SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-84599; File No. SR-CboeEDGA-2018-017)

November 15, 2018

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend the Exchange's Fee Schedule Applicable to its Equities Trading Platform

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 November 1, 2018, EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

Cboe EDGA Exchange, Inc. ("EDGA" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend the Exchange's fee schedule applicable to its equities trading platform.

The text of the proposed rule change is also available on the Exchange's website (http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx), at the Exchange's Office of the Secretary, 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

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

2 17 CFR 240.19b-4.

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 amend its fee schedule, effective November 1, 2018, to (i) amend transaction fee rates, (ii) amend the definition for fee code MT, (iii) adopt new Add and Remove Volume Tiers, (iv) amend the threshold under the RMPT/RMPL Tier, and (v) adopt a new Routing Tier.

Transaction Fee Changes

Orders that Add Liquidity

In securities priced at or above $1.00, the Exchange currently charges a fee of $0.00080 per share for Displayed and Non-Displayed orders that add liquidity. All Displayed and Non-Displayed orders in securities priced below $1.00 that add liquidity are free. The Exchange first proposes to increase this transaction fee and assess a standard rate of $0.0030 per share for Displayed and Non-Displayed orders that add liquidity for securities at or above $1.00 that are appended with fee codes B, V, Y, 3, 4, RP, HA, DA, and DM. The Exchange notes that it is not proposing to increase the fee for Non-Displayed orders that add liquidity using Mid-Point Peg, which orders yield fee code MM. All Displayed and Non-Displayed orders in securities priced below $1.00 that add liquidity would continue to be free.

Orders that Remove Liquidity

In securities priced at or above $1.00, the Exchange currently provides a rebate of $0.00040 per share for Displayed orders that remove liquidity (i.e., yields fee codes N, W, 6 and

BB) and provides free executions for Non-Displayed orders that remove liquidity (i.e., yields fee codes DR, DT, HR, and MT). All Displayed and Non-Displayed orders in securities priced below $1.00 that remove liquidity are currently free, with the exception of orders that yield fee codes HR and MT, which result in a fee of 0.05% of dollar value.

With respect to Displayed orders priced at or above $1.00 that remove liquidity, the Exchange proposes to increase the per share rebate from $0.00040 to $0.0024 (i.e., yields fee codes N, W, 6, or BB). All Displayed orders in securities priced below $1.00 would continue to be free.

With respect to Non-Displayed orders priced at or above $1.00 that remove liquidity, the Exchange proposes to offer a $0.0024 per share rebate for Non-Displayed orders that remove liquidity using MidPoint Discretionary order not within discretionary range (i.e., yields fee code DR).

With respect to the Non-Displayed orders priced below $1.00 that remove liquidity (i.e., yields fee code HR) and removes liquidity using MidPoint Peg (i.e., yields fee code MT[3]), the Exchange proposes to eliminate the current fee of 0.05% of dollar value and make these executions free, which will result in all Non-Displayed orders in securities priced below $1.00 being treated the same (i.e., no fees or rebates assessed).

Fee Code MT

The Exchange also proposes to modify the definition of fee code MT. Currently, fee code MT is appended to all Non-Displayed orders that remove liquidity using Mid Point Peg order type[4]. The Exchange proposes to modify the types of orders that yield fee code MT, such that fee

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3 The Exchange is proposing to amend the definition of orders that yield fee code MT, as further described in this rule filing.

4 See Cboe EDGA Rule 11.8(d). Mid-Point Peg Orders are non-displayed Market Orders

code MT will be appended to all orders that remove Mid-Point Peg Order liquidity ("Mid-Point Peg liquidity") from EDGA, (i.e., any order for which a Mid-Point Peg order that adds liquidity (fee code MM) is the contra). The Exchange notes that the proposed amended definition for the MT fee code is the same as the definition (i.e., configuration) for the same fee code (MT) on its affiliate exchange, Cboe BYX Exchange, Inc.[5]

Add/Remove Volume Tiers

The Exchange next proposes to adopt an Add Volume Tier, Tier 1 and Remove Volume Tier, Tier 1 (under new footnote 7). Particularly, proposed Add Volume Tier 1 would provide a reduced fee of $0.0026 per share for members that add an ADAV of greater than or equal to 0.10% of the TCV[6] for orders that add liquidity yielding fee codes 3, 4, B, v and Y. The Exchange proposes to also add language in its Definitions section defining "ADAV". Specifically, ADAV shall mean average daily added volume calculated as the number of shares added per day.[7] The Exchange notes that the proposed definition of ADAV is similar to

or Limit Orders with an instruction to execute at the midpoint of the NBBO, or, alternatively, pegged to the less aggressive of the midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order.

5 See Cboe BYX Equities Exchange Fee Schedule, Fee Codes and Associated Fees, fee code MT.

6 TCV means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. See Exchange's fee schedule.

7 Like ADV (which means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange (or any subset thereof), ADAV will be calculated on a monthly basis. Additionally, as with ADV, the Exchange will exclude from its calculation of ADAV shares added, removed, or routed on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours, on any day with a scheduled early market close, and on the last Friday in June. A member will be able to aggregate ADAV (and ADV) with other Members that control, are controlled by, or are under common control with such Member).

definitions at other Exchanges, such as its affiliate Exchange, Cboe BYX Exchange, Inc. ("BYX"). Additionally, BYX has a similar Add Volume Tiers that require members to reach ADAV thresholds of the TCV.[8] The Exchange believes the proposed change will encourage members to increase their liquidity on the Exchange.

The Exchange proposes to adopt Remove Volume Tier 1, which would provide an enhanced rebate of $0.0026 per share for members that (1) has an ADAV of greater than or equal to 0.20% of the TCV and (2) has a remove ADV[9] greater than or equal to 0.40% of the TCV for orders that remove liquidity yielding fee codes N, W, 6 and BB. The Exchange believes the proposed tier will encourage members to increase their liquidity on the Exchange. The Exchange also notes that other exchanges have similar volume tiers with similar requirements.[10]

The Exchange believes the proposed volume requirements under both Add and Remove Volume Tiers 1 are commensurate with the level of the incentives provided.

Amend RMPT/RMPL Tier

The Exchange currently offers a tier under footnote 1, the RMPT/RMPL Tier under which a Member receives a discounted fee of $0.0008 per share for orders yielding fee code PX where that Member meets certain required criteria. Fee code PX is appended to orders that are routed using the RMPL routing strategy to a destination not covered by fee code PL, or are routed using the RMPT routing strategy, and are assessed a fee of $0.00120 per share on

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8 See Cboe BYX Exchange, Inc. Equities Exchange Fee Schedule, Footnote 1.

9 ADV means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis. See Exchange's fee schedule.

10 See Nasdaq BX, Inc. ("BX") Rule 7018, Nasdaq BX Equities System Order Execution and Routing, which provides a credit for orders that meet thresholds relating to accessing liquidity and adding liquidity. See also Cboe BYX U.S. Equities Exchange Fee Schedule, Volume Tier 8 under Footnote 1.

securities priced over $1.00, and a fee of 30% of the total dollar value on securities priced below $1.00. Under Tier 1, a Member is charged a discounted fee of $0.0008 per share for orders yielding fee code PX where they add or remove an ADV greater than or equal to 4,000,000 shares using the RMPT or RMPL[11] routing strategies (i.e., yielding fee codes PA, PL, PT and PX). The Exchange proposes amend the ADV requirement of Tier 1 from greater or equal to 4,000,000 shares to 2,000,000 shares.

Adopt ROUT Tier

The Exchange proposes to also adopt a new routing tier for orders routed using the ROUT strategy[12] ("ROUT Tier"), under Footnote 1 of the Fees Schedule. Particularly, the Exchange proposes to offer a discounted fee of $0.0026 per share for orders yielding fee code RT where that Member meets certain required criteria. Fee code RT is appended to orders that are routed using the ROUT routing strategy, and are assessed a fee of $0.00280 per share on securities priced over $1.00, and a fee of 30% of the total dollar value on securities priced below $1.00. The Exchange proposes to provide that under ROUT Tier 1, a Member will be charged a discounted fee of $0.0026 per share for orders yielding fee code RT where the Member routes an ADV than or equal to 3,000,000 shares using routing strategy ROUT (i.e., yielding fee codes RT and RX).[13] In connection the proposed changes, the Exchange proposes to also change the title of Footnote 1 from "RMPT/RMPL Tiers" to "Routing Tiers" to address both the RMPT/RMPL Tier and the new proposed ROUT Tier.

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[11] See Cboe EDGA Rule 11.11(g)(13).

[12] See Cboe EDGA Rule 11.11(g)(3).

[13] Pursuant to the Fees Schedule, variable rates provided by tiers apply only to executions in securities priced at or above $1.00.

2. Statutory Basis

The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act, which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes its proposal to increase rates for Non-Displayed and Displayed orders that add liquidity (other than orders that yield fee code MM) is reasonable because the Exchange must balance the cost of rebates for orders that remove liquidity (and as described above, the Exchange is increasing the rebates provided for orders that remove liquidity). Additionally, the Exchange notes that the proposed fee is similar to, and in line with, transaction fees assessed on other Exchanges.[14] Additionally the Exchange notes the proposed fee increase applies uniformly to members.

The Exchange believes the proposed increased rebate for Displayed orders that remove liquidity is reasonable, equitable and not unfairly discriminatory because it provides a higher rebate to members and is designed to further incentivize members to bring additional liquidity to the Exchange, thereby promoting price discovery and enhancing order execution opportunities for members. The Exchange believes the proposed changes are equitable and not unfairly discriminatory because they apply equally to all members. Furthermore, the Exchange's inverted fee structure would continue to incentivize liquidity takers since orders that remove liquidity would remain eligible for better pricing – including increased rebates for displayed orders and free executions for non-displayed orders – than orders that add liquidity and are charged a fee.

The Exchange believes the proposal to adopt a rebate for orders that remove liquidity using MidPoint Discretionary Orders not within discretionary range (i.e., orders yielding fee

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14 See e.g., NYSE Arca Equities, Fees and Charges, NYSE Arca Marketplace: Trade Related Fees and Credits.

code DR) is reasonable because it provides a rebate to members for these executions they were not otherwise receiving. Additionally, the Exchange notes the proposed rebate is the same as the rebate offered for Displayed orders that remove liquidity. The Exchange notes the proposed rule change applies uniformly to all members.

The Exchange believes the proposal to provide free executions for orders priced below $1.00 and yielding fee codes HR and MT is reasonable, because members will no longer be assessed any fees for these particular transactions. The Exchange also notes the proposed change results in all Non-Displayed orders in securities priced below $1.00 being treated the same (i.e., no fees or rebates assessed). The proposed change also applies equally to all members.

The Exchange believes the proposed change to the definition for fee code MT is reasonable because orders that currently yield fee code MT (i.e., Non-Displayed Mid-Point Peg orders that remove liquidity) will continue to receive free executions, as going forward they will be appended with either fee code HR (i.e., Non-displayed orders that remove liquidity), if contra to any order that adds liquidity other than Mid-Point Peg orders, or MT (i.e., an order that removes Mid-Point order liquidity), if contra to a Mid-Point Peg order that adds liquidity. Additionally, the proposed rule change is reasonable because all Displayed and Non-Displayed orders that remove a Non-Displayed Mid-Point Peg Order will also receive a free execution. The proposed rule change is equitable and not unfairly discriminatory because it applies to all members. Additionally, as noted above, the proposed definition of fee code MT is the same as the definition used on another exchange.[15]

The Exchange believes the proposal to adopt an Add and Remove Volume Tier, along with a ROUT Tier, is reasonable because it provides members an opportunity to receive a

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[15] See Cboe BYX Equities Exchange Fee Schedule, Fee Codes and Associated Fees, fee code MT.

reduced fee or enhanced rebate, depending on the Tier. The Exchange additionally notes that volume-based discounts have been widely adopted by exchanges and are equitable and non-discriminatory because they are open to all members on an equal basis and provide additional benefits or discounts that are reasonably related to (i) the value of an exchange's market quality; (ii) associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns; and (iii) introduction of higher volumes of orders into the price and volume discovery processes. The proposed required criteria of the Volume Tiers are intended to incentivize Members to send additional orders to the Exchange in an effort to qualify for the reduce fee and enhanced rebate made available by the respective tiers. The Exchange also notes that increased volume on the Exchange provides greater trading opportunities for all market participants. As noted previously, the Exchange also believes the proposed required criteria under the Add and Remove Volume Tiers 1 and ROUT Tier are commensurate with the level of the incentives provided.

The Exchange believe that the amendment to the RMPL/RMPT Tier is reasonable and equitable because the amount of the discounted fee is not changing and because the amendment to the required criteria is designed to make it easier for market participants to satisfy the tier and thus receive a discounted rate. The Exchange also believes notwithstanding the proposed change, RMPL/RMPT Tier 1 still attracts additional midpoint liquidity to the Exchange, resulting in increased price improvement opportunities for orders seeking an execution at the midpoint of the NBBO on the Exchange or elsewhere. The Exchange notes that routing through the Exchange is voluntary. The Exchange also believes that the proposed routing tier change is non-discriminatory because it applies uniformly to all members.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. Particularly, the proposed rates and rebates would apply uniformly to all members, and 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 changes will impair the ability of members or competing venues to maintain their competitive standing in the financial markets. Further, excessive fees would serve to impair an exchange's ability to compete for order flow and members rather than burdening competition. Moreover, the proposed fee changes are designed to incentivize liquidity, which the Exchange believes will benefit all market participants by encouraging a transparent and competitive market. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

No written comments were either solicited or received.

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[16] and paragraph (f) of Rule 19b-4 thereunder.[17] At any time within 60 days of the filing of

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16 15 U.S.C. 78s(b)(3)(A).

17 17 CFR 240.19b-4(f).

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-CboeEDGA-2018-017 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-CboeEDGA-2018-017. 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 this filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeEDGA-2018-017 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.[18]

Eduardo A. Aleman
Assistant Secretary

[18] 17 CFR 200.30-3(a)(12).