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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74707; File No. SR-EDGA-2015-16)

April 10, 2015

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

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 April 1, 2015, 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend its fees and rebates applicable to Members⁵ of the Exchange pursuant to EDGA Rule 15.1(a) and (c) (“Fee Schedule”) to: (i) amend the fees

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ 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).

charged for and description of the logical ports⁶ offered; (ii) amend the criteria for the MidPoint Discretionary Order Add Volume Tier; and (iii) make a series of immaterial, non-substantive changes.

The text of the proposed rule change is available at the Exchange's website at www.batstrading.com, 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to: (i) amend the fees charged for and description of the logical ports offered; (ii) amend the criteria for the MidPoint Discretionary Order Add Volume Tier; and (iii) make a series of immaterial, non-substantive changes.

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

Logical Ports

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

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

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

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

via a trading notice issued on October 7, 2014.⁹

First, the Exchange proposes to harmonize its description of logical ports within its Fee Schedule to align with the descriptions included in the BZX and BYX fee schedules. As part of the data center migration discussed above, the operation and categorization of ports provided to access the Exchange would be identical to those utilized to access BZX and BYX. Currently, the Exchange charges direct session logical ports fees of \$500 per month and separately categorizes those ports as FIX, EDGE XPRS (HPI-API), Data, DROP, EdgeRisk. To harmonize the description of the logical ports offered with those of BZX and BYX, the Exchange proposes to no longer individually list the available ports (other than Multicast PITCH Spin Server and GRP ports described below) as all of the above are encompassed under the term logical ports. In addition, EdgeRisk ports will also no longer be separately listed within in [sic] the Fee Schedule. EdgeRisk ports enable Members, and non-Member service bureaus that act as conduits for orders entered by Members that are their customers, access to a System¹⁰ test environment through which they can test their automated systems that integrate with the Exchange.¹¹ Under BATS technology, Members and non-Members would no longer need a dedicated port to access the Exchange's test environment as they would be able to utilize any of their existing ports to do so. Therefore, the Exchange proposes to not individually list EdgeRisk as a separate logical port.

Second, other than no longer providing certain ports free of charge as described below, the Exchange does not propose to amend the monthly fee [sic] logical port fees. All logical ports

⁹ See BATS Global Markets Access Fee Changes for 2015, available at http://cdn.batstrading.com/resources/fee_schedule/2015/BATS-Global-Markets-Access-Services-Fee-Changes-for-2015.pdf (issued October 7, 2014).

¹⁰ The term "System" is defined in Rule 1.5(cc).

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

will continue to be subject to a fee of \$500 per month per port. In addition, logical port fees proposed above would be limited to logical ports in the Exchange's primary data center and no logical port fees would be assessed for redundant secondary data center ports. In addition, the Exchange also proposes to no longer provide the first two (2) logical ports free of charge. The Exchange, like BZX and BYX, will assess the monthly per logical port fees for all of a Member and non-Member's logical ports.

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

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

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

GRP Ports are identical to those charged by BZX and BYX.

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

MidPoint Discretionary Order Add Volume Tier

The Exchange proposes to amend the criteria for the MidPoint Discretionary Order Add Volume Tier. Under the tier, a Member qualifies for a reduced fee of \$0.0003 per share where that Member: (i) adds an ADV of at least 0.25% of the TCV including non-displayed orders that add liquidity; and (ii) adds or removes an ADV of at least 1,500,000 shares yielding fee codes DM or DT. Fee code DM is applied to Non-Displayed orders that add liquidity using MidPoint Discretionary orders¹³ and fee code DT is applied to Non-Displayed orders that remove liquidity using MidPoint Discretionary Orders. Orders that yield fee code DM or fee code DT that do not meet to the criteria of the MidPoint Discretionary Order Add Volume Tier are charged a fee of \$0.00050 per share. The Exchange now proposes to decrease the ADV requirement to require that a Member add an ADV of at least 0.20%, rather than 0.25%, of the TCV including non-displayed orders that add liquidity. Easing the criteria of the MidPoint Discretionary Order Add Volume Tier is intended to further incentive Members to submit an increased number of MidPoint Discretionary orders to the Exchange, thereby increasing the liquidity on the Exchange at the midpoint of the National Best Bid or Offer (“NBBO”).

Non-Substantive Changes

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

¹³ See Exchange Rule 11.8(e) for a description of MidPoint Discretionary orders.

- Remove the word “the” from the description of fee code D;
- Remove the word “the” from the description of fee code RN;
- Amend the Market Data Section to add a colon after BATS One Feedsm; and
- Add a colon after Licensing and Continuing Education.

Implementation Date

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

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(4),¹⁵ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

Logical Ports

The Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4).

the Act,¹⁶ in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that its proposed changes, combined with the planned filings for EDGA, BZX and BYX,¹⁷ would allow the BGM Affiliated Exchanges to provide consistent logical port offerings across each of the BGM Affiliated Exchanges. Consistent offerings, in turn, will simplify the connectivity requirements for Members of the Exchange that are also participants on EDGA, BZX and/or BYX. The proposed rule change would result in greater uniformity and less burdensome and more efficient understanding of Exchange connectivity requirements.

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

¹⁶ 15 U.S.C. 78f(b)(4).

¹⁷ See supra note 8.

members, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity. Lastly, the Exchange believe its proposed fees are reasonable because the Nasdaq Stock Market LLC (“Nasdaq”) and the NYSE Arca, Inc. (“NYSE Arca”) do not provide logical ports or ports used for the retransmission of market data free of charge.¹⁸

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

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are

¹⁸ See Nasdaq Rule 7015 (providing no FIX or non-Trading FIX ports free of charge) and the NYSE Arca fee schedule available at https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf (dated February 26, 2105).

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

MidPoint Discretionary Order Add Volume Tier

The Exchange believes amending the criteria for the MidPoint Discretionary Order Add Volume Tier represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because it is designed to further incentivize Members to increase their use of MidPoint Discretionary orders on EDGA. MidPoint Discretionary Orders increase displayed liquidity on the Exchange while also enhancing execution opportunities at the mid-point of the NBBO. Promotion of displayed liquidity at the NBBO enhances market quality for all Members. Members utilizing MidPoint Discretionary orders provide liquidity at the midpoint of the NBBO increasing the potential for an order to receive price improvement, and easing the tier's criteria so that Members may be eligible for a decreased fee is a reasonable means by which to encourage the use of such orders. In addition, the Exchange believes that by encouraging the use of MidPoint Discretionary orders by easing the tier's criteria, Members seeking price improvement would be more motivated to direct their orders to EDGA because they would have a heightened expectation of the availability of liquidity at the midpoint of the NBBO. The Exchange also believes that the proposed addition of the MidPoint Discretionary Order Add Volume Tier is non-discriminatory because it will be available to all Members.

Non-Substantive Changes

The Exchange believes that the non-substantive clarifying changes to its Fee Schedule are

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

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

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

Logical Ports

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that, other than no longer providing two (2) ports or ports used for the retransmission of market data for free each month, it does not propose to alter the fees charged from their current levels. As discussed above, the Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, including logical port fees, would serve to

impair an exchange's ability to compete for order flow rather than burdening competition. In addition, allowing the Exchange to implement substantively identical logical port fees across each of the BGM Affiliated Exchanges does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BYX, BZX, and EDGA. Lastly, the Exchange believes the proposal to no longer provide two (2) ports or ports used for the retransmission of market data for free each month would enhance intermarket competition because Nasdaq and NYSE Arca do not provide logical ports or ports used for the retransmission of market data free of charge.¹⁹ The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all Members and non-Members equally.

MidPoint Discretionary Order Add Volume Tier

The Exchange believes that its proposal to ease the criteria for the MidPoint Discretionary Order Add Volume Tier would increase intermarket competition because it would further incentivize Members to send an increased amount MidPoint Discretionary orders to the Exchange in order to qualify for the tier's decreased fee. The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the MidPoint Discretionary Order Add Volume Tier would apply uniformly to all Members and the ability of some Members to meet the tier would only benefit other Members by contributing to increased liquidity at the midpoint of the NBBO and better market quality at the Exchange.

Non-Substantive Changes

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

¹⁹

Id.

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

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and paragraph (f) of Rule 19b-4 thereunder.²¹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the 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 e-mail to rule-comments@sec.gov. Please include File Number SR-EDGA-2015-16 on the subject line.

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f).

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-EDGA-2015-16. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 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-2015-16, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Brent J. Fields
Secretary

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²² 17 CFR 200.30-3(a)(12).