

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-67608; File No. SR-EDGX-2012-34)

August 7, 2012

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 1, 2012 the 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 Members<sup>3</sup> of the Exchange pursuant to EDGX Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGX Members. The text of the proposed rule change is available on the Exchange's Internet website at <http://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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> A Member is any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange.

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

In SR-EDGX-2012-26, the Exchange proposed to pass-through the rates for routing orders to the Nasdaq OMX PSX (the "PSX") on Flags K and RS.<sup>4</sup> Accordingly, in response to the proposed pricing changes in the PSX's pending filing with the Securities and Exchange Commission, which is effective August 1, 2012, the Exchange proposes to amend the fees for Flags K and RS in response to the PSX's proposed fee changes.<sup>5</sup> The Exchange proposes to increase the rate for Flag K from \$0.0005 per share to \$0.0027 per share. The Exchange also proposes to change the rate for Flag RS from a charge of \$0.0005 per share to a rebate of \$0.0016 per share.

The Exchange proposes to implement these amendments to its fee schedule on August 1, 2012 .

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>7</sup> in particular,

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<sup>4</sup> See Securities and Exchange Act Release No. 67379 (July 10, 2012), 77 FR 41864 (July 16, 2012) (SR-EDGX-2012-26).

<sup>5</sup> See NASDAQ OMX PSX, Price List – Trading and Connectivity, [http://www.nasdaqtrader.com/Trader.aspx?id=PSX\\_pricing](http://www.nasdaqtrader.com/Trader.aspx?id=PSX_pricing).

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

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 proposes to amend the fees for Flags K and RS in response to the proposed pricing changes in the PSX's pending filing with the Securities and Exchange Commission, which is effective August 1, 2012, where the PSX proposed a range of fees and rebates for Tape A and Tapes B and C securities. At this time, the PSX passes through applicable fees and/or rebates to DE Route, which, in turn, passes through the applicable fees and/or rebates to the Exchange. In response to the PSX's pending filing, the Exchange proposes to increase the rate for Flag K from \$0.0005 per share to \$0.0027 per share, and the rate for Flag RS from a charge of \$0.0005 per share to a rebate of \$0.0016 per share. Because the Exchange's fee schedule currently does not differentiate between Tape A and Tapes B and C securities that are routed to the PSX in Flags K and RS and the Exchange cannot mirror the new PSX fees associated with each tape, the Exchange proposes assessing its Members the highest fee and the lowest rebate associated with the PSX's pending filing for all tapes for ease of administration and to prevent potential arbitrage. The Exchange also notes that routing through DE Route is voluntary. The Exchange believes this represents an equitable allocation of reasonable dues, fees and other charges since it reflects the pass-through of these fees from the PSX. In addition, the Exchange believes that it is reasonable and equitable to pass-through certain fees to its Members. The Exchange also believes that the proposed pass-through of fees is non-discriminatory because it applies to all Members.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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) of the Act<sup>8</sup> and Rule 19b-4(f)(2)<sup>9</sup> 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-EDGX-2012-34 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.

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 19b-4(f)(2).

All submissions should refer to File Number SR-EDGX-2012-34. 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-EDGX-2012-34 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.<sup>10</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).