

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. 34-71692; File No. SR-EDGX-2014-04]

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 11, 2014.

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 March 5, 2014, 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 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 Members³ of the Exchange pursuant to EDGX Rule 15.1(a) and (c) ("Fee Schedule") to: (i) Increase the fee for orders yielding Flag D, which route or re-route orders to the New York Stock Exchange LLC ("NYSE"); (ii) decrease the fee for orders yielding Flag U, which route to LavaFlow, Inc. ("LavaFlow"); and (iii) increase the fee for orders yielding Flag RW, which route to the CBOE Stock Exchange, LLC ("CBSX") and adds liquidity. 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 proposes to amend its Fee Schedule to: (i) Increase the fee for orders yielding Flag D, which route or re-route to the NYSE; (ii) decrease the fee for orders yielding Flag U, which route to LavaFlow; and (iii) increase the fee for orders yielding Flag RW, which route to the CBSX and add liquidity.

Flag D

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0025 per share for Members' orders that yield Flag D, which route or re-route orders to the NYSE. The Exchange proposes to amend its Fee Schedule to increase the fee for orders that yield Flag D to \$0.0026 per share in securities priced at or above \$1.00.⁴ The proposed change represents a pass through of the rate Direct Edge ECN LLC (d/b/a DE Route) ("DE Route"), the Exchange's affiliated routing broker-dealer, is charged for routing orders to the NYSE that remove liquidity when it does not qualify for a volume tiered reduced fee. The proposed change is in response to the NYSE's March 2014 fee change where the NYSE increased its fee from \$0.0025 per share to \$0.0026 per share for orders in securities priced at or above \$1.00.⁵ When DE Route routes to and removes liquidity on the NYSE, it will now be charged a standard rate of \$0.0026 per share.⁶ DE Route will pass

through this rate it is charged on the NYSE to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

Flag U

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0030 per share for Members' orders that yield Flag U, which route to LavaFlow. The Exchange proposes to amend its Fee Schedule to decrease the fee for orders that yield Flag U to \$0.0028 per share in securities priced at or above \$1.00.⁷ The proposed change represents a pass through of the rate DE Route, the Exchange's affiliated routing broker-dealer, is charged for routing orders to LavaFlow that remove liquidity when it does not qualify for a volume tiered reduced fee. The proposed change is in response to LavaFlow's March 2014 fee change where LavaFlow decreased its fee from \$0.0030 per share to \$0.0028 per share for orders in securities priced at or above \$1.00.⁸ When DE Route routes to and removes liquidity on LavaFlow, it will now be charged a standard rate of \$0.0028 per share.⁹ DE Route will pass through this rate it is charged on LavaFlow to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

Flag RW

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0018 per share for Members' orders that yield Flag RW, which routes to the CBSX and adds liquidity. The Exchange does not currently charge a fee for orders in securities priced below \$1.00 that yield Flag RW. The Exchange proposes to amend its Fee Schedule to increase the fee for orders that yield Flag RW to \$0.0030 per share in securities priced at or above \$1.00 and 0.30% of the trade's dollar value in securities priced below \$1.00. The proposed change represents a pass through of the rate that DE Route, the Exchange's affiliated routing broker-dealer, is charged for routing orders that add liquidity to CBSX when it does not qualify for a volume tiered reduced fee. The proposed change is in response to CBSX's March 2014 fee change where the CBSX increased its fee from \$0.0018 per share to \$0.0030 per share for orders in securities priced at or above \$1.00

⁷ The Exchange does not propose to amend its fee for orders that yield Flag U in securities priced below \$1.00.

⁸ See LavaFlow Pricing, available at <https://www.lavatrading.com/solutions/pricing.php>.

⁹ The Exchange notes that to the extent DE Route does or does not achieve any volume tiered reduced fee on LavaFlow, its rate for Flag U will not change.

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

⁴ The Exchange does not propose to amend its fee for orders that yield Flag D in securities priced below \$1.00.

⁵ See NYSE Trader Update dated February 26, 2014, <http://www.nyse.com/pdfs/NYSE%20Client%20Notice%20Fees%2003%202014.pdf>.

⁶ The Exchange notes that to the extent DE Route does or does not achieve any volume tiered reduced fee on the NYSE, its rate for Flag D will not change.

and instituted a charge of 0.30% of the trade's dollar value in securities priced below \$1.00.¹⁰ When DE Route routes to and adds liquidity on the CBSX, it will now be charged a standard rate of \$0.0030 per share or 0.30% of the trade's value, as described above.¹¹ DE Route will pass through this rate it is charged on CBSX to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on March 5, 2014.

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.

Flag D

The Exchange believes that its proposal to increase the fees for orders yielding Flag D represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to the NYSE's March 2014 fee change, the NYSE charged DE Route a fee of \$0.0025 per share in securities priced at or above \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to the NYSE, it will now be charged a standard rate of \$0.0026 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to the NYSE through DE Route. Therefore, the Exchange believes that the proposed change to Flag D is equitable and reasonable because it accounts for the pricing changes on the NYSE, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

Flag U

The Exchange believes that its proposal to decrease the fees for orders

yielding Flag U represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to LavaFlow's March 2014 fee change, LavaFlow charged DE Route a fee of \$0.0030 per share to remove liquidity in securities priced at or above \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to LavaFlow, it will now be charged a standard rate of \$0.0028 per share. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to LavaFlow through DE Route. Therefore, the Exchange believes that the proposed change to Flag U is equitable and reasonable because it accounts for the pricing changes on LavaFlow, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

Flag RW

The Exchange believes that its proposal to increase the fees for orders yielding Flag RW represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to CBSX's March 2014 fee change, CBSX charged DE Route a fee of \$0.0018 per share to remove liquidity from CBSX in securities priced at or above \$1.00 and no fee for securities priced below \$1.00, which DE Route passed through to the Exchange and the Exchange charged its Members. When DE Route routes to and adds liquidity on the CBSX, it will now be charged a standard rate of \$0.0030 per share or 0.30% of the trade's value, as described above. The Exchange does not levy additional fees or offer additional rebates for orders that it routes to CBSX through DE Route. Therefore, the Exchange believes that the proposed changes to Flag RW are equitable and reasonable because they account for the pricing changes on CBSX, which enables the Exchange to charge its Members the applicable pass-through rate. Lastly, the Exchange notes that routing through DE Route is voluntary and believes that the proposed change is non-discriminatory because it applies uniformly to all Members.

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

The Exchange believes its proposed amendments to its Fee Schedule would not impose any burden on competition

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

In particular, the Exchange believes that its proposal to pass through the amended fees for orders that yield Flags D, U, and RW would increase intermarket competition because it offers customers an alternative means to route to the NYSE, LavaFlow, and CBSX respectively for the same price that they would be charged if they entered orders on those trading centers directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

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 Act¹⁴ and Rule 19b-4(f)(2)¹⁵ 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:

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4 (f)(2).

¹⁰ See CBSX, Information Circular IC14-011, <http://www.cbsx.com/publish/InfoCir/IC14-011.pdf>.

¹¹ The Exchange notes that to the extent DE Route does or does not achieve any volume tiered reduced fee on CBSX, its rate for Flag RW will not change.

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(4).

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-EDGX-2014-04 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 Number SR-EDGX-2014-04. 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-EDGX-2014-04, and should be submitted on or before April 8, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71691; File No. SR-EDGA-2014-04]

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 11, 2014.

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 March 5, 2014, 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 Members³ of the Exchange pursuant to EDGA Rule 15.1(a) and (c) ("Fee Schedule") to: (i) Increase the fee for orders yielding Flag D, which route or re-route orders to the New York Stock Exchange LLC ("NYSE"); (ii) decrease the fee for orders yielding Flag U, which route to LavaFlow, Inc. ("LavaFlow"); and (iii) increase the fee for orders yielding Flag RW, which route to the CBOE Stock Exchange, LLC ("CBSX") and adds liquidity. 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.

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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.

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Flag D

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Flag U

In securities priced at or above \$1.00, the Exchange currently charges a fee of \$0.0030 per share for Members' orders that yield Flag U, which route to LavaFlow. The Exchange proposes to amend its Fee Schedule to decrease the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

⁴ The Exchange does not propose to amend its fee for orders that yield Flag D in securities priced below \$1.00.

⁵ See NYSE Trader Update dated February 26, 2014, <http://www.nyse.com/pdjs/NYSE%20Client%20Notice%20Fees%2003%202014.pdf>.

⁶ The Exchange notes that to the extent DE Route does or does not achieve any volume tiered reduced fee on the NYSE, its rate for Flag D will not change.

¹⁶ 17 CFR 200.30-3(a)(12).