

2015–25, and should be submitted on or before August 4, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75393; File No. SR–EDGX–2015–29]

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

July 8, 2015.

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 June 30, 2015, 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 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 the fee schedule applicable to Members⁵ and non-members of the Exchange pursuant to EDGX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange’s Web site 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Fee Schedule to: (i) Modify its fees for physical connectivity; and (ii) delete the MidPoint Match Volume Tier under footnote 3.

Physical Connectivity

A physical port is utilized by a Member or non-Member to connect to the Exchange at the data centers where the Exchange’s servers are located. The Exchange currently maintains a presence in two third-party data centers: (i) The primary data center where the Exchange’s business is primarily conducted on a daily basis, and (ii) a secondary data center, which is predominantly maintained for business continuity purposes. The Exchange currently assesses the following physical connectivity fees for Members and non-Members on a monthly basis: \$500 per physical port that connects to the System⁶ via 1 gigabyte copper circuit; \$1,000 per physical port that connects to the System via 1 gigabyte fiber circuit; and \$2,000 per physical port that connects to the System via 10 gigabyte fiber circuit.

The Exchange now proposes to amend its physical connectivity fees to align the Exchange’s fees with its affiliates.⁷

⁶ The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(cc).

⁷ The Exchange’s affiliates are EDGA Exchange, Inc. (“EDGA”), BATS Y-Exchange, Inc. (“BYX”) and BATS Exchange, Inc. (“BZX”, together with the Exchange, EDGA and BYX, the “BATS Exchanges”). The Exchange notes that each of its affiliates will also file proposed rule changes with Commission to

First, the Exchange proposes to amend its Fee Schedule to no longer distinguish between fiber and copper circuits. Therefore, it proposes to delete the charge of \$500 per month per physical port that connects to the System via 1 gigabyte copper circuit and to assess a monthly fee of \$2,000 per physical port that connects to the System via 1 gigabyte circuit regardless of the type of connection. Second, the Exchange proposes to increase the fee per physical port that connects to the System via 10 gigabyte circuit from \$2,000 per month to \$4,000 per month. The Exchange also proposes to replace the reference to “fiber” with “physical port” within the description of the 1 gigabyte and 10 gigabyte physical connectivity fees as it proposes to no longer distinguish between fiber and copper circuits within its Fee Schedule.

Lastly, to further align its physical connectivity fees with its affiliates, the Exchange proposes to pass through in full any hardware costs or connectivity fees incurred that are directly related to completing a cross-connect where the expense to the Exchange billed by a third party exceeds \$1,000.⁸ The Exchange proposes to pass through the expense as an alternative to the flat installation fees charged by the Exchange’s primary competitors. The Exchange does not anticipate that passing through these expenses will affect many of the Exchange’s constituents, because the majority of cross-connect completions cost less than \$1,000. For this reason, the Exchange proposes to pass-through the charges associated with cross-connect completions that cost more than \$1,000 rather than to charge an installation fee for all completions regardless of their cost.

MidPoint Match Volume Tier

The Exchange proposes to delete the MidPoint Match Volume Tier under footnote 3 of its Fee Schedule. Under fee code MM, a Member is currently charged a fee of \$0.00120 per share for orders that add liquidity at midpoint of NBBO using: (1) A MidPoint Match⁹ order; (2) an order with a Hide Not Slide¹⁰ instruction; or (3) an order with a Non-Displayed¹¹ instruction. However, under the MidPoint Match Volume Tier, a Member would pay no

adopt similar physical connectivity fees to be effective July 1, 2015.

⁸ See BZX fee schedule available at http://batstrading.com/support/fee_schedule/bzx/a and the BYX fee schedule available at http://batstrading.com/support/fee_schedule/byx/.

⁹ See Exchange Rule 11.8(d).

¹⁰ See Exchange Rule 11.6(l)(1)(B).

¹¹ See Exchange Rule 11.6(e)(2).

³³ 17 CFR 200.30–3(a)(12).

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 that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

fee for its orders that yielded fee code MM where that Member added or removed a combined ADV¹² of at least 2,500,000 shares yielding fee codes AA, AM, MM, or MT. Currently, no Member satisfies the tier's criteria. Therefore, the Exchange proposes to delete the MidPoint Match Volume Tier.

The Exchange also notes that the MidPoint Match Volume Tier would no longer be necessary as of July 6, 2015. The Exchange intends to file with the Commission a separate proposal to amend its Fee Schedule for July 6, 2015 effectiveness to, among other things: (i) Delete fee codes AA, AM, and MT; and (ii) amend fee code MM to (a) only apply to orders that add liquidity at the midpoint of the NBBO using MidPoint Peg orders; (b) delete references to MidPoint Match orders, orders utilizing the Hide Not Slide instruction, and orders with a Non-Displayed instruction. These changes are a result of proposed rule change to be filed with the Commission to align certain Exchange functionality with BZX.¹³ Therefore, removing the MidPoint Match Volume Tier as of July 1, 2015 would avoid Members confusion and prevent them from attempting to achieve the tier's criteria as the functionality necessary to achieve the tier may be discontinued before the end of July 2015.

Lastly, as a result of the above, the Exchange also proposes to remove a reference to footnote 3 from fee code MM under the Fee Codes and Associated Fee table within its Fee Schedule.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on July 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.

Physical Connectivity

The Exchange believes that the proposed physical connectivity fees represent an equitable allocation of reasonable dues, fees, and other charges as its fees for physical connectivity are reasonably constrained by competitive alternatives. If a particular exchange charges excessive fees for connectivity, affected Members and non-Members may 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, if the Exchange charges excessive fees, it would stand to lose not only connectivity revenues but also revenues associated with the execution of orders routed to it, 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.

Furthermore, the proposed rule change is also an equitable allocation of reasonable dues, fees, and other charges as the Exchange believes that the increased fees obtained will enable it to cover its increased infrastructure costs associated with establishing physical ports to connect to the Exchange's Systems. The additional revenue from the increased fees will also enable the Exchange to continue to maintain and improve its market technology and services. The Exchange believes that the proposed fees for 1 gigabyte circuit of \$2,000 per month and for 10 gigabyte circuit of \$4,000 per month are reasonable in that they are less than analogous fees charged by the Nasdaq Stock Market LLC ("Nasdaq"), which are \$2,500 per month for 1 gigabyte connectivity and range from \$10,000–\$15,000 per month for 10 gigabyte circuits.¹⁶ In addition, the Exchange

proposed physical connectivity fees are designed to align the Exchange's fees with its affiliates.¹⁷

The Exchange also believes that passing through the cross-connect related expenses in excess of \$1,000 as an alternative to the flat installation fees is equitable and reasonable. The proposed pass through would be in lieu of the flat installation fees charged by the Exchange's primary competitors. The Exchange does not anticipate that passing through these expenses will affect many of the Exchange's constituents, because the majority of cross-connect completions cost less than \$1,000.

Finally, the Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members and non-Members. Members and non-Members will continue to choose whether they want more than one physical port and choose the method of connectivity based on their specific needs. All Exchange Members that voluntarily select various service options will be charged the same amount for the same services. As is true of all physical connectivity, all Members and non-Members have the option to select any connectivity option, and there is no differentiation with regard to the fees charged for the service.

MidPoint Match Volume Tier

The Exchange believes that the proposal to delete the MidPoint Match Volume Tier represents an equitable allocation of reasonable dues, fees, and other charges as it would avoid confusion by removing a tier from its Fee Schedule for which no Member currently qualifies. It is also reasonable as it would prevent a Member from attempting to achieve the tier's criteria as the functionality necessary to achieve the tier is to be discontinued in the near future. Furthermore, removing the MidPoint Match Volume Tier as of July 1, 2015 would prevent Members attempting to achieve the tier's criteria when they will be unable to do so because the functionality necessary to achieve the tier will be discontinued before the end of July 2015, thereby avoiding Member or investor confusion. Lastly, the Exchange believes that removal of the MidPoint Match Volume Tier is equitable and non-discriminatory in that they apply uniformly to all Members.

¹² "ADV" is defined in the Exchange Fee Schedule available at http://batstrading.com/support/fee_schedule/edgx/.

¹³ A description of the changes proposed in this filing may be found in *BATS EDGX Exchange Modifications, Effective July 6, 2015*, available at http://cdn.batstrading.com/resources/release_notes/2015/BATS-EDGX-Exchange-Modifications-Effective-July-6-2015.pdf.

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4).

¹⁶ See Nasdaq Rule 7034(b).

¹⁷ See *supra* notes 7 and 8.

(B) Self-Regulatory Organization's Statement on Burden on Competition

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.

Physical Connectivity

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 port fee access, would serve to impair an exchange's ability to compete for order flow rather than burdening competition. The proposal to increase the fees for physical connectivity would bring the fees charged by the Exchange closer to similar fees charged for physical connectivity by other exchanges.¹⁸ In addition, the proposal to pass through cross-connect installation related expenses serves as an alternative to the flat installation fees charged by the Exchange's primary competitors.

Lastly, the proposed rule change does not impose any burden on intramarket competition as the fees are uniform for all Members and non-Members. The Exchange notes that Members and non-Members also have the ability to obtain access to these services without the need for an independent physical port connection, such as through alternative means of financial extranets and service bureaus that act as a conduit for orders entered by Members and non-Members.

MidPoint Match Volume Tier

The Exchange does not believe that its proposal to delete the MidPoint Match Tier will impose any burden on competition. As stated above, no Member currently satisfies the tier's criteria and the Exchange is proposing to remove it to avoid investor confusion as the functionality necessary to achieve the tier is to be discontinued before the end of July 2015. Therefore, the Exchange believes deleting the MidPoint Match Tier will have no impact on competition.

(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 Act¹⁹ and paragraph (f) of Rule 19b-4 thereunder.²⁰ 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 email to rule-comments@sec.gov. Please include File Number SR-EDGX-2015-29 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-EDGX-2015-29. 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 will also 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-2015-29 and should be submitted on or before August 4, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Brent J. Fields,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75389; File No. SR-NASDAQ-2015-071]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to the Designated Liquidity Provider Program Under Rule 7018(i)

July 8, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that, on July 1, 2015, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") 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 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 the Designated Liquidity Provider ("DLP") program under Rule 7018(i).

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

²¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁸ See *supra* note 16.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f).