Fee Schedule”) to: (i) amend the fees charged for and description of the logical ports<sup>4</sup> offered; and (ii) make a series of immaterial, non-substantive changes. The text of the proposed rule change is attached as Exhibit 5.

(b) Inapplicable.

(c) Inapplicable.

## 2. Procedures of the Self-Regulatory Organization

The Exchange submits the proposed rule change pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Exchange’s Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change and, therefore, the

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

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

<sup>3</sup> The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

<sup>4</sup> A logical port is commonly referred to as a TCP/IP port, and represents a port established by the Exchange within the Exchange’s system for trading and billing purposes. Each logical port established is specific to a Member or non-member and grants that Member or non-member the ability to operate a specific application, such as FIX order entry or Multicast PITCH data receipt.

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 the Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to: (i) amend the fees charged for and description of the logical ports offered; and (ii) make a series of immaterial, non-substantive changes.

Logical Ports

Currently, the Exchange maintains logical ports for order entry, drop copies, testing, and market data for which it currently charges \$500 per month per port, with the first two (2) ports provided free of charge. Ports used to request a re-transmission of market data from the Exchange are also provided free of charge.

In early 2014, the Exchange and its affiliate, EDGA Exchange, Inc. ("EDGA"), received approval to effect a merger (the "Merger") of the Exchange's parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BZX and BYX (together with BZX, EDGA, and EDGX, the "BGM Affiliated Exchanges").<sup>5</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align certain system and regulatory functionality, retaining only intended differences between the

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<sup>5</sup> See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-043; SR-EDGA-2013-034).

BGM Affiliated Exchanges. This includes migrating the BGM Affiliated Exchanges, which are currently located in different data centers, into a single data center. As part of the data center migration, the operation and categorization of logical ports provided to access the Exchange would be identical to those utilized to access BZX and BYX.

Therefore, the Exchange proposes to harmonize its description of logical ports within its Fee Schedule to align with the descriptions included in the BZX and BYX fee schedules.<sup>6</sup>

As a result, the Exchange also proposes to no longer provide free of charge: (i) the first two (2) logical ports per month; and (ii) ports used to request a re-transmission of market data from the Exchange. The Exchange communicated to Members and non-Members of these changes via a trading notice issued on October 7, 2014.<sup>7</sup>

First, the Exchange proposes to harmonize its description of logical ports within its Fee Schedule to align with the descriptions included in the BZX and BYX fee schedules. As part of the data center migration discussed above, the operation and categorization of ports provided to access the Exchange would be identical to those utilized to access BZX and BYX. Currently, the Exchange charges direct session logical ports fees of \$500 per month and separately categorizes those ports as FIX, EDGE XPRS (HPI-API), Data, DROP, EdgeRisk. To harmonize the description of the logical ports

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<sup>6</sup> The Exchange notes that EDGA intends to file a proposal very similar to this proposal that will align its logical port fees across each of the BGM Affiliated Exchanges. The Exchange also notes that BZX and BYX also intend to file a proposal to increase its port fees from \$400 per month per port to \$500 per month per port as well as to change references to “GRP Ports” to “Multicast PITCH GRP Ports”.

<sup>7</sup> See BATS Global Markets Access Fee Changes for 2015, [available at http://cdn.batstrading.com/resources/fee\\_schedule/2015/BATS-Global-Markets-Access-Services-Fee-Changes-for-2015.pdf](http://cdn.batstrading.com/resources/fee_schedule/2015/BATS-Global-Markets-Access-Services-Fee-Changes-for-2015.pdf) (issued October 7, 2014).

offered with those of BZX and BYX, the Exchange proposes to no longer individually list the available ports (other than Multicast PITCH Spin Server and GRP ports described below) as all of the above are encompassed under the term logical ports. In addition, EdgeRisk ports will also no longer be separately listed within in the Fee Schedule. EdgeRisk ports enable Members, and non-Member service bureaus that act as conduits for orders entered by Members that are their customers, access to a System<sup>8</sup> test environment through which they can test their automated systems that integrate with the Exchange.<sup>9</sup> Under BATS technology, Members and non-Members would no longer need a dedicated port to access the Exchange's test environment as they would be able to utilize any of their existing ports to do so. Therefore, the Exchange proposes to not individually list EdgeRisk as a separate logical port.

Second, other than no longer providing certain ports free of charge as described below, the Exchange does not propose to amend the monthly fee logical port fees. All logical ports will continue to be subject to a fee of \$500 per month per port. In addition, logical port fees proposed above would be limited to logical ports in the Exchange's primary data center and no logical port fees would be assessed for redundant secondary data center ports. In addition, the Exchange also proposes to no longer provide the first two (2) logical ports free of charge. The Exchange, like BZX and BYX, will assess the monthly per logical port fees for all of a Member and non-Member's logical ports.

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<sup>8</sup> The term "System" is defined in Rule 1.5(cc).

<sup>9</sup> See Securities Exchange Act Release Nos. 69670 (May 30, 2013), 78 FR 33871 (June 5, 2013) (SR-EDGX-2013-18); and 69669 (May 30, 2013), 78 FR 33880 (June 5, 2013) (SR-EDGA-2013-14).

Currently, the Exchange provides ports used to request a retransmission of data free of charge. Going forward, the Exchange would no longer offer such ports free of charge, as proposed below. There are currently two types of logical ports used to request and receive a retransmission of data from the Exchange,<sup>10</sup> Multicast PITCH Spin Server Ports and Multicast PITCH GRP Ports. The Exchange's Multicast PITCH data feed is available from two primary feeds, identified as the "A feed" and the "C feed", which contain the same information but differ only in the way such feeds are received. The Exchange also offers two redundant fees, identified as the "B feed" and the "D feed."

The Exchange proposes to offer Multicast PITCH Spin Server Ports for a fee of \$500 per month for a set of primary ports (A or C feed) and Multicast PITCH GRP Ports for a fee of \$500 per month for a primary port (A or C feed). The Exchange will continue to offer for free the ports necessary to receive the Exchange's redundant Multicast "B feed" and "D feed", as well as all ports made available in the Exchange's secondary data center. Accordingly, this proposal only applies to ports used to receive an Exchange primary Multicast PITCH feeds at the Exchange's primary data center. The proposed fees for Multicast PITCH Spin Server Ports and GRP Ports are identical to those charged by BZX and BYX.

Lastly, the Exchange proposes to rename this section of its Fee Schedule entitled "Port Fees" as "Logical Port Fees."

#### Non-Substantive Changes

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<sup>10</sup> FIX and BOE ports are the only ports that may be used to send orders and related instructions to the Exchange. All other port types, including the Multicast PITCH Spin Server Port and GRP Port, permit Members and non-members to receive information from the Exchange.

The Exchange also proposes to make a series of immaterial, non-substantive changes to its Fee Schedule. None of the changes proposed are intended to amend any fee or rebate. These changes are:

- Remove the word “the” from the description of fee code D;
- Remove the word “the” from the description of fee code RN;
- Amend footnote 2 to add a colon after Tape B Step Up Tier;
- Amend the Market Data Section to add a colon after BATS One Feed<sup>sm</sup>;
- Add a colon after ConnectEdge; and
- Add a colon after Licensing and Continuing Education.

#### Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on April 1, 2015.

#### (b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>12</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order

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<sup>11</sup> 15 U.S.C. 78f.

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

flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

#### Logical Ports

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>13</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that its proposed changes, combined with the planned filings for EDGA, BZX and BYX,<sup>14</sup> would allow the BGM Affiliated Exchanges to provide consistent logical port offerings across each of the BGM Affiliated Exchanges. Consistent offerings, in turn, will simplify the connectivity requirements for Members of the Exchange that are also participants on EDGA, BZX and/or BYX. The proposed rule change would result in greater uniformity and less burdensome and more efficient understanding of Exchange connectivity requirements.

The Exchange also believes that no longer providing the first two (2) logical ports for free as well as ports used to request a retransmission of market data also represents an equitable allocation of reasonable dues, fees and other charges. The Exchange operates in a highly competitive market in which exchanges offer connectivity services as a means to facilitate the trading activities of members and other participants. Accordingly, fees charged for connectivity are constrained by the active competition for the order flow of

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<sup>13</sup> 15 U.S.C. 78f(b)(4).

<sup>14</sup> See supra note 6.

such participants as well as demand for market data from the Exchange. If a particular exchange charges excessive fees for connectivity, affected members will opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, the exchange charging excessive fees would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it by affected members, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity. Lastly, the Exchange believe its proposed fees are reasonable because the Nasdaq Stock Market LLC ("Nasdaq") and the NYSE Arca, Inc. ("NYSE Arca") do not provide logical ports or ports used for the retransmission of market data free of charge.<sup>15</sup>

The Exchange believes that its proposed changes to logical port fees are reasonable in light of the benefits to Exchange participants of direct market access and receipt of data. In addition, the Exchange believes that its fees are equitably allocated among Exchange constituents based upon the number of access ports that they require to receive data from the Exchange. Further, the Exchange believes that its fees are not unreasonably discriminatory because all market participants are charged standard fees for port usage. The Exchange notes that it believes its prior fee structure, under which two

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<sup>15</sup> See Nasdaq Rule 7015 (providing no FIX or non-Trading FIX ports free of charge) and the NYSE Arca fee schedule available at [https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE\\_Arca\\_Marketplace\\_Fees.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf) (dated February 26, 2105).

ports were provided free of charge, was reasonable, equitably allocated and not unreasonably discriminatory because it was available to all market participants and was intended to encourage Members and non-members to connect to the Exchange. However, by moving towards a more uniform approach to port descriptions and charges across the BGM Affiliated Exchanges, the Exchange believes that its fees are even more equitably allocated and nondiscriminatory. The Exchange also believes that its fees for access services will enable it to better cover its infrastructure costs and to improve its market technology and services.

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all Members. All Members that voluntarily select various service options will be charged the same amount for the same services. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the services offered by the Exchange.

#### Non-Substantive Changes

The Exchange believes that the non-substantive clarifying changes to its Fee Schedule are equitable, reasonable, and non-discriminatory because none of the proposed changes are designed to amend any fee, nor alter the manner in which it assesses fees or calculates rebates. These non-substantive changes to the Fee Schedule are intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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

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

##### Logical Ports

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that, other than no longer providing two (2) ports or ports used for the retransmission of market data for free each month, it does not propose to alter the fees charged from their current levels. As discussed above, the Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, including logical port fees, would serve to impair an exchange's ability to compete for order flow rather than burdening competition. In addition, allowing the Exchange to implement substantively identical logical port fees across each of the BGM Affiliated Exchanges does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BYX, BZX, and EDGA. Lastly, the Exchange believes

the proposal to no longer provide two (2) ports or ports used for the retransmission of market data for free each month would enhance intermarket competition because Nasdaq and NYSE Arca do not provide logical ports or ports used for the retransmission of market data free of charge.<sup>16</sup> The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all Members and non-Members equally.

#### Non-Substantive Changes

The Exchange believes that the non-substantive changes to the Fee Schedule will not affect intermarket nor intramarket competition because none of these changes are designed to amend any fee or alter the manner in which the Exchange assesses fees or calculates rebates.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

#### 6. Extension of Time Period for Commission Action

Not applicable.

#### 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) This proposed rule change is filed pursuant to paragraph (A) of Section 19(b)(3) of the Act.

(b) This proposed rule change establishes dues, fees or other charges among its

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<sup>16</sup> Id.

members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>17</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>18</sup>

(c) Inapplicable.

(d) Inapplicable.

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

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

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

Not applicable.

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

Not applicable.

11. Exhibits

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

Exhibit 5 – Text of the Proposed Rule Change.

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>18</sup> 17 CFR 240.19b-4(f)(2).

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-EDGX-2015-16)

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, EDGX Exchange, Inc. (the “Exchange” or “EDGX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange filed a proposal to amend its fees and rebates applicable to Members<sup>5</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c) (“Fee Schedule”) to:

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

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

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

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

<sup>5</sup> The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to

(i) amend the fees charged for and description of the logical ports<sup>6</sup> offered; and (ii) make a series of immaterial, non-substantive changes.

The text of the proposed rule change is available at the Exchange's website at [www.batstrading.com](http://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

The Exchange proposes to: (i) amend the fees charged for and description of the logical ports offered; and (ii) make a series of immaterial, non-substantive changes.

Logical Ports

Currently, the Exchange maintains logical ports for order entry, drop copies,

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membership in the Exchange. A Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act." See Exchange Rule 1.5(n).

<sup>6</sup> A logical port is commonly referred to as a TCP/IP port, and represents a port established by the Exchange within the Exchange's system for trading and billing purposes. Each logical port established is specific to a Member or non-member and grants that Member or non-member the ability to operate a specific application, such as FIX order entry or Multicast PITCH data receipt.

testing, and market data for which it currently charges \$500 per month per port, with the first two (2) ports provided free of charge. Ports used to request a re-transmission of market data from the Exchange are also provided free of charge.

In early 2014, the Exchange and its affiliate, EDGA Exchange, Inc. (“EDGA”), received approval to effect a merger (the “Merger”) of the Exchange’s parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BZX and BYX (together with BZX, EDGA, and EDGX, the “BGM Affiliated Exchanges”).<sup>7</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align certain system and regulatory functionality, retaining only intended differences between the BGM Affiliated Exchanges. This includes migrating the BGM Affiliated Exchanges, which are currently located in different data centers, into a single data center. As part of the data center migration, the operation and categorization of logical ports provided to access the Exchange would be identical to those utilized to access BZX and BYX. Therefore, the Exchange proposes to harmonize its description of logical ports within its Fee Schedule to align with the descriptions included in the BZX and BYX fee schedules.<sup>8</sup> As a result, the Exchange also proposes to no longer provide free of charge: (i) the first two (2) logical ports per month; and (ii) ports used to request a re-transmission of market

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<sup>7</sup> See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-043; SR-EDGA-2013-034).

<sup>8</sup> The Exchange notes that EDGA intends to file a proposal very similar to this proposal that will align its logical port fees across each of the BGM Affiliated Exchanges. The Exchange also notes that BZX and BYX also intend to file a proposal to increase its port fees from \$400 per month per port to \$500 per month per port as well as to change references to “GRP Ports” to “Multicast PITCH GRP Ports”.

data from the Exchange. The Exchange communicated to Members and non-Members of these changes via a trading notice issued on October 7, 2014.<sup>9</sup>

First, the Exchange proposes to harmonize its description of logical ports within its Fee Schedule to align with the descriptions included in the BZX and BYX fee schedules. As part of the data center migration discussed above, the operation and categorization of ports provided to access the Exchange would be identical to those utilized to access BZX and BYX. Currently, the Exchange charges direct session logical ports fees of \$500 per month and separately categorizes those ports as FIX, EDGE XPRS (HPI-API), Data, DROP, EdgeRisk. To harmonize the description of the logical ports offered with those of BZX and BYX, the Exchange proposes to no longer individually list the available ports (other than Multicast PITCH Spin Server and GRP ports described below) as all of the above are encompassed under the term logical ports. In addition, EdgeRisk ports will also no longer be separately listed within in the Fee Schedule. EdgeRisk ports enable Members, and non-Member service bureaus that act as conduits for orders entered by Members that are their customers, access to a System<sup>10</sup> test environment through which they can test their automated systems that integrate with the Exchange.<sup>11</sup> Under BATS technology, Members and non-Members would no longer need a dedicated port to access the Exchange's test environment as they would be able to

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<sup>9</sup> See BATS Global Markets Access Fee Changes for 2015, available at [http://cdn.batstrading.com/resources/fee\\_schedule/2015/BATS-Global-Markets-Access-Services-Fee-Changes-for-2015.pdf](http://cdn.batstrading.com/resources/fee_schedule/2015/BATS-Global-Markets-Access-Services-Fee-Changes-for-2015.pdf) (issued October 7, 2014).

<sup>10</sup> The term "System" is defined in Rule 1.5(cc).

<sup>11</sup> See Securities Exchange Act Release Nos. 69670 (May 30, 2013), 78 FR 33871 (June 5, 2013) (SR-EDGX-2013-18); and 69669 (May 30, 2013), 78 FR 33880 (June 5, 2013) (SR-EDGA-2013-14).

utilize any of their existing ports to do so. Therefore, the Exchange proposes to not individually list EdgeRisk as a separate logical port.

Second, other than no longer providing certain ports free of charge as described below, the Exchange does not propose to amend the monthly fee logical port fees. All logical ports will continue to be subject to a fee of \$500 per month per port. In addition, logical port fees proposed above would be limited to logical ports in the Exchange's primary data center and no logical port fees would be assessed for redundant secondary data center ports. In addition, the Exchange also proposes to no longer provide the first two (2) logical ports free of charge. The Exchange, like BZX and BYX, will assess the monthly per logical port fees for all of a Member and non-Member's logical ports.

Currently, the Exchange provides ports used to request a retransmission of data free of charge. Going forward, the Exchange would no longer offer such ports free of charge, as proposed below. There are currently two types of logical ports used to request and receive a retransmission of data from the Exchange,<sup>12</sup> Multicast PITCH Spin Server Ports and Multicast PITCH GRP Ports. The Exchange's Multicast PITCH data feed is available from two primary feeds, identified as the "A feed" and the "C feed", which contain the same information but differ only in the way such feeds are received. The Exchange also offers two redundant fees, identified as the "B feed" and the "D feed."

The Exchange proposes to offer Multicast PITCH Spin Server Ports for a fee of \$500 per month for a set of primary ports (A or C feed) and Multicast PITCH GRP Ports

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<sup>12</sup> FIX and BOE ports are the only ports that may be used to send orders and related instructions to the Exchange. All other port types, including the Multicast PITCH Spin Server Port and GRP Port, permit Members and non-members to receive information from the Exchange.

for a fee of \$500 per month for a primary port (A or C feed). The Exchange will continue to offer for free the ports necessary to receive the Exchange's redundant Multicast "B feed" and "D feed", as well as all ports made available in the Exchange's secondary data center. Accordingly, this proposal only applies to ports used to receive an Exchange primary Multicast PITCH feeds at the Exchange's primary data center. The proposed fees for Multicast PITCH Spin Server Ports and GRP Ports are identical to those charged by BZX and BYX.

Lastly, the Exchange proposes to rename this section of its Fee Schedule entitled "Port Fees" as "Logical Port Fees."

#### Non-Substantive Changes

The Exchange also proposes to make a series of immaterial, non-substantive changes to its Fee Schedule. None of the changes proposed are intended to amend any fee or rebate. These changes are:

- Remove the word "the" from the description of fee code D;
- Remove the word "the" from the description of fee code RN;
- Amend footnote 2 to add a colon after Tape B Step Up Tier;
- Amend the Market Data Section to add a colon after BATS One Feed<sup>sm</sup>;
- Add a colon after ConnectEdge; and
- Add a colon after Licensing and Continuing Education.

#### Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on April 1, 2015.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>13</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>14</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

#### Logical Ports

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>15</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that its proposed changes, combined with the planned filings for EDGA, BZX and BYX,<sup>16</sup> would allow the BGM Affiliated Exchanges to provide consistent logical port offerings across each of the BGM

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<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(4).

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

<sup>16</sup> See supra note 8.

Affiliated Exchanges. Consistent offerings, in turn, will simplify the connectivity requirements for Members of the Exchange that are also participants on EDGA, BZX and/or BYX. The proposed rule change would result in greater uniformity and less burdensome and more efficient understanding of Exchange connectivity requirements.

The Exchange also believes that no longer providing the first two (2) logical ports for free as well as ports used to request a retransmission of market data also represents an equitable allocation of reasonable dues, fees and other charges. The Exchange operates in a highly competitive market in which exchanges offer connectivity services as a means to facilitate the trading activities of members and other participants. Accordingly, fees charged for connectivity are constrained by the active competition for the order flow of such participants as well as demand for market data from the Exchange. If a particular exchange charges excessive fees for connectivity, affected members will opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, the exchange charging excessive fees would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it by affected members, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity. Lastly, the Exchange believe its proposed fees are reasonable because the Nasdaq Stock Market LLC ("Nasdaq") and the NYSE Arca, Inc.

(“NYSE Arca”) do not provide logical ports or ports used for the retransmission of market data free of charge.<sup>17</sup>

The Exchange believes that its proposed changes to logical port fees are reasonable in light of the benefits to Exchange participants of direct market access and receipt of data. In addition, the Exchange believes that its fees are equitably allocated among Exchange constituents based upon the number of access ports that they require to receive data from the Exchange. Further, the Exchange believes that its fees are not unreasonably discriminatory because all market participants are charged standard fees for port usage. The Exchange notes that it believes its prior fee structure, under which two ports were provided free of charge, was reasonable, equitably allocated and not unreasonably discriminatory because it was available to all market participants and was intended to encourage Members and non-members to connect to the Exchange. However, by moving towards a more uniform approach to port descriptions and charges across the BGM Affiliated Exchanges, the Exchange believes that its fees are even more equitably allocated and nondiscriminatory. The Exchange also believes that its fees for access services will enable it to better cover its infrastructure costs and to improve its market technology and services.

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all Members. All Members that voluntarily select various service options will be charged the same amount

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<sup>17</sup> See Nasdaq Rule 7015 (providing no FIX or non-Trading FIX ports free of charge) and the NYSE Arca fee schedule available at [https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE\\_Arca\\_Marketplace\\_Fees.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf) (dated February 26, 2105).

for the same services. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the services offered by the Exchange.

#### Non-Substantive Changes

The Exchange believes that the non-substantive clarifying changes to its Fee Schedule are equitable, reasonable, and non-discriminatory because none of the proposed changes are designed to amend any fee, nor alter the manner in which it assesses fees or calculates rebates. These non-substantive changes to the Fee Schedule are intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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

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

#### Logical Ports

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that, other than no longer providing two (2) ports or ports used for the retransmission of market data for free each month, it does not propose to alter the fees charged from their current levels. As discussed above, the Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, including logical port fees, would serve to impair an exchange's ability to compete for order flow rather than burdening competition. In addition, allowing the Exchange to implement substantively identical logical port fees across each of the BGM Affiliated Exchanges does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BYX, BZX, and EDGA. Lastly, the Exchange believes the proposal to no longer provide two (2) ports or ports used for the retransmission of market data for free each month would enhance intermarket competition because Nasdaq and NYSE Arca do not provide logical ports or ports used for the retransmission of market data free of charge.<sup>18</sup> The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all Members and non-Members equally.

#### Non-Substantive Changes

The Exchange believes that the non-substantive changes to the Fee Schedule will not affect intermarket nor intramarket competition because none of these changes are

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<sup>18</sup> Id.

designed to amend any fee or alter the manner in which the Exchange assesses fees or calculates rebates.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>19</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>20</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

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<sup>19</sup> 15 U.S.C. 78s(b)(3)(A).

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

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-EDGX-2015-16 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-EDGX-2015-16. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-EDGX-2015-16 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to  
delegated authority.<sup>21</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>21</sup> 17 CFR 200.30-3(a)(12).

Additions are underlined>; deletions are [bracketed].

**EDGX Exchange, Inc. Fee Schedule – Effective [March 17]April 1, 2015**

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**Fee Codes and Associated Fees:**

| <b>Fee Code</b>      | <b>Description</b>   | <b>Fee/(Rebate)<br/>Securities at or<br/>above \$1.00</b> | <b>Fee/(Rebate)<br/>Securities<br/>below \$1.00</b> |
|----------------------|--|---|---|
| 10 – CL <sup>9</sup> | (No change).   |   |   |
| D                    | Routed to NYSE or routed using [the] RDOT routing strategy         | 0.00270   | 0.30% of Dollar Value                               |
| EA <sup>7</sup> – RB | (No change).   |   |   |
| RN                   | Routed to NASDAQ using [the] ROOC routing strategy, adds liquidity | (0.00150)   | Free  |
| RP – ZR <sup>4</sup> | (No change).   |   |   |

\* \* \* \* \*

**Footnotes:**

<sup>1</sup> (No change).

**<sup>2</sup> Tape B Step Up Tier:**

| <b>Rebate per share to Add</b>                   | <b>Required Criteria</b>   |
|--|--|
| (\$0.0027) for orders yielding fee codes B and 4 | Member adds an ADV of at least 600,000 shares in Tape B securities more than the Member's added ADV in Tape B Securities from August 2013. |

\* \* \* \* \*

**Logical Port Fees:**

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|  | <b>Fee</b>  | <b>Billable Unit</b> |
|--|-------------|----------------------|
| Direct Sessions (FIX, EDGE XPRS <sup>®</sup> (HP-API), Data, DROP, EdgeRisk Ports <sup>SM</sup> ) Logical Port Fees* | \$500/month | Session              |

*\*First two (2) Direct Logical Ports are provided free of charge.*

Ports used to request a re-transmission of market data from the Exchange are provided free of charge.]

| <u>Service</u>  | <u>Fee</u>                                |
|---|---|
| <u>Logical Ports (excluding Multicast PITCH Spin Server Port or GRP Port)</u> | <u>\$500/port/month</u>                   |
| <u>Multicast PITCH Spin Server</u>  | <u>\$500/set of primary (A or C feed)</u> |
| <u>Multicast PITCH GRP Ports</u>  | <u>\$500/primary (A or C feed)</u>        |

- Logical port fees are limited to logical ports within the primary data center. No logical port fees will be assessed for redundant secondary data center ports.
- Multicast PITCH is available through one of two primary feeds, either the A or C feed. All secondary feed Multicast PITCH Spin Server and GRP Ports are provided for redundancy at no additional cost.

\* \* \* \* \*

**Market Data Fees:**

\* \* \* \* \*

**BATS One Feed<sup>sm</sup>:**

\* \* \* \* \*

**ConnectEdge:**

\* \* \* \* \*

**Licensing and Continuing Education:**

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