

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of \* 25

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4File No.\* SR - 2011 - \* 29  
Amendment No. (req. for Amendments \*) 1

Proposed Rule Change 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) \*  
☐

## Rule

Pilot  
☐Extension of Time Period  
for Commission Action \*  
☐Date Expires \*  
☐ 19b-4(f)(1)☐ 19b-4(f)(4)☐ 19b-4(f)(2)☐ 19b-4(f)(5)☐ 19b-4(f)(3)☐ 19b-4(f)(6)Exhibit 2 Sent As Paper Document  
☐Exhibit 3 Sent As Paper Document  
☐**Description**

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

**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 proposed rule change.

First Name \* Thomas

Last Name \* McManus

Title \* Chief Regulatory Officer

E-mail \* tmcmanus@directedge.com

Telephone \* (201) 418-3471

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 officer.

Date 12/14/2011

By Thomas N. McManus

(Name \*)

Chief Regulatory Officer

(Title \*)

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.

Thomas McManus,

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information (required)**

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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 (required)**

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

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Exhibit Sent As Paper Document

☐

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

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

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Exhibit Sent As Paper Document

☐

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

1. Text of the Proposed Rule Change

- (a) EDGA Exchange, Inc. (“EDGA” or the “Exchange”), proposes to amend SR-EDGA-2011-29 by deleting proposed Rule 11.21(e). The text of the proposed rule change is attached as Exhibit 5 and is available on the Exchange’s website at [www.directedge.com](http://www.directedge.com), at the Exchange’s principal office, and at the Public Reference Room of the Commission.
- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on April 27, 2010. Exchange staff will advise the EDGA Exchange Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change. 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:

Thomas N. McManus  
Chief Regulatory Officer  
EDGA Exchange, Inc.  
201-418-3471

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

(a) Purpose

The Exchange is proposing to amend SR-EDGA-2011-29 by deleting proposed Rule 11.21(e), which would have allowed the Exchange, upon the request of a Market Maker, to enter, refresh, cancel and re-enter, under specified circumstances, two-sided quotations on behalf of the Market Maker at prices within a Designated Percentage<sup>1</sup> away from the then current NBBO. Due to

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<sup>1</sup> All defined terms in this Amendment No. 1 are defined as in SR-EDGA-2011-29 (August 30, 2011).

concerns raised by Commission staff about the extent to which Market Makers, under the circumstances provided for in Rule 11.21(e), would reasonably be able to comply with certain provisions of the Securities and Exchange Act of 1934 (the “Act”), rules promulgated by the Commission thereunder and rules of the Exchange, the Exchange is proposing to delete proposed Rule 11.21(e) at this time. The Exchange will continue to work constructively with Commission staff to ascertain whether modifications to the kind of functionality contemplated by proposed Rule 11.21(e) could be implemented to feasibly facilitate compliance by Market Makers with all pertinent legal and regulatory responsibilities.

(b) Statutory Basis

No change.

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

No change.

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

No change.

6. Extension of Time Period for Commission Action

No change.

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

No change.

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

No change.

9. Exhibits

Exhibit 4 - Marked Copy of Rule Text

Exhibit 5 – Text of Proposed Rule Change.

## Exhibit 4

Text is marked to show changes to proposed rule language in original filing. Deletions from original filing are ~~stricken through~~

## Rule 1.5. Definitions (No change in text.)

(a) – (k) (No change in text.)

(l) Market Maker

The term “Market Maker” shall mean a Member that acts as a Market Maker pursuant to Chapter XI.

(m) Market Maker Authorized Trader

The term “Market Maker Authorized Trader” or “MMAT” shall mean an authorized trader who performs market making activities pursuant to Chapter XI on behalf of a Market Maker.

[(l)] (n) Member

(No change in text.)

[(m)] (o) NBB, NBO and NBBO

(No change in text.)

[(n)] (p) Person

(No change in text.)

[(o)] (q) Person Associated with a Member

(No change in text.)

[(p)] (r) Post-Closing Session

(No change in text.)

[(q)] (s) Pre-Opening Session

(No change in text.)

[(r)] (t) Principal

(No change in text.)

[(s)] (u) Protected NBB, Protected NBO and Protected NBBO

(No change in text.)

[(t)] (v) Protected Bid, Protected Offer and Protected Quotation

(No change in text.)

[(u)] (w) Qualified Clearing Agency

(No change in text.)

[(v)] (x) Registered Broker or Dealer

(No change in text.)

[(w)] (y) Regular Trading Hours

(No change in text.)

[(x)] (z) Sponsored Participant

(No change in text.)

[(y)] (aa) Sponsoring Member

(No change in text.)

[(z)] (bb) Statutory Disqualification

(No change in text.)

[(aa)] (cc) System

(No change in text.)

[(bb)] (dd) Top of Book

(No change in text.)

[(cc)] (ee) User

(No change in text.)

[(dd)] (ff) UTP Security

(No change in text.)

\* \* \* \* \*

## Rule 8.15. Imposition of Fines for Minor Violation(s) of Rules

(a) – (e) (No change in text.)

*Interpretations and Policies*

.01 List of Exchange Rule Violations and Recommended Fine Schedule Pursuant to Rule 8.15: (No change in text.)

(a) – (f) (No change in text.)

*Recommended Fine Amount for 8.15.01(g)-(h) : \$100 per violation*

(g) (No change in text.)

(h) Rule 11.21(a)(1) requirement for Market Makers to maintain continuous, two-sided quotations

\* \* \* \* \*

Rule 11.17 (Reserved)

Rule 11.18. Registration of Market Makers(a) An applicant for registration as a Market Maker shall file an application in writing on such form as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider such factors including, but not limited to, capital, operations, personnel, technical resources and disciplinary history. Each Market Maker must have and maintain minimum net capital of at least the amount required under Rule 15c3-1 under the Exchange Act.(b) An applicant's registration as a Market Maker shall become effective upon receipt by the Member of notice of an approval of registration by the Exchange.(c) The registration of a Market Maker may be suspended or terminated by the Exchange if the Exchange determines that:(1) The Market Maker has substantially or continually failed to engage in dealings in accordance with Rule 11.21 or elsewhere in these Rules;(2) The Market Maker has failed to meet the minimum net capital conditions set forth under paragraph (a) above;(3) The Market Maker has failed to maintain fair and orderly markets; or

(4) The Market Maker does not have at least one registered Market Maker Authorized Trader (“MMAT”) qualified to perform market making activities as set forth in Rule 11.19(b)(5). A MMAT whose registration is suspended pursuant to this paragraph (c) shall not be deemed qualified within the meaning of this subsection.

(d) Any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a certain minimum prior notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest of maintaining fair and orderly markets.

(e) Any person aggrieved by any determination under this Rule 11.18 or Rules 11.19 or 11.20 below may seek review under Chapter X of Exchange Rules governing adverse action.

(f) Registered Market Makers are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

#### Rule 11.19. Obligations of Market Maker Authorized Traders

(a) General. MMATs are permitted to enter orders only for the account of the Market Maker for which they are registered.

(b) Registration of Market Maker Authorized Traders. The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as a MMAT.

(1) MMATs may be officers, partners, employees or other associated persons of Members that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as a MMAT, a person must successfully complete the General Securities Representative Examination (Series 7) or equivalent foreign examination module approved by the Exchange and any other training and/or certification programs as may be required by the Exchange.

(3) The Exchange may require a Market Maker to provide any and all additional information the Exchange deems necessary to establish whether registration should be granted.

(4) The Exchange may grant a person conditional registration as a MMAT subject to any conditions it considers appropriate in the interest of maintaining a fair and orderly market.

(5) A Market Maker must ensure that a MMAT is properly qualified to perform market making activities, including, but not limited to, ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.

(c) Suspension or Withdrawal of Registration.



(1) The Exchange may suspend or withdraw the registration previously given to a person to be a MMAT if the Exchange determines that:

(A) the person has caused the Market Maker to fail to comply with the securities laws, rules and regulations or the By-Laws, Rules and procedures of the Exchange;

(B) the person is not properly performing the responsibilities of a MMAT;

(C) the person has failed to meet the conditions set forth under Paragraph (b) above; or

(D) the MMAT has failed to maintain fair and orderly markets.

(2) If the Exchange suspends the registration of a person as a MMAT, the Market Maker must not allow the person to submit orders into the System.

(3) The registration of a MMAT will be withdrawn upon the written request of the Member for which the MMAT is registered. Such written request shall be submitted on a form prescribed by the Exchange.

#### Rule 11.20. Registration of Market Makers in a Security

(a) A Market Maker may become registered in a newly authorized security or in a security already admitted to dealings on the Exchange by filing a security registration form with the Exchange. Registration in the security shall become effective on the same day as the Exchange's approval of the registration, unless otherwise provided by the Exchange. In considering the approval of the registration of the Market Maker in a security, the Exchange may consider:

(1) the financial resources available to the Market Maker;

(2) the Market Maker's experience, expertise and past performance in making markets, including the Market Maker's performance in other securities;

(3) the Market Maker's operational capability;

(4) the maintenance and enhancement of competition among Market Makers in each security in which the Market Maker is registered;

(5) the existence of satisfactory arrangements for clearing the Market Maker's transactions; and

(6) the character of the market for the security, e.g., price, volatility and relative liquidity.

(b) Voluntary Termination of Security Registration. A Market Maker may voluntarily terminate its registration in a security by providing the Exchange with a written notice of such termination. The Exchange may require a certain minimum, prior notice period for such termination, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest of maintaining fair and orderly markets. A Market Maker that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action pursuant to Chapter VIII of these Rules.

(c) The Exchange may suspend or terminate any registration of a Market Maker in a security or securities under this Rule 11.20 whenever the Exchange determines that:

(1) The Market Maker has not met any of its obligations as set forth in these Rules; or

(2) The Market Maker has failed to maintain fair and orderly markets. A Market Maker whose registration is suspended or terminated pursuant to this Rule 11.20(c) may seek review under Chapter X of Exchange Rules governing adverse action.

(d) Nothing in this Rule 11.20 will limit any other power of the Exchange under the By-Laws, Rules or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule 11.20.

#### Rule 11.21. Obligations of Market Makers

(a) General. Members who are registered as Market Makers in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Exchange in accordance with these Rules. The responsibilities and duties of a Market Maker specifically include, but are not limited to, the following:

(1) Maintain continuous, two-sided quotations consistent with the requirements of paragraph (d) below;

(2) Remain in good standing with the Exchange and in compliance with all Exchange Rules applicable to it;

(3) Inform the Exchange of any material change in financial or operational condition or in personnel;

(4) Maintain a current list of MMATs who are permitted to enter orders on behalf of the Market Maker and provide an updated version of this list to the Exchange upon any change in MMATs; and

(5) Clear and settle transactions through the facilities of a registered clearing agency. This requirement may be satisfied by direct participation, use of direct clearing services or by entering into a correspondent clearing arrangement with another Member that clears trades through such agency.

(b) A Market Maker shall be responsible for the acts and omissions of its MMATs.

(c) If the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such Market Maker will be subject to disciplinary action, including, without limitation, suspension or revocation of its registration by the Exchange in one or more of the securities in which the Market Maker is registered. Nothing in this Rule 11.21 limits any powers of the Exchange under the By-Laws, Rules or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule 11.21. Any Member aggrieved by any determination under this Rule 11.21 may seek review under Chapter X of the Exchange Rules governing adverse action.

(d) Quotation Requirements and Obligations

(1) *Continuous, Two-Sided Quote Obligation.* For each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation") that is displayed in the Exchange's System at all times. Interest eligible to be considered as part of a Market Maker's Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a "normal unit of trading" shall be 100 shares. After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the System to satisfy its Two-Sided Obligation by immediately entering new interest to comply with this obligation to maintain continuous, two-sided quotations.

(2) *Pricing Obligations.* For NMS stocks (as defined in Rule 600 of Regulation NMS), a Market Maker shall adhere to the pricing obligations established by this Rule during Regular Trading Hours; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension or pause, and shall not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension or pause, as reported by the responsible single plan processor.

(A) Bid Quotations. At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current NBB, or if no NBB, not more than the Designated Percentage away from the last reported sale as reported by the responsible single plan processor. In the event that the NBB (or if no NBB, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBB (or if no NBB, the last reported sale), or if the bid is executed or cancelled, the Market Maker shall enter new bid interest at a price not more

than the Designated Percentage away from the then current NBB (or if no NBB, the last reported sale).

(B) Offer Quotations. At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current NBO, or if no NBO, not more than the Designated Percentage away from the last reported sale reported by the responsible single plan processor. In the event that the NBO (or if no NBO, the last reported sale) decreases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBO (or if no NBO, the last reported sale), or if the offer is executed or cancelled, the Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current NBO (or if no NBO, the last reported sale).

(C) The NBB and NBO, as defined in Rule 1.5, shall be determined by the Exchange in accordance with its procedures for determining Protected Quotations under Rule 600 of Regulation NMS.

(D) For purposes of this Rule, the term “Designated Percentage” shall mean 8% with respect to securities included in the S&P 500<sup>®</sup> Index and the Russell 1000<sup>®</sup> Index, as well as a pilot list of Exchange Traded Products for securities subject to an individual stock pause trigger under the applicable rules of a primary listing market (“Original Circuit Breaker Securities”). For times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Designated Percentage shall be 20% for Original Circuit Breaker Securities.

(E) The Designated Percentage shall be 28% for all NMS securities that are not Original Circuit Breaker Securities with a price equal to or greater than \$1, and 30% for all NMS securities that are not Original Circuit Breaker Securities with a price less than \$1.

(F) For purposes of this Rule, the term “Defined Limit” shall mean 9.5% for Original Circuit Breaker Securities. For times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Defined Limit shall be 21.5% for Original Circuit Breaker Securities.

(G) The Defined Limit shall be 29.5% for all NMS securities that are not Original Circuit Breaker Securities with a price equal to or greater than \$1, and 31.5% for all NMS securities that are not Original Circuit Breaker Securities with a price less than \$1.

(H) Nothing in this Rule shall preclude a Market Maker from quoting at price levels that are closer to the NBBO than the levels required by this Rule.

(I) The minimum quotation increment for quotations in the system of \$1.00 or above shall be \$0.01. The minimum quotation increment in the System for quotations below \$1.00 shall be \$0.0001.

(e) The Exchange will, upon request of a Market Maker received prior to 9:00 a.m. (Eastern Time) on a day in which the Exchange is open for business, enter on behalf of such Market Maker a two-sided quotation in each security to which the request applies. The Exchange will refresh such two-sided quotations in each security in which a Market Maker is registered for a maximum of ten (10) executions per security per Market Maker. After such time, the Market Maker must contact the Exchange in order for the Exchange to continue such two-sided quotations for another ten (10) executions on behalf of the Market Maker. If the Market Maker does not contact the Exchange, the Exchange will not refresh such two-sided quotations. Such bids and offers will be entered at the Designated Percentage away from the then current NBB and NBO, or if there is no NBB or NBO, at the Designated Percentage away from the last reported sale as reported by the responsible single plan processor. Upon reaching the Defined Limit, a bid or offer entered pursuant to this paragraph will be cancelled and re-entered at the Designated Percentage away from the then current NBB and NBO, or if there is no NBB or NBO, at the Designated Percentage away from the last sale reported by the responsible single plan processor. If a bid or offer entered pursuant to this paragraph moves a specified number of percentage points away from the Designated Percentage towards the then current NBB or NBO, which number of percentage points will be determined and published in a circular distributed to Members from time to time, such bid or offer will be cancelled and re-entered at the Designated Percentage away from the then current NBB and NBO, or if there is no NBB or NBO, at the Designated Percentage away from the last sale reported by the responsible single plan processor. If a bid or offer entered pursuant to this paragraph is executed, the Exchange will re-enter a new bid or offer at the Designated Percentage away from the then current NBB and NBO, or if there is no NBB or NBO, at the Designated Percentage away from the last sale reported by the responsible single plan processor. Bids and offers entered by the Exchange pursuant to this paragraph will be designated as Post Only Orders pursuant to Rule 11.5(c)(5), will each be in the amount of one normal unit of trading, and will be posted in the EDGA Book during Regular Trading Hours unless cancelled by the Market Maker. In the event that a Market Maker cancels the quotations entered by the Exchange in accordance with this paragraph, such Market Maker remains responsible for compliance with the requirements of paragraph (d).

#### Interpretation and Policies

.01 The obligation of a Market Maker pursuant to Rule 11.21(a)(3) to “inform the Exchange of any material change in financial or operational condition” includes the requirement to submit a copy to the Exchange of a notice sent to the Securities and Exchange Commission (“SEC”) pursuant to Rule 17a-11 under the Exchange Act. The notice to the Exchange must be sent concurrently with the notice sent to the SEC. See also, EDGA Rule 4.2.

\* \* \* \* \*

## CHAPTER XIV. SECURITIES TRADED

## Rule 14.1. Unlisted Trading Privileges

(a) (No change in text.)

(b) (No change in text.)

(c) (No change in text.)

(1)-(4) (No change in text.)

(5) Market Maker Restrictions. The following restrictions shall apply to each Member registered as a Market Maker on the Exchange ("Restricted Market Maker") in a UTP Derivative Security that derives its value from one or more currencies, or commodities, or derivatives based on one or more currencies, or commodities, or is based on a basket or index comprised of currencies or commodities (collectively, "Reference Assets"):

(A) A Restricted Market Maker in a UTP Derivative Security is prohibited from acting or registering as a market maker on another exchange in any Reference Asset of that UTP Derivative Security, or any derivative instrument based on a Reference Asset of that UTP Derivative Security (collectively, with Reference Assets, "Related Instruments").

(B) A Restricted Market Maker shall, in a manner prescribed by the Exchange, file with the Exchange and keep current a list identifying any accounts ("Related Instrument Trading Accounts") for which Related Instruments are traded:

- (i) in which the Restricted Market Maker holds an interest;
- (ii) over which it has investment discretion; or
- (iii) in which it shares in the profits and/or losses.

A Restricted Market Maker may not have an interest in, exercise investment discretion over, or share in the profits and/or losses of a Related Instrument Trading Account which has not been reported to the Exchange as required by this Rule.

(C) In addition to the existing obligations under Exchange rules regarding the production of books and records, a Restricted Market Maker shall, upon request by the Exchange, make available to the Exchange any books, records or other information pertaining to any Related Instrument Trading Account or to the account of any registered or non-registered employee affiliated with the Restricted Market Maker for which Related Instruments are traded.

(D) A Restricted Market Maker shall not use any material, non-public information in connection with trading a Related Instrument.

~~[(5)]~~ (6) Surveillance. The Exchange shall enter into a comprehensive surveillance sharing agreement with other markets that offer trading [components of the index or portfolio on which the UTP Derivative Security is based]in Related Instruments to the same extent as the

listing exchange's rules require the listing exchange to enter into a comprehensive surveillance sharing agreement with such markets.

#### Interpretations and Policies

.01 (No change in text.)

(a)-(b) (No change in text.)

\* \* \* \* \*

Exhibit 5

Additions: Underlined

Deletions: [Bracketed]

Rule 1.5. Definitions (No change in text.)

(a) – (k) (No change in text.)

(l) Market Maker

The term “Market Maker” shall mean a Member that acts as a Market Maker pursuant to Chapter XI.

(m) Market Maker Authorized Trader

The term “Market Maker Authorized Trader” or “MMAT” shall mean an authorized trader who performs market making activities pursuant to Chapter XI on behalf of a Market Maker.

[(l)] (n) Member

(No change in text.)

[(m)] (o) NBB, NBO and NBBO

(No change in text.)

[(n)] (p) Person

(No change in text.)

[(o)] (q) Person Associated with a Member

(No change in text.)

[(p)] (r) Post-Closing Session

(No change in text.)

[(q)] (s) Pre-Opening Session

(No change in text.)

[(r)] (t) Principal

(No change in text.)

[(s)] (u) Protected NBB, Protected NBO and Protected NBBO



(No change in text.)

[(t)] (v) Protected Bid, Protected Offer and Protected Quotation

(No change in text.)

[(u)] (w) Qualified Clearing Agency

(No change in text.)

[(v)] (x) Registered Broker or Dealer

(No change in text.)

[(w)] (y) Regular Trading Hours

(No change in text.)

[(x)] (z) Sponsored Participant

(No change in text.)

[(y)] (aa) Sponsoring Member

(No change in text.)

[(z)] (bb) Statutory Disqualification

(No change in text.)

[(aa)] (cc) System

(No change in text.)

[(bb)] (dd) Top of Book

(No change in text.)

[(cc)] (ee) User

(No change in text.)

[(dd)] (ff) UTP Security

(No change in text.)

\* \* \* \* \*

## Rule 8.15. Imposition of Fines for Minor Violation(s) of Rules

(a) – (e) (No change in text.)

*Interpretations and Policies*

.01 List of Exchange Rule Violations and Recommended Fine Schedule Pursuant to Rule 8.15: (No change in text.)

(a) – (f) (No change in text.)

*Recommended Fine Amount for 8.15.01(g)-(h) : \$100 per violation*

(g) (No change in text.)

(h) Rule 11.21(a)(1) requirement for Market Makers to maintain continuous, two-sided quotations

\* \* \* \* \*

Rule 11.17 (Reserved)

Rule 11.18. Registration of Market Makers(a) An applicant for registration as a Market Maker shall file an application in writing on such form as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider such factors including, but not limited to, capital, operations, personnel, technical resources and disciplinary history. Each Market Maker must have and maintain minimum net capital of at least the amount required under Rule 15c3-1 under the Exchange Act.(b) An applicant's registration as a Market Maker shall become effective upon receipt by the Member of notice of an approval of registration by the Exchange.(c) The registration of a Market Maker may be suspended or terminated by the Exchange if the Exchange determines that:(1) The Market Maker has substantially or continually failed to engage in dealings in accordance with Rule 11.21 or elsewhere in these Rules;(2) The Market Maker has failed to meet the minimum net capital conditions set forth under paragraph (a) above;(3) The Market Maker has failed to maintain fair and orderly markets; or

(4) The Market Maker does not have at least one registered Market Maker Authorized Trader (“MMAT”) qualified to perform market making activities as set forth in Rule 11.19(b)(5). A MMAT whose registration is suspended pursuant to this paragraph (c) shall not be deemed qualified within the meaning of this subsection.

(d) Any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a certain minimum prior notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest of maintaining fair and orderly markets.

(e) Any person aggrieved by any determination under this Rule 11.18 or Rules 11.19 or 11.20 below may seek review under Chapter X of Exchange Rules governing adverse action.

(f) Registered Market Makers are designated as dealers on the Exchange for all purposes under the Exchange Act and the rules and regulations thereunder.

#### Rule 11.19. Obligations of Market Maker Authorized Traders

(a) General. MMATs are permitted to enter orders only for the account of the Market Maker for which they are registered.

(b) Registration of Market Maker Authorized Traders. The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as a MMAT.

(1) MMATs may be officers, partners, employees or other associated persons of Members that are registered with the Exchange as Market Makers.

(2) To be eligible for registration as a MMAT, a person must successfully complete the General Securities Representative Examination (Series 7) or equivalent foreign examination module approved by the Exchange and any other training and/or certification programs as may be required by the Exchange.

(3) The Exchange may require a Market Maker to provide any and all additional information the Exchange deems necessary to establish whether registration should be granted.

(4) The Exchange may grant a person conditional registration as a MMAT subject to any conditions it considers appropriate in the interest of maintaining a fair and orderly market.

(5) A Market Maker must ensure that a MMAT is properly qualified to perform market making activities, including, but not limited to, ensuring the MMAT has met the requirements set forth in paragraph (b)(2) of this Rule.

(c) Suspension or Withdrawal of Registration.

(1) The Exchange may suspend or withdraw the registration previously given to a person to be a MMAT if the Exchange determines that:

(A) the person has caused the Market Maker to fail to comply with the securities laws, rules and regulations or the By-Laws, Rules and procedures of the Exchange;

(B) the person is not properly performing the responsibilities of a MMAT;

(C) the person has failed to meet the conditions set forth under Paragraph (b) above; or

(D) the MMAT has failed to maintain fair and orderly markets.

(2) If the Exchange suspends the registration of a person as a MMAT, the Market Maker must not allow the person to submit orders into the System.

(3) The registration of a MMAT will be withdrawn upon the written request of the Member for which the MMAT is registered. Such written request shall be submitted on a form prescribed by the Exchange.

#### Rule 11.20. Registration of Market Makers in a Security

(a) A Market Maker may become registered in a newly authorized security or in a security already admitted to dealings on the Exchange by filing a security registration form with the Exchange. Registration in the security shall become effective on the same day as the Exchange's approval of the registration, unless otherwise provided by the Exchange. In considering the approval of the registration of the Market Maker in a security, the Exchange may consider:

(1) the financial resources available to the Market Maker;

(2) the Market Maker's experience, expertise and past performance in making markets, including the Market Maker's performance in other securities;

(3) the Market Maker's operational capability;

(4) the maintenance and enhancement of competition among Market Makers in each security in which the Market Maker is registered;

(5) the existence of satisfactory arrangements for clearing the Market Maker's transactions; and

(6) the character of the market for the security, e.g., price, volatility and relative liquidity.

(b) Voluntary Termination of Security Registration. A Market Maker may voluntarily terminate its registration in a security by providing the Exchange with a written notice of such termination. The Exchange may require a certain minimum, prior notice period for such termination, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest of maintaining fair and orderly markets. A Market Maker that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action pursuant to Chapter VIII of these Rules.

(c) The Exchange may suspend or terminate any registration of a Market Maker in a security or securities under this Rule 11.20 whenever the Exchange determines that:

(1) The Market Maker has not met any of its obligations as set forth in these Rules; or

(2) The Market Maker has failed to maintain fair and orderly markets. A Market Maker whose registration is suspended or terminated pursuant to this Rule 11.20(c) may seek review under Chapter X of Exchange Rules governing adverse action.

(d) Nothing in this Rule 11.20 will limit any other power of the Exchange under the By-Laws, Rules or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule 11.20.

#### Rule 11.21. Obligations of Market Makers

(a) General. Members who are registered as Market Makers in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Exchange in accordance with these Rules. The responsibilities and duties of a Market Maker specifically include, but are not limited to, the following:

(1) Maintain continuous, two-sided quotations consistent with the requirements of paragraph (d) below;

(2) Remain in good standing with the Exchange and in compliance with all Exchange Rules applicable to it;

(3) Inform the Exchange of any material change in financial or operational condition or in personnel;

(4) Maintain a current list of MMATs who are permitted to enter orders on behalf of the Market Maker and provide an updated version of this list to the Exchange upon any change in MMATs; and

(5) Clear and settle transactions through the facilities of a registered clearing agency. This requirement may be satisfied by direct participation, use of direct clearing services or by entering into a correspondent clearing arrangement with another Member that clears trades through such agency.

(b) A Market Maker shall be responsible for the acts and omissions of its MMATs.

(c) If the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such Market Maker will be subject to disciplinary action, including, without limitation, suspension or revocation of its registration by the Exchange in one or more of the securities in which the Market Maker is registered. Nothing in this Rule 11.21 limits any powers of the Exchange under the By-Laws, Rules or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule 11.21. Any Member aggrieved by any determination under this Rule 11.21 may seek review under Chapter X of the Exchange Rules governing adverse action.

(d) Quotation Requirements and Obligations

(1) *Continuous, Two-Sided Quote Obligation.* For each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest ("Two-Sided Obligation") that is displayed in the Exchange's System at all times. Interest eligible to be considered as part of a Market Maker's Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a "normal unit of trading" shall be 100 shares. After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the System to satisfy its Two-Sided Obligation by immediately entering new interest to comply with this obligation to maintain continuous, two-sided quotations.

(2) *Pricing Obligations.* For NMS stocks (as defined in Rule 600 of Regulation NMS), a Market Maker shall adhere to the pricing obligations established by this Rule during Regular Trading Hours; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension or pause, and shall not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension or pause, as reported by the responsible single plan processor.

(A) Bid Quotations. At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current NBB, or if no NBB, not more than the Designated Percentage away from the last reported sale as reported by the responsible single plan processor. In the event that the NBB (or if no NBB, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBB (or if no NBB, the last reported sale), or if the bid is executed or cancelled, the Market Maker shall enter new bid interest at a price not more

than the Designated Percentage away from the then current NBB (or if no NBB, the last reported sale).

(B) Offer Quotations. At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current NBO, or if no NBO, not more than the Designated Percentage away from the last reported sale reported by the responsible single plan processor. In the event that the NBO (or if no NBO, the last reported sale) decreases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBO (or if no NBO, the last reported sale), or if the offer is executed or cancelled, the Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current NBO (or if no NBO, the last reported sale).

(C) The NBB and NBO, as defined in Rule 1.5, shall be determined by the Exchange in accordance with its procedures for determining Protected Quotations under Rule 600 of Regulation NMS.

(D) For purposes of this Rule, the term “Designated Percentage” shall mean 8% with respect to securities included in the S&P 500<sup>®</sup> Index and the Russell 1000<sup>®</sup> Index, as well as a pilot list of Exchange Traded Products for securities subject to an individual stock pause trigger under the applicable rules of a primary listing market (“Original Circuit Breaker Securities”). For times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Designated Percentage shall be 20% for Original Circuit Breaker Securities.

(E) The Designated Percentage shall be 28% for all NMS securities that are not Original Circuit Breaker Securities with a price equal to or greater than \$1, and 30% for all NMS securities that are not Original Circuit Breaker Securities with a price less than \$1.

(F) For purposes of this Rule, the term “Defined Limit” shall mean 9.5% for Original Circuit Breaker Securities. For times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Defined Limit shall be 21.5% for Original Circuit Breaker Securities.

(G) The Defined Limit shall be 29.5% for all NMS securities that are not Original Circuit Breaker Securities with a price equal to or greater than \$1, and 31.5% for all NMS securities that are not Original Circuit Breaker Securities with a price less than \$1.

(H) Nothing in this Rule shall preclude a Market Maker from quoting at price levels that are closer to the NBBO than the levels required by this Rule.

(I) The minimum quotation increment for quotations in the system of \$1.00 or above shall be \$0.01. The minimum quotation increment in the System for quotations below \$1.00 shall be \$0.0001.

### Interpretation and Policies

.01 The obligation of a Market Maker pursuant to Rule 11.21(a)(3) to “inform the Exchange of any material change in financial or operational condition” includes the requirement to submit a copy to the Exchange of a notice sent to the Securities and Exchange Commission (“SEC”) pursuant to Rule 17a-11 under the Exchange Act. The notice to the Exchange must be sent concurrently with the notice sent to the SEC. See also, EDGA Rule 4.2.

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## CHAPTER XIV. SECURITIES TRADED

### Rule 14.1. Unlisted Trading Privileges

(a) (No change in text.)

(b) (No change in text.)

(c) (No change in text.)

(1)-(4) (No change in text.)

(5) Market Maker Restrictions. The following restrictions shall apply to each Member registered as a Market Maker on the Exchange (“Restricted Market Maker”) in a UTP Derivative Security that derives its value from one or more currencies, or commodities, or derivatives based on one or more currencies, or commodities, or is based on a basket or index comprised of currencies or commodities (collectively, “Reference Assets”):

(A) A Restricted Market Maker in a UTP Derivative Security is prohibited from acting or registering as a market maker on another exchange in any Reference Asset of that UTP Derivative Security, or any derivative instrument based on a Reference Asset of that UTP Derivative Security (collectively, with Reference Assets, “Related Instruments”).

(B) A Restricted Market Maker shall, in a manner prescribed by the Exchange, file with the Exchange and keep current a list identifying any accounts (“Related Instrument Trading Accounts”) for which Related Instruments are traded:

- (i) in which the Restricted Market Maker holds an interest;
- (ii) over which it has investment discretion; or
- (iii) in which it shares in the profits and/or losses.



A Restricted Market Maker may not have an interest in, exercise investment discretion over, or share in the profits and/or losses of a Related Instrument Trading Account which has not been reported to the Exchange as required by this Rule.

(C) In addition to the existing obligations under Exchange rules regarding the production of books and records, a Restricted Market Maker shall, upon request by the Exchange, make available to the Exchange any books, records or other information pertaining to any Related Instrument Trading Account or to the account of any registered or non-registered employee affiliated with the Restricted Market Maker for which Related Instruments are traded.

(D) A Restricted Market Maker shall not use any material, non-public information in connection with trading a Related Instrument.

[(5)] (6) Surveillance. The Exchange shall enter into a comprehensive surveillance sharing agreement with other markets that offer trading [components of the index or portfolio on which the UTP Derivative Security is based]in Related Instruments to the same extent as the listing exchange's rules require the listing exchange to enter into a comprehensive surveillance sharing agreement with such markets.

Interpretations and Policies

.01 (No change in text.)

(a)-(b) (No change in text.)

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