

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * <input type="text" value="22"/> | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="44"/> | Amendment No. (req. for Amendments *) <input type="text"/> |
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Filing by EDGX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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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"/> |
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Description

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

EDGX Exchange, Inc.; proposed a rule change to adopt Rule 3.20, Influencing or Rewarding Employees of Others.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

| | |
|---|---|
| First Name * <input type="text" value="Chris"/> | Last Name * <input type="text" value="Solgan"/> |
| Title * <input type="text" value="Assistant Gneral Counsel"/> | |
| E-mail * <input type="text" value="csolgan@bats.com"/> | |
| Telephone * <input type="text" value="(646) 856-8723"/> | Fax <input type="text"/> |

Signature

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

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

(Title *)

| | |
|--|--|
| Date <input type="text" value="09/30/2015"/> | <input type="text" value="Assistant General Counsel"/> |
| By <input type="text" value="Chris Solgan"/> | <input type="text" value=""/> |
| (Name *) | |

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² EDGX Exchange, Inc. (“EDGX” or the “Exchange”) proposes to adopt Rule 3.20 to conform to the rules of the Financial Industry Regulatory Authority, Inc. (“FINRA”) for purposes of an agreement between the Exchange and FINRA pursuant to Rule 17d-2 under the Act.³ The Exchange also proposes to adopt Rule 3.20 to conform to the rules of BATS Exchange, Inc. (“BZX”) and BATS Y-Exchange, Inc. (“BYX”).⁴ The Exchange has designated this proposal as “non-controversial” and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁵

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.17d-2.

⁴ See SR-BATS-2015-79 and SR-BYX-2015-43 (filed September 30, 2015) (Notice of Filing and Immediate Effectiveness to Amend Rule 3.22 to Conform to FINRA Rule 3220).

⁵ 17 CFR 240.19b-4(f)(6)(iii).

action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

Eric Swanson
EVP, General Counsel
(913) 815-7000

Chris Solgan
Assistant General Counsel
(646) 856-8723

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

(a) Purpose

Pursuant to Rule 17d-2 under the Act,⁶ the Exchange and FINRA entered into an agreement to allocate regulatory responsibility for common rules (the “17d-2 Agreement”). The 17d-2 Agreement covers common members of the Exchange and FINRA and allocates to FINRA regulatory responsibility, with respect to common members, for the following: (i) examination of common members of the Exchange and FINRA for compliance with certain federal securities laws, rules and regulations and rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules; (ii) investigation of common members of the Exchange and FINRA for violations of certain federal securities laws, rules or regulations, or Exchange rules that the Exchange has certified as identical or substantially identical to a FINRA rule; and (iii) enforcement of compliance by common members with certain federal securities laws, rules and regulations, and the rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules.⁷

⁶ 17 CFR 240.17d-2.

⁷ See Securities and Exchange Release No. 62079 (May11, 2010), 75 FR 28080

The 17d-2 Agreement included a certification by the Exchange that states that the requirements contained in certain Exchange rules are identical to, or substantially similar to, certain FINRA rules that have been identified as comparable. The Exchange does not currently maintain a rule similar to FINRA Rule 3220 governing a Member's giving of gifts. To conform to comparable FINRA rules for purposes of the 17d-2 Agreement, the Exchange proposes adopt Rule 3.20, Influencing or Rewarding Employees of Others, that is identical to FINRA Rule 3220. The proposed rule text is also identical to New York Stock Exchange, Inc. ("NYSE") Rule 3220, which has been approved by the Commission.⁸

The Exchange believes that these changes will help to avoid confusion among Members of the Exchange that are also members of FINRA by further aligning the Exchange Rules with FINRA Rule 3220. The proposed adoption of Rule 3.20 is designed to enable the Exchange to incorporate Rule 3.20 into the 17d-2 Agreement, further harmonizing regulation of Members that are also members of FINRA. For the avoidance of doubt, Rule 3.20 would equally apply to Exchange-only Members as the Exchange believes it appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons. The Exchange will issue a Regulatory Notice to its Members, including Exchange-only Members that may not also be FINRA Members, and those Members registered with FINRA, clarifying that FINRA's interpretive guidance related to FINRA Rule 3220 is considered part of Exchange Rule 3.20, and that all Members are required to regulate their conduct

(May 19, 2010) (approving File No. 4-598).

⁸ See Securities Exchange Act Release No. 59965 (May 21, 2009), 74 FR 25783 (May 29, 2009) (SR-NYSE-2009-25).

according to Rule 3.20 and the interpretive guidance related to FINRA Rule 3220.⁹

As amended, like FINRA Rule 3220(a), proposed paragraph (a) of Rule 3.20 would prevent gifts in excess of \$100.00 per individual per year where the gift or gratuity is in relation to the business of the employee of the recipient. A gift of any kind would be considered a gratuity. The Rule would also contain an express exclusion for payments made pursuant to bona fide, written employment contracts. Specifically, like FINRA Rule 3220(b), proposed paragraph (b) of Rule 3.20 would state that the rule would not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) of the Rule, provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the member and the person who is to be employed to perform such services. Proposed paragraph (c) would require such agreement to include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

The Rule would also require each Member to maintain a separate record of all gifts or gratuities. Like FINRA Rule 3220(c), proposed paragraph (c) of Rule 3.20 would require a separate record of all payments or gratuities in any amount known to the member, the employment agreement referred to in proposed paragraph (b) of Rule 3.20 and any employment compensation paid as a result thereof shall be retained by the

⁹ See, e.g., FINRA's interpretative guidance concerning business entertainment expenses, including a June 24, 1999, Letter to Henry H. Hopkins and Sarah McCafferty, T. Rowe Price Investment Services, Inc. This interpretative letter and other interpretive guidance concerning gifts and gratuities expenses are currently available at FINRA's web site.

member for the period specified by Exchange Act Rule 17a-4.¹⁰

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 the BYX (together with BZX, EDGA and EDGX, the “BGM Affiliated Exchanges”).¹¹ In the context of the Merger, the BGM Affiliated Exchanges are working to align their rules, retaining only intended differences between the BGM Affiliated Exchanges. Thus, the proposed text of Rule 3.20 is also identical to recent rule changes filed with the Commission by BZX and BYX to adopt identical rule text to that proposed herein and FINRA Rule 3220. This proposed rule change would enable the Exchange to adopt rules that correspond to rules of BYX and BZX and provide a consistent rule set across each of the BGM Affiliated Exchanges.¹²

(b) Statutory Basis

The Exchange believes that proposed rule change is consistent with Section 6(b)(5) of the Act,¹³ which requires, among other things, that the Exchange’s rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange

¹⁰ 17 CFR 240.17a-4.

¹¹ See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

¹² The Exchange notes that EDGA intends to file an identical proposal with the Commission to adopt Rule 3.20, Influencing or Rewarding Employees of Others.

¹³ 15 U.S.C. 78f(b)(5).

believes that the proposed rule change will further these requirements by providing greater harmonization between Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

In addition, the proposed rule change would provide greater harmonization between rules of similar purpose on the BGM Affiliated Exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance and understanding of Exchange Rules. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system. Similarly, the Exchange also believes that, by harmonizing the rules across each BGM Affiliated Exchange, the proposal will enhance the Exchange's ability to fairly and efficiently regulate its Members, meaning that the proposed rule change would promote just and equitable principles of trade in accordance with Section 6(b)(5) of the Act.¹⁴

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather to provide greater harmonization among Exchange and FINRA rules of similar

¹⁴ Id.

purpose, resulting in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. In addition, allowing the Exchange to implement substantively identical rules that apply to all members of the BGM Affiliated Exchanges across each of the BGM Affiliated Exchanges does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BZX, BYX, and EDGA rules of similar purpose.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange has designated this rule filing as "non-controversial" under Section 19(b)(3)(A) of the Act¹⁵ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁶ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 C.F.R. 240.19b-4.

brief description and text of the proposed rule change, at least five business days prior to the date of filing.¹⁷

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4¹⁸ because the proposed rule change would not significantly affect the protection of investors or the public interest; rather, the proposed rule change will promote greater harmonization between the Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. Additionally, the proposed rule change does not raise any new policy issues not previously considered by the Commission nor impose any significant burden on competition because it would result in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. As described above, the Exchange notes that the proposed change is directly based on proposed rule changes submitted by FINRA and the NYSE that were previously subject to public notice and comment and approved by the Commission.¹⁹ Based on the foregoing, the proposed rule change does not present any unique issues not previously considered by the Commission, and the Exchange has accordingly designated this rule filing as "non-controversial" under Section 19(b)(3)(A) of the Act²⁰ and paragraph (f)(6) of Rule 19b-4 thereunder.²¹

At any time within sixty (60) days of the filing of such proposed rule change, the

¹⁷ 17 C.F.R. 240.19b-4(f)(6)(iii).

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ See FINRA Rule 3220. See also supra note 8.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 C.F.R. 240.19b-4.

Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed adoption of Exchange Rule 3.20 is based on FINRA Rule 3220 and NYSE Rule 3220.

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 Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-EDGX-2015-44)

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Rule 3.20, Influencing or Rewarding Employees of Others

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, EDGX Exchange, Inc. (the “Exchange” or “EDGX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to adopt Rule 3.20 to conform to the rules of the Financial Industry Regulatory Authority, Inc. (“FINRA”) for purposes of an agreement between the Exchange and FINRA pursuant to Rule 17d-2 under the Act.⁵ The Exchange

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ 17 CFR 240.17d-2.

also proposes to adopt Rule 3.20 to conform to the rules of BATS Exchange, Inc.

(“BZX”) and BATS Y-Exchange, Inc. (“BYX”).⁶

The text of the proposed rule change is available at the Exchange’s website at www.batstrading.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Pursuant to Rule 17d-2 under the Act,⁷ the Exchange and FINRA entered into an agreement to allocate regulatory responsibility for common rules (the “17d-2 Agreement”). The 17d-2 Agreement covers common members of the Exchange and FINRA and allocates to FINRA regulatory responsibility, with respect to common members, for the following: (i) examination of common members of the Exchange and FINRA for compliance with certain federal securities laws, rules and regulations and

⁶ See SR-BATS-2015-79 and SR-BYX-2015-43 (filed September 30, 2015) (Notice of Filing and Immediate Effectiveness to Amend Rule 3.22 to Conform to FINRA Rule 3220).

⁷ 17 CFR 240.17d-2.

rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules; (ii) investigation of common members of the Exchange and FINRA for violations of certain federal securities laws, rules or regulations, or Exchange rules that the Exchange has certified as identical or substantially identical to a FINRA rule; and (iii) enforcement of compliance by common members with certain federal securities laws, rules and regulations, and the rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules.⁸

The 17d-2 Agreement included a certification by the Exchange that states that the requirements contained in certain Exchange rules are identical to, or substantially similar to, certain FINRA rules that have been identified as comparable. The Exchange does not currently maintain a rule similar to FINRA Rule 3220 governing a Member's giving of gifts. To conform to comparable FINRA rules for purposes of the 17d-2 Agreement, the Exchange proposes adopt Rule 3.20, Influencing or Rewarding Employees of Others, that is identical to FINRA Rule 3220. The proposed rule text is also identical to New York Stock Exchange, Inc. ("NYSE") Rule 3220, which has been approved by the Commission.⁹

The Exchange believes that these changes will help to avoid confusion among Members of the Exchange that are also members of FINRA by further aligning the Exchange Rules with FINRA Rule 3220. The proposed adoption of Rule 3.20 is

⁸ See Securities and Exchange Release No. 62079 (May 11, 2010), 75 FR 28080 (May 19, 2010) (approving File No. 4-598).

⁹ See Securities Exchange Act Release No. 59965 (May 21, 2009), 74 FR 25783 (May 29, 2009) (SR-NYSE-2009-25).

designed to enable the Exchange to incorporate Rule 3.20 into the 17d-2 Agreement, further harmonizing regulation of Members that are also members of FINRA. For the avoidance of doubt, Rule 3.20 would equally apply to Exchange-only Members as the Exchange believes it appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons. The Exchange will issue a Regulatory Notice to its Members, including Exchange-only Members that may not also be FINRA Members, and those Members registered with FINRA, clarifying that FINRA's interpretive guidance related to FINRA Rule 3220 is considered part of Exchange Rule 3.20, and that all Members are required to regulate their conduct according to Rule 3.20 and the interpretive guidance related to FINRA Rule 3220.¹⁰

As amended, like FINRA Rule 3220(a), proposed paragraph (a) of Rule 3.20 would prevent gifts in excess of \$100.00 per individual per year where the gift or gratuity is in relation to the business of the employee of the recipient. A gift of any kind would be considered a gratuity. The Rule would also contain an express exclusion for payments made pursuant to bona fide, written employment contracts. Specifically, like FINRA Rule 3220(b), proposed paragraph (b) of Rule 3.20 would state that the rule would not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) of the Rule, provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement

¹⁰ See, e.g., FINRA's interpretative guidance concerning business entertainment expenses, including a June 24, 1999, Letter to Henry H. Hopkins and Sarah McCafferty, T. Rowe Price Investment Services, Inc. This interpretative letter and other interpretive guidance concerning gifts and gratuities expenses are currently available at FINRA's web site.

between the member and the person who is to be employed to perform such services.

Proposed paragraph (c) would require such agreement to include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

The Rule would also require each Member to maintain a separate record of all gifts or gratuities. Like FINRA Rule 3220(c), proposed paragraph (c) of Rule 3.20 would require a separate record of all payments or gratuities in any amount known to the member, the employment agreement referred to in proposed paragraph (b) of Rule 3.20 and any employment compensation paid as a result thereof shall be retained by the member for the period specified by Exchange Act Rule 17a-4.¹¹

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 the BYX (together with BZX, EDGA and EDGX, the “BGM Affiliated Exchanges”).¹² In the context of the Merger, the BGM Affiliated Exchanges are working to align their rules, retaining only intended differences between the BGM Affiliated Exchanges. Thus, the proposed text of Rule 3.20 is also identical to recent rule changes filed with the Commission by BZX and BYX to adopt identical rule text to that proposed herein and FINRA Rule 3220. This proposed rule change would enable the Exchange to adopt rules

¹¹ 17 CFR 240.17a-4.

¹² See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

that correspond to rules of BYX and BZX and provide a consistent rule set across each of the BGM Affiliated Exchanges.¹³

2. Statutory Basis

The Exchange believes that proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁴ which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that the proposed rule change will further these requirements by providing greater harmonization between Exchange and FINRA rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

In addition, the proposed rule change would provide greater harmonization between rules of similar purpose on the BGM Affiliated Exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance and understanding of Exchange Rules. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in

¹³ The Exchange notes that EDGA intends to file an identical proposal with the Commission to adopt Rule 3.20, Influencing or Rewarding Employees of Others.

¹⁴ 15 U.S.C. 78f(b)(5).

securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system. Similarly, the Exchange also believes that, by harmonizing the rules across each BGM Affiliated Exchange, the proposal will enhance the Exchange's ability to fairly and efficiently regulate its Members, meaning that the proposed rule change would promote just and equitable principles of trade in accordance with Section 6(b)(5) of the Act.¹⁵

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather to provide greater harmonization among Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. In addition, allowing the Exchange to implement substantively identical rules that apply to all members of the BGM Affiliated Exchanges across each of the BGM Affiliated Exchanges does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BZX, BYX, and EDGA rules of similar purpose.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

¹⁵ Id.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁶ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁷ The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 C.F.R. 240.19b-4.

concerning the foregoing, including whether the proposal is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-EDGX-2015-44 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-EDGX-2015-44. 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-2015-44 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.¹⁸

Robert W. Errett
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

CHAPTER III. RULES OF FAIR PRACTICE

* * * * *

Rule 3.20. [Reserved.]Influencing or Rewarding Employees of Others

(a) No member or person associated with a member shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

(b) This Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the member and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

(c) A separate record of all payments or gratuities in any amount known to the member, the employment agreement referred to in paragraph (b) and any employment compensation paid as a result thereof shall be retained by the member for the period specified by Exchange Act Rule 17a-4.

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