SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69043; File No. SR–EDGA–2013–09]

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGA Exchange, Inc. Fee Schedule

March 5, 2013.

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 February 28, 2013, EDGA Exchange, Inc. (the ''Exchange'' or ''EDGA'') 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 self-regulatory organization. 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 proposes to amend its fees and rebates applicable to Members [3] of the Exchange pursuant to EDGA Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGA Members. The text of the proposed rule change is available on the Exchange's Internet Web site at *www.directedge.com,* at the Exchange's principal office, and at the Public Reference Room of the Commission.

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 self-regulatory organization 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 self-regulatory organization has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange's default [4] rates for securities priced below $1.00 that add, remove or route liquidity are listed on the Exchange's fee schedule. Under ''Liquidity Flags and Associated Fees,'' the Exchange proposes to modify the title of the existing column from ''Fee/(Rebate)'' to ''Fee/(Rebate) Securities at or above $1.00.'' The Exchanges also proposes to insert a column titled ''Fee/(Rebate) Securities below $1.00'' to list the rate that corresponds to each liquidity flag for securities priced below $1.00 in order to increase the transparency of the Exchange's fee schedule, as described in greater detail below. In addition, the Exchange proposes to delete the text under ''Liquidity Flags and Associated Fees'' that states ''unless otherwise noted, the following rebates and fees apply to orders in securities priced $1 and over'' because this text is no longer accurate given the Exchange's proposed changes.

The Exchange's fee schedule states that it assesses no charge as the default rate for Members' orders that add liquidity in securities priced below $1.00. The Exchange proposes to amend its fee schedule to list ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' for Flags B, V, Y, 3, 4, PA, and RP. The Exchange notes that this proposal does not modify the current rates it charges its Members for orders that yield Flags B, V, Y, 3, 4, PA, and RP for securities priced below $1.00 that add liquidity to the Exchange.

The Exchange's fee schedule states that it assesses no charge as the default rate for Members' orders that remove liquidity in securities priced below $1.00 provided the Member satisfies the volume tier requirements in Footnote 1 of the fee schedule.[5] The Exchange proposes to amend its fee schedule to list ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' for Flags N, W, 6, BB, CR, PR, PT, and XR. The Exchange notes that this proposal does not modify the current rates it charges its Members for orders that yield Flags N, W, 6, BB, CR, PR, PT, and XR for securities priced below $1.00 that remove liquidity from the Exchange.

The Exchange's fee schedule states that it charges Members the default rate of 0.30% of the dollar value of the transaction for orders that route to away trading destinations in securities priced below $1.00.[6] The Exchange proposes to amend its fee schedule to list the rate of 0.30% of the dollar value of the transaction in the column ''Fee/(Rebate) Securities below $1.00'' for Flags D, G, I, J, K, L, O, Q, R, S, T, U, X, Z, 2, 7, CL, MT, PX, RR, RT, RX, and SW. The Exchange notes that this proposal does not modify the current rates it charges its Members for orders that yield Flags D, G, I, J, K, L, O, Q, R, S, T, U, X, Z, 2, 7, CL, MT, PX, RR, RT, RX, and SW for securities priced below $1.00 that route to away trading destinations and remove liquidity. In addition, the Exchange proposes to amend the title of the routing liquidity category to ''Routing and Removing Liquidity'' in order to increase the transparency of the Exchange's fee schedule. Regarding the flags' descriptions contained on the fee schedule, the Exchange proposes to delete references to removing liquidity for Flags D, G, J, L, U, 2, and RR because the Exchange's references to ''route'' imply that the flags route and remove liquidity. In addition, the Exchange proposes to make conforming changes to the descriptions of Flags U and PX in order to make the descriptions for all flags that route and remove liquidity consistent.

The Exchange's fee schedule does not clearly disclose its pricing for Members' orders that route to some away trading destinations [7] and add liquidity in

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] As defined in Exchange Rule 1.5(n).

[4] Where ''default'' refers to the standard rate that the Exchange charges its Members for orders that add, remove, or route liquidity from the Exchange absent Members qualifying for additional volume tiered pricing. The Exchange maintains default rates for securities at or above $1.00 and securities priced below $1.00 for orders that add, remove, and route liquidity. The Exchange notes that a Member may qualify for a higher rebate if the Member satisfies the volume tier requirements outlined in Footnotes 1, 2, 4, 6, 16 and 17 of the fee schedule for securities priced at or above $1.00. The Exchange notes that the volume from securities priced below $1.00 contributes toward volume tiered requirements for securities priced at or above $1.00 as outlined in Footnotes 1, 2, 4, 6, 16 and 17 of the fee schedule. Unless otherwise stated in Footnotes 1 and 2 of the fee schedule, the Exchange does not offer volume tiered pricing for securities priced below $1.00.

[5] Footnote 1 of the fee schedule states that all removal rates on EDGA are contingent on the attributed Member Participant Identifier (''MPID'') adding (including hidden) and/or routing a minimum average daily share volume, measured monthly, of 50,000 shares on EDGA. Any attributed MPID not meeting the aforementioned minimum will be charged $0.0030 per share for removing liquidity from EDGA for securities priced $1.00 and over and 0.20% of dollar value for securities priced less than $1.00.

[6] This fee is consistent with the limitations of Regulation NMS, SEC Rule 610(c), for securities priced below $1.00.

[7] The Exchange currently assess no charge for Members' orders that route to the following away trading destinations and add liquidity: NYSE Arca, Inc. (''NYSE Arca''), New York Stock Exchange LLC (''NYSE''), The NASDAQ Stock Market LLC (''NASDAQ''), LavaFlow ECN, NASDAQ OMX BX, Inc.'s (''NASDAQ BX''), CBOE Stock Exchange, Inc.

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securities priced below $1.00. The Exchange currently assesses no charge to Members for orders that route to these away trading destinations and add liquidity because these away trading destinations pass through no charge to Direct Edge ECN LLC (d/b/a DE Route) (''DE Route''), the Exchange's affiliated routing broker dealer, for adding liquidity in securities priced below $1.00. The Exchange proposes to amend its fee schedule to assess no charge for Flags A, F, M, P, 8, 9, 10, RB, RS, RW, RY, and RZ. The Exchange notes that its proposal conforms to an existing practice and does not modify the rates that the Exchange has been charging its Members for orders that yield Flags A, F, M, P, 8, 9, 10, RB, RS, RW, RY, and RZ for securities priced below $1.00 that route to away trading destinations and add liquidity. Regarding the flags' descriptions contained on the fee schedule, the Exchange proposes to make conforming changes to the descriptions of Flags M and P in order to make the descriptions for all flags that route to these away trading destinations and add liquidity consistent and to revise Flag 8 to replace the entity formerly known as NYSE Amex with NYSE MKT LLC.

The Exchange's fee schedule states that it assesses no charge as the default rate for Members' orders that that yield Flag OO in securities priced below $1.00, which represents Members' orders that are matched at the ''Direct Edge Opening'' and either add or remove liquidity. The Exchange proposes to amend its fee schedule to list ''Free'' for Flag OO in the column ''Fee/(Rebate) Securities below $1.00.'' The Exchange notes that this proposal does not modify the current rate it charges its Members for orders that yield Flag OO for securities priced below $1.00 that are matched at the Direct Edge Opening.

The Exchange's fee schedule does not clearly disclose its pricing for Members' orders that yield Flag RC in securities priced below $1.00. The Exchange currently assesses no charge for Members' orders that yield Flag RC, which route to the National Stock Exchange, Inc. (the ''NSX'') and add liquidity. The Exchange proposes to amend its fee schedule to assess no charge for Flag RC. The Exchange notes that its proposal conforms to an existing practice and does not modify the rate that the Exchange has been charging its Members for orders that yield Flag RC for securities priced below $1.00 that route to the NSX and add liquidity.

As provided in Footnote 3 of the fee schedule, the Exchange currently assesses a charge of 0.10% of the dollar value of the transaction for Members' orders that yield Flag C, which route to NASDAQ BX and remove liquidity in securities priced below $1.00. The Exchange proposes to amend its fee schedule to list a charge of 0.10% of the dollar value of the transaction in the column ''Fee/(Rebate) Securities below $1.00'' for Flag C. The Exchange notes that this proposal does not modify the current rate it charges its Members for orders that yield Flag C for securities priced below $1.00 that route to NASDAQ BX and add liquidity. In addition, the Exchange proposes to delete ''removes liquidity'' in Flag C's description because the Exchange's reference to ''routed'' implies that Flag C routes and removes liquidity. The Exchange proposes to delete the text of Footnote 3 and its associated annotations on the default rate for routing and removing liquidity at the top of the fee schedule in addition to Flags C, D, J, L, and 2 on the [sic] because the Exchange proposes to list these rates in the column ''Fee/(Rebate) Securities below $1.00'' on the Exchange's fee schedule. The Exchange proposes to insert ''intentionally omitted'' in Footnote 3 in place of the deleted text.

The Exchange notes that Footnote 12 on the fee schedule incorrectly lists a flat rate of $0.0010 per share for Members' orders that yield Flag BY in securities priced below $1.00. However, in practice, the Exchange charges Members 0.10% of the dollar value of the transaction for Members' orders that yield Flag BY, which routes to BATS BYX and removes liquidity using routing strategies ROUC, ROUE, ROBY, ROBB or ROCO.[8] This rate represents a pass through of the rate that BATS BYX charges DE Route. Accordingly, the Exchange proposes to amend its fee schedule to assess a charge of 0.10% of the dollar value of the transaction for Flag BY. The Exchange notes that its proposal conforms to an existing practice and does not modify the rate that the Exchange has been charging its Members for orders that yield Flag BY for securities priced below $1.00 that route to BATS BYX and remove liquidity using routing strategies ROUC, ROUE, ROBY, ROBB or ROCO. In addition, the Exchange proposes to delete the text of Footnote 12 and its associated annotation on Flag BY on the fee schedule because the Exchange proposes to list this rate in the column ''Fee/(Rebate) Securities below $1.00.'' The Exchange proposes to insert ''intentionally omitted'' in Footnote 12 in place of the deleted text. In addition, the Exchange proposes to delete ''removes liquidity'' in Flag BY's description because the Exchange's reference to ''routed'' implies that Flag BY routes and removes liquidity.

Customer internalization generally occurs when one Member presents two orders to the Exchange from the same MPID separately, rather than in a paired manner, and the two orders inadvertently match with one another.[9] The Exchange's fee schedule states that it assesses the default rate of ''Free'' for Members' orders in securities priced below $1.00 that yield Flags 5, EA and ER, which are the flags associated with customer internalization. The Exchange proposes to amend its fee schedule to list ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' for Flags 5, EA and ER. The Exchange notes that this proposal does not modify the current rates charged for Members' orders that yield Flags 5, EA and ER. The Exchange also notes that the internalization fee is no more favorable than the prevailing maker/taker spread.[10] The Exchange notes that this proposed internalization fee will continue to discourage Members from engaging in potential wash sales.

The Exchange's fee schedule displays ''Free'' as the default rates for Members orders that add or remove liquidity for securities priced below $1.00. However, in practice, the Exchange assesses a charge of 0.10% of the dollar value of the transaction for securities priced below $1.00 for Flag HA, for Non-displayed Orders that add liquidity, and Flag HR, for Non-displayed Orders that remove liquidity, where Members satisfy the volume tier requirements outlined in Footnote 2 of the fee schedule. The Exchange proposes to amend its fee schedule to assess a charge of 0.10% of the dollar value of the transaction in the column ''Fee/(Rebate) Securities below $1.00'' for Flags HA and HR. The Exchange notes that its proposal conforms to an existing practice and does not modify the rate that the Exchange has been charging its Members for orders that yield Flags HA and HR for securities priced below $1.00. In addition, the Exchange proposes to amend Footnote 2 of the fee

(''CBSX''), BATS Y-Exchange, Inc. (''BATS BYX''), BATS Exchange, Inc. (''BATS BZX''), EDGX Exchange, Inc. (''EDGX''), NASDAQ OMX PSX, Inc. (''NASDAQ PSX''), and NYSE MKT LLC (formerly NYSE Amex).

[8] As defined in Exchange Rule 11.9(b)(3).

[9] Members are advised to consult Exchange Rule 12.2 regarding fictitious trading.

[10] *See* Securities Exchange Release No. 64393 (May 4, 2011), 76 FR 27370, 27372 (May 11, 2011) (SR–EDGA–2011–14), where the Exchange represented that it ''will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread.''

schedule to state that the Exchange will assess a charge of 0.30% of the dollar value of the transaction for Members' orders that yield Flags HA or HR in securities priced below $1.00 where Members do not satisfy the volume tier requirements. Therefore, the Exchange proposes to revise Footnote 2 to state, ''Rates for Flags HA and HR are contingent upon Member adding or removing greater than 1,000,000 shares non-displayed (hidden) on a daily basis, measured monthly (yields Flags HA, HR, DM, DT and RP) or Member posting greater than 8,000,000 shares on a daily basis, measured monthly. For securities priced at or above $1.00, Members not meeting either minimum will be charged $0.0030 per share for Flags HA and HR. For securities priced below $1.00, Members not meeting either minimum will be charged 0.30% of the dollar value of the transaction.''

The Exchange's fee schedule displays ''Free'' as the default rates for Members' orders that add or remove liquidity for securities priced below $1.00. However, in practice, the Exchange assesses a charge of 0.05% of the dollar value of the transaction for securities priced below $1.00 for Flag DM, for Non-displayed Orders that add liquidity using the Mid Point Discretionary (''MDO'') [11] order type, and Flag DT, for Non-displayed Orders that remove liquidity using the MDO order type. The Exchange proposes to amend its fee schedule to assess a charge of 0.05% of the dollar value of the transaction in the column ''Fee/(Rebate) Securities below $1.00'' for Flags DM and DT. The Exchange notes that its proposal conforms to an existing practice and does not modify the rate that the Exchange has been charging its Members for orders that yield Flags DM and DT for securities priced below $1.00.

The Exchange proposes to implement these amendments to its fee schedule on March 1, 2013.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[12] in general, and furthers the objectives of Section 6(b)(4),[13] 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 believes that its proposal to revise its fee schedule to list the default rate that corresponds to each liquidity flag for securities priced below $1.00 that add liquidity on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Specifically, for Members' orders that add liquidity, the Exchange proposes to list the default rate of ''Free'' to Flags B, V, Y, 3, 4, PA, and RP. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. In addition, the Exchange believes it is equitable and reasonable to not charge Members for orders that add liquidity in securities priced below $1.00 because it will incentivize Members to add liquidity to the Exchange. The Exchange also believes its proposal to assess no charge is equitable and reasonable because the Exchange incurs only nominal administrative, clearing, and other operating costs in executing these trades because of the low volume generated by securities priced below $1.00. The Exchange notes that its proposal does not modify the current rates it charges its Members for orders that yield Flags B, V, Y, 3, 4, PA, and RP for securities priced below $1.00 that add liquidity from the Exchange. Lastly, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to revise its fee schedule to list the default rate that corresponds to each liquidity flag for securities priced below $1.00 that remove liquidity on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Specifically, for Members' orders that remove liquidity, the Exchange proposes to list the default rate of ''Free'' next to Flags N, W, 6, BB, CR, PR, PT and XR. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. In addition, the Exchange believes it is equitable and reasonable to not charge Members for orders that remove liquidity in securities priced below $1.00 because it will incentivize Members to remove liquidity from the Exchange. The Exchange also believes its proposal to assess no charge is equitable and reasonable because the Exchange incurs only nominal administrative, clearing, and other operating costs in executing these trades because of the low volume generated by securities priced below $1.00. The Exchange notes that its proposal does not modify the current rates it charges its Members for orders that yield Flags N, W, 6, BB, CR, PR, PT, and XR for securities priced below $1.00 that remove liquidity from the Exchange. Lastly, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to revise its fee schedule to list the default rate that corresponds to each liquidity flag for securities priced below $1.00 that route and remove liquidity on the Exchange's fee schedule represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Specifically, for Members' orders that route and remove liquidity, the Exchange proposes to list the default rate of 0.30% of the dollar value of the transaction next to Flags D, G, I, J, K, L, O, Q, R, S, T, U, X, Z, 2, 7, CL, MT, PX, RR, RT, RX, and SW. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. In addition, the Exchange believes it is equitable and reasonable to charge Members a default routing and removal rate of 0.30% of the dollar value of the transaction because these fees allow the Exchange to offset its administrative, clearing, and other operating costs incurred in executing such trades. The Exchange notes that routing through DE Route is voluntary. The Exchange also notes that its proposal does not modify the current rates it charges its Members for orders that yield Flags D, G, I, J, K, L, O, Q, R, S, T, U, X, Z, 2, 7, CL, MT, PX, RR, RT, RX, and SW for securities priced below $1.00 that route to away trading destinations and remove liquidity. Lastly, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to pass through no charge for securities priced below $1.00 that route to some away trading destinations and add liquidity represents an equitable

[11] *See* Securities Exchange Release No. 67226 (June 20, 2012), 77 FR 38113 (June 26, 2012) (SR–EDGA–2012–22).

[12] 15 U.S.C. 78f.

[13] 15 U.S.C. 78f(b)(4).

allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to these away trading destinations through DE Route. The Exchange's fee schedule does not clearly disclose its pricing for Members' orders that route to these away trading destinations and add liquidity in securities priced below $1.00. Currently, the away trading destinations assess no charge to DE Route for orders that route to those destinations and add liquidity, and DE Route passes through no charge to the Exchange and the Exchange passes through no charge to its Members. [14] Therefore, since DE Route is not charged a fee by the away trading destination for routing orders that add liquidity to its trading center in securities priced below $1.00, the Exchange believes it is equitable and reasonable to not charge its Members for orders that yield Flags A, F, M, P, 8, 9, 10, RB, RS, RW, RY, and RZ. The Exchange's proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to some away trading destinations and add liquidity through DE Route. The Exchange notes that its proposal conforms to an existing practice and does not modify the rates that the Exchange has been charging its Members for orders that yield Flags A, F, M, P, 8, 9, 10, RB, RS, RW, RY, and RZ for securities priced below $1.00 that route to these away trading destinations and add liquidity. The Exchange notes that routing through DE Route is voluntary. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

The Exchange believes that its proposal to revise its fee schedule to list the default rate of ''Free'' for securities priced below $1.00 that yield Flag OO represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Members will yield Flag OO when their orders are matched at the Direct Edge Opening on EDGA, whether the Member's order adds or removes liquidity. Because the Exchange is not a primary listing market, Flag OO generates low volume; therefore, the Exchange believes its proposal to assess no charge is equitable and reasonable given that the Exchange incurs only nominal administrative, clearing, and other operating costs in executing trades. The Exchange notes that its proposal does not modify the current rate it charges its Members for orders that yield Flag OO for securities priced below $1.00 that are matched at the Direct Edge Opening. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to assess no charge for securities priced below $1.00 that yield Flag RC represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Members will yield Flag RC when their orders route to the NSX and add liquidity. The Exchange's fee schedule does not clearly disclose its pricing for Members' orders that yield Flag RC in securities priced below $1.00. The Exchange notes that the NSX offers a rebate to DE Route for Members' orders that yield Flag RC. The Exchange also notes that Flag RC generates low volume and nominal revenue to the Exchange. Therefore, the Exchange believes its proposal to assess no charge is equitable and reasonable because the rebate paid by NSX to DE Route and DE Route to the Exchange does not offset the administrative, clearing, and other operating costs associated with passing through the NSX rebate to Members. The Exchange notes that routing through DE Route is voluntary. The Exchange also notes that its proposal conforms to an existing practice and does not modify the rate that the Exchange has been charging its Members for orders that yield Flag RC for securities priced below $1.00. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to revise its fee schedule to list the rate of 0.10% of the dollar value of the transaction for Members' orders that yield Flag C for securities priced below $1.00 represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because it is a pass-through rate and the Exchange does not levy additional fees or offer additional rebates for orders that it routes to NASDAQ BX through DE Route. Therefore, since DE Route is charged a fee by NASDAQ BX for routing orders that remove liquidity to its trading center in securities priced below $1.00, the Exchange believes it is equitable and reasonable to charge its Members for orders that yield Flag C. The Exchange's proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to NASDAQ BX and remove liquidity through DE Route. The Exchange notes that routing through DE Route is voluntary. The Exchange notes that its proposal does not modify the current rate it charges its Members for orders that yield Flag C for securities priced below $1.00. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above and deleting the text of Footnote 3 and its associated annotations on Flags C, D, J, L, and 2, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange also believes that this proposed

[14] NYSE Arca, NYSE, NYSE MKT LLC, BATS BZX, BATS BYX, CBSX, NASDAQ, NASDAQ BX, NASDAQ PSX, LavaFlow ECN, and EDGX assess customers no charge for orders that add liquidity on their respective exchanges in securities priced below $1.00. *See* NYSE Arca, NYSE Arca Trading Fees, *http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees;* NYSE, NYSE Trading Fees, *http://usequities.nyx.com/markets/nyse-equities/trading-fees;* NYSE MKT LLC, NYSE MKT Trading Fees, *http://usequities.nyx.com/markets/nyse-mkt-equities/trading-fees;* BATS, BATS BZX and BYX Exchange Fee Schedules, *http://cdn.batstrading.com/resources/regulation/rule_book/BATS-Exchanges_Fee_Schedules.pdf;* Chicago Board Options Exchange, CBOE Stock Exchange Fees Schedule, *http://www.cboe.com/publish/cbsxfeeschedule/cbsxfeeschedule.pdf;* NASDAQ, Price List—Trading and Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2;* NASDAQ OMX BX, Inc., NASDAQ OMX BX Price List—Trading and Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing;* NASDAQ OMX PSX, Inc., NASDAQ OMX PSX Price List—Trading and Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PSX_Pricing;* LavaFlow ECN, LavaFlow Pricing, *https://www.lavatrading.com/solutions/pricing.php;* and EDGX Exchange, Inc., EDGX Exchange Fee Schedule, *http://www.directedge.com/Membership/FeeSchedule/EDGXFeeSchedule.aspx.*

amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to pass through 0.10% of the dollar value of the transaction for Members' orders that yield Flag BY for securities priced below $1.00 represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to BATS BYX through DE Route. The Exchange notes that Footnote 12 on the fee schedule incorrectly lists a flat rate of $0.0010 per share for Members' orders that yield Flag BY in securities priced below $1.00. In practice, the Exchange charges Members 0.10% of the dollar value of the transaction for Members' orders that yield Flag BY. Since DE Route is charged a fee by BATS BYX for routing orders that remove liquidity using routing strategies ROUC, ROUE, ROBY, ROBB or ROCO to its trading center in securities priced below $1.00, the Exchange believes it is equitable and reasonable to charge its Members for orders that yield Flag BY. The Exchange's proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to BATS BYX and remove liquidity through DE Route. The Exchange notes that its proposal conforms to an existing practice and does not modify the rate that the Exchange has been charging its Members for orders that yield Flag BY for securities priced below $1.00. The Exchange notes that routing through DE Route is voluntary. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above and deleting the text of Footnote 12 and its associated annotation on Flag BY, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange also believes that this proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that its proposal to revise its fee schedule to list the default rate of ''Free'' for securities priced below $1.00 that yield Flags 5, EA and ER, which are associated with customer internalization, represents an equitable allocation of reasonable dues, fees and other charges. The Exchange's proposed rate for customer internalization is equitable because the rate is consistent with the Exchange's proposed maker/taker spread for securities priced below $1.00, where the default rate for adding liquidity is ''Free'' and the default rate for removing liquidity is ''Free.'' Therefore, in each case, the proposed internalization fee of ''Free'' is no more favorable to the Member than the proposed maker/taker spread. Since the spread for customer internalization equals the Exchange's maker/taker spread, the Exchange's proposal continues to discourage Members from engaging in potential wash sales. The Exchange notes that its proposal does not modify the current rate it charges its Members for orders that yield Flags 5, EA or ER for securities priced below $1.00. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange believes that these proposed rates are non-discriminatory in that they apply uniformly to all Members.

The Exchange believes that its proposal to assess a charge of 0.10% of the dollar value of the transaction for Members' orders in securities priced below $1.00 that yield Flags HA and HR represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange's fee schedule displays ''Free'' as the default rates for Members orders that add or remove liquidity for securities priced below $1.00. However, in practice, the Exchange assesses a charge of 0.10% of the dollar value of the transaction for securities priced below $1.00 for Flags HA and HR. Because the Exchange assesses no charge as the default rate for Members' displayed orders that add or remove liquidity in securities priced below $1.00, the Exchange encourages displayed liquidity over non-displayed liquidity. The Exchange rewards Members for displaying liquidity because displayed liquidity is regarded as a public good that benefits investors and traders by providing greater price transparency and enhancing public price discovery, which ultimately leads to substantial reductions in transaction costs.[15] The Exchange notes that its proposal conforms to an existing practice and does not modify the rates that the Exchange has been charging its Members for orders that yield Flags HA or HR for securities priced below $1.00. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange believes that these proposed rates are non-discriminatory in that they apply uniformly to all Members.

The Exchange believes that its proposal to assess a rate of 0.05% of the dollar value of the transaction for Flags DM and DT in securities priced below $1.00 represents an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange's fee schedule displays ''Free'' as the default rates for Members orders that add or remove liquidity for securities priced below $1.00. However, in practice, the Exchange assesses a charge of 0.05% of the dollar value of the transaction for securities priced below $1.00 for Flags DM and DT. As with the rates for Flag DM and DT for securities priced above $1.00, the Exchange believes the same pricing justifications continue to apply: when the MDO adds liquidity like a displayed Pegged Order, the Exchange will assess no charge and Member's order yields Flags B, V, Y, 3, or 4; and where the MDO adds or removes liquidity, including upon entry, within the Member's specified discretionary (hidden) range, then it behaves like a Non-Displayed or Discretionary Order, which the Exchange proposes to assess a rate of 0.10% of the dollar value of the transaction (Flags HA and HR).[16] Therefore, the Exchange believes that its proposal to assess a charge of 0.05% of the dollar value of the transaction for Flags DM and DT is equitable because these rates represent a blended or hybrid rate between the rates the Exchange assesses for Pegged Orders (no charge) and the rates for Non-Displayed Orders that add or remove liquidity (fee of 0.10% of the dollar value of the transaction). In addition, the Exchange believes the rate for the Non-Displayed or discretionary aspect of the order is also equitable because it reflects the value the Exchange attributes to the MDO's contribution to price discovery, displayed depth of liquidity at the

[15] *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37516 (June 29, 2005); *see also* Securities Exchange Act Release No. 42450 (February 23, 2000), 65 FR 10577, 10584 n. 53 (February 28, 2000) (SR–NYSE–99–48) (citing academic studies finding that the required display of customer limit orders, by providing greater price transparency and enhancing public price discovery, let to substantial reductions in transaction costs for both retail and institutional investors).

[16] *See* Securities Exchange Release No. 67300 (June 28, 2012), 77 FR 39783 (July 5, 2012) (SR–EDGA–2012–24).

national best bid/offer, and the added benefit that the Member makes the order transparent as compared to a traditional Non-Displayed Order, which is hidden on the order book. The Exchange notes that its proposal conforms to an existing practice and does not modify the rates that the Exchange has been charging its Members for orders that yield Flags DM or DT for securities priced below $1.00. The Exchange's proposal to revise the corresponding text on the fee schedule, as described above, will increase the level of transparency of the Exchange's fee schedule and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members. Lastly, the Exchange believes that these proposed rates are non-discriminatory in that they apply uniformly to all Members.

As described in Section 3, the Exchange proposes to make conforming and non-substantive revisions to the fee schedule in general and the description of certain flags in particular in order to increase the level of transparency of the Exchange's fee schedule, promote consistent descriptions and applications, and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members.

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.

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

These proposed rule changes do 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 any of these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. In addition, as described in Section 3, the Exchange proposes to make conforming and non-substantive revisions to the fee schedule in general and the description of certain flags in particular in order to increase the level of transparency of the Exchange's fee schedule, promote consistent descriptions and applications, and improve the Exchange's ability to effectively convey the rates for securities priced below $1.00 to Members.

Regarding Flags B, V, Y, 3, 4, PA, and RP, the Exchange believes that its proposal to amend its fee schedule to list the default rebate as ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' will not burden intramarket competition or intermarket competition given that the Exchange's proposal does not modify its current rates for orders that add liquidity and they apply uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flags N, W, 6, BB, CR, PR, PT, and XR, the Exchange believes that its proposal to amend its fee schedule to list the default rate as ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' will not burden intramarket competition or intermarket competition given that the Exchange's proposal does not modify its current rates for orders that remove liquidity and they apply uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flags D, G, I, J, K, L, O, Q, R, S, T, U, X, Z, 2, 7, CL, MT, PX, RR, RT, RX, and SW, the Exchange believes that its proposal to amend its fee schedule to list the default rate of 0.30% of the dollar value of the transaction in the column ''Fee/(Rebate) Securities below $1.00'' will not burden intramarket competition or intermarket competition given that the Exchange's proposal does not modify its current rates for orders that route and remove liquidity and they apply uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flags A, F, M, P, 8, 9, 10, RB, RS, RW, RY, and RZ, the Exchange's fee schedule does not clearly disclose its pricing for Members' orders that route to these away trading destinations and add liquidity in securities priced below $1.00. The Exchange believes that its proposal to pass through no charge for securities priced below $1.00 that route to some away trading destinations and add liquidity will increase competition because it is comparable to the rates charged by the away trading destinations for adding liquidity. The Exchange believes its proposal will not burden intramarket competition or intermarket competition given that the Exchange's proposal conforms to an existing practice and does not modify the rates for orders that route and add liquidity and they apply uniformly to all Members that place orders in securities priced below $1.00. The Exchange believes that its proposal will increase competition for routing services because the market for order execution is competitive and the Exchange's proposal provides customers with another alternative to route their orders. The Exchange notes that routing through DE Route is voluntary.

Regarding Flag OO, the Exchange believes that its proposal to amend its fee schedule to list the default rate of ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' will not burden intramarket competition or intermarket competition given that the Exchange's proposal does not modify its current rate for Flag OO and it applies uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flag RC, the Exchange's fee schedule does not clearly disclose its pricing for Members' orders yield Flag RC in securities priced below $1.00. The Exchange believes that its proposal to assess no charge will not burden intramarket competition or intermarket competition given that the Exchange's proposal conforms to an existing practice and does not modify the rate for Flag RC and it applies uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flag C, the Exchange believes that its proposal to amend its fee schedule to list a charge of 0.10% of the dollar value of the transaction will not burden intramarket competition or intermarket competition given that the Exchange's proposal does not modify its current rate for Flag C and it applies uniformly to all Members that place orders in securities priced below $1.00. By charging a pass-through rate for securities priced below $1.00 that route to NASDAQ BX and remove liquidity, the Exchange will increase competition because it is comparable to the rates charged by NASDAQ BX for removing liquidity. The Exchange believes that its proposal will increase competition for routing services because the market for order execution is competitive and the Exchange's proposal provides customers with another alternative to route their orders. The Exchange notes that routing through DE Route is voluntary.

Regarding Flag BY, the Exchange notes that Footnote 12 on the fee schedule incorrectly lists a flat rate of $0.0010 per share for Members' orders that yield Flag BY in securities priced below $1.00. However, in practice, the Exchange charges Members 0.10% of the dollar value of the transaction for Members' orders that yield Flag BY. The Exchange believes that its proposal to pass through a charge of 0.10% of the dollar value of the transaction for securities priced below $1.00 that route to BATS BYX and remove liquidity will increase competition because it is comparable to the rates charged by BATS BYX for removing liquidity. The Exchange believes its proposal will not burden intramarket competition or intermarket competition given that the Exchange's proposal conforms to an existing practice and does not modify the rate for Flag BY and it applies uniformly to all Members that place orders in securities priced below $1.00. The Exchange believes that its proposal will increase competition for routing services because the market for order execution is competitive and the Exchange's proposal provides customers with another alternative to route their orders. The Exchange notes that routing through DE Route is voluntary.

Regarding Flags 5, EA and ER, the Exchange believes that its proposal to amend its fee schedule to list the default rate of ''Free'' in the column ''Fee/(Rebate) Securities below $1.00'' for customer internalization will not burden intermarket or intramarket competition as the proposed rate is no more favorable than the Exchange's prevailing maker/taker spread. In addition, the Exchange believes that its proposal will not burden intramarket competition or intermarket competition given that the Exchange's proposal does not modify the current rates for Flags 5, EA and ER and they apply uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flags HA and HR, the Exchange's fee schedule displays ''Free'' as the default rates for Members orders that add or remove liquidity for securities priced below $1.00. However, in practice, the Exchange assesses a charge of 0.10% of the dollar value of the transaction for securities priced below $1.00 for Flags HA and HR. The Exchange believes that its proposal to assess a charge of 0.10% of the dollar value of the transaction will not burden intramarket competition or intermarket competition given that the Exchange's proposal conforms to an existing practice and does not modify the rates for Flags HA and HR and they apply uniformly to all Members that place orders in securities priced below $1.00.

Regarding Flags DM and DT, the Exchange's fee schedule displays ''Free'' as the default rates for Members orders that add or remove liquidity for securities priced below $1.00. However, in practice, the Exchange assesses a charge of 0.05% of the dollar value of the transaction for securities priced below $1.00 for Flags DM and DT. The Exchange believes that its proposal to assess a charge of 0.05% of the dollar value of the transaction will not burden intramarket competition or intermarket competition given that the Exchange's proposal conforms to an existing practice and does not modify the rate for Flags DM and DT and they apply uniformly to all Members that place orders in securities priced below $1.00.

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 [17] and Rule 19b–4(f)(2) [18] thereunder. At any time within 60 days of the filing of such 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 proposed rule change 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 email to *rule-comments@sec.gov.* Please include File Number SR–EDGA–2013–09 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 Number SR–EDGA–2013–09. This file number should be included on the subject line if email 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 Web site (*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 Web site 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 a.m. and 3:00 p.m. Copies of the filing also will 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 Number SR–EDGA–2013–09 and should be submitted on or before April 2, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69042; File No. SR–EDGX–2013–10]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGX Exchange, Inc. Fee Schedule

March 5, 2013.

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 February 28, 2013, 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 self-regulatory organization. The

[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 19b–4(f)(2)[sic].

[19] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.