2013, based on their level of participation in recent months. In addition, the change is reasonable because the fees and rebates applicable in the absence of the program are the fees and rebates that are otherwise in effect for members not qualifying for the program under Rules 7014 and 7018, all of which have been established and described in prior proposed rule changes. In addition, another pricing incentive program aimed at members representing retail customers, the ISP, remains in effect. The change is consistent with an equitable allocation of fees and is not unfairly discriminatory because although NASDAQ believes that it is equitable to use fee reductions as a means to encourage greater retail participation in NASDAQ, such reductions are not required under the Act, and the change will eliminate a provision that could result in a very high rebate being paid to only certain members. Moreover, since the program has not applied to any members in recent months, its elimination will not have a direct effect on the allocation of fees. Similarly, its elimination is not discriminatory because it will have no direct effect on members based on their current levels of participation. Finally, the change will not result in unfair discrimination against firms that represent retail customers, since providing financial incentives to such members, while not inconsistent with the Act, is also not required by the Act, and because the incentives provided by the ISP remain in place.

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

NASDAQ 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.[11] NASDAQ notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, NASDAQ must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges, while also seeking to recoup its costs of operation and earn a return. Accordingly, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this case, NASDAQ is eliminating an incentive program aimed at members representing retail customers, but in which such members were not currently participating. Accordingly, NASDAQ does not believe that the proposed change will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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 [12] and paragraph (f) of Rule 19b–4 thereunder.[13] 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–NASDAQ–2013–105 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.

All submissions should refer to File Number SR–NASDAQ–2013–105. 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–NASDAQ–2013–105 and should be submitted on or before September 4, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–19691 Filed 8–13–13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70145; File No. SR–EDGX–2013–27]

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

August 8, 2013.

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 August 1, 2013, 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

[11] 15 U.S.C. 78f(b)(8).

[12] 15 U.S.C. 78s(b)(3)(A).

[13] 17 CFR 240.19b–4(f).

[14] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

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 [3] pursuant to EDGX Rule 15.1(a) and (c) (''Fee Schedule'') to: (1) Increase the fee charged from $0.0029 per share to $0.0030 per share for orders that yield Flag U, which routes to LavaFlow, Inc. (''LavaFlow''); (2) eliminate underutilized pricing tiers from its Fee Schedule; and (3) make a number of non-substantive amendments and clarifications. 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 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: (1) Increase the fee charged from $0.0029 per share to $0.0030 per share for orders that yield Flag U, which routes to LavaFlow; (2) eliminate underutilized pricing tiers from its Fee Schedule; and (3) make a number of non-substantive amendments and clarifications.

Fee Change for Flag U

In securities priced at or above $1.00, the Exchange currently assesses a fee of $0.0029 per share for Members' orders that yield Flag U, which routes to LavaFlow. The Exchange proposes to amend its Fee Schedule to increase this fee to $0.0030 per share for Members' orders that yield Flag U. The proposed change represents a pass through of the rate that Direct Edge ECN LLC (d/b/a DE Route) (''DE Route''), the Exchange's affiliated routing broker-dealer, is charged for routing orders to LavaFlow and do not qualify for a volume tiered discount. When DE Route routes to LavaFlow, it is charged a default fee of $0.0030 per share.[4] DE Route will pass through this rate on LavaFlow to the Exchange and the Exchange, in turn, will pass through this rate to its Members. The Exchange notes that the proposed change is in response to LavaFlow's July 2013 fee change where LavaFlow increased the rate it charges its customers, such as DE Route, from a charge of $0.0029 per share to a charge of $0.0030 per share for orders that are routed to LavaFlow and add liquidity.[5]

Elimination of the Tier Under Footnote 6 [6]

Currently, under Footnote 6, Members can qualify for a decreased fee of $0.0023 per share for orders yielding Flag U where they post an average of 100,000 shares or more per day using routing strategy ROLF (yielding Flag M). The Exchange proposes to amend its Fee Schedule to remove this pricing tier under Footnote 6. This pricing tier represented a pass through of the rate that DE Route was charged for routing orders to LavaFlow that qualify for an identical volume tiered discount provided by LavaFlow. When DE Route routed to LavaFlow and satisfied its tier, it was charged a reduced fee of $0.0023 per share. DE Route passed through this rate on LavaFlow to the Exchange and the Exchange, in turn, passed through this rate to its Members. The Exchange notes that the proposed change is in response to LavaFlow's recent fee change where LavaFlow eliminated its equivalent pricing tier from its fee schedule.[7] The Exchange also proposes to remove references to Footnote 6 from the list of ''Liquidity Flags'' and insert the word ''Reserved'' into Footnote 6. Lastly, the Exchange notes that with the deletion of this tier, Members will continue to be subject to the other fees and tiers listed on the Exchange's Fee Schedule.

Elimination of Tiers Under Footnotes 1, 2 and 13

The final paragraph in Footnote 1 currently contains a tier that provides for reimbursement of the difference between the rebate received and the rebate potentially received for Members that meet the following criteria: (i) Add 10,000,000 shares or more of ADV of liquidity to EDGX; (ii) where such added liquidity on EDGX is at least 5,000,000 shares of ADV greater than the previous calendar month; (iii) but for the liquidity added on EDGX, such Member would have qualified for a better rebate with respect to liquidity added on another exchange or ECN that the Member previously qualified for in the three calendar months prior to meeting the above-described criteria in (i) and (ii); and (iii) provide source documentation evidencing the above to the Exchange within fifteen (15) calendar days from the end of the relevant month.

Footnote 2 currently contains the Step-up Take Tier, which provides Members with a rebate of $0.0030 per share for orders that add liquidity and yield Flags B, V, Y, 3 and 4, and assesses a fee of $0.0028 per share for orders that remove liquidity and yield Flags N, W, BB, PI, 6, and ZR if a Member (i) adds an ADV of at least 2 million shares on a daily basis, measured monthly, more than that Member's September 2012 added ADV; and (ii) removes at least 0.40% TCV on a daily basis, measured monthly more than that Member's September 2012 removed ADV.

The Exchange notes that no Member has qualified for these tiers during the previous three months, nor does the Exchange anticipate a Member to qualify for these tiers in the near future. Therefore, the Exchange proposes to remove these tiers from its Fee Schedule and replace the text of Footnote 2 with the word ''Reserved.'' The Exchange also proposes to remove references to Footnote 2 from the list of ''Liquidity Flags.'' Lastly, the Exchange notes that with the deletion of these tiers,

[3] ''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.'' EDGX Rule 1.5(n).

[4] The Exchange notes that to the extent DE Route does or does not achieve any volume tiered discount on LavaFlow, its rate for Flag U will not change.

[5] *See* LavaFlow Pricing, *available at https://www.lavatrading.com/solutions/pricing.php* (July 1, 2013) (charging a fee of $0.0030 per share for removing liquidity in shares priced at or above $1.00) (last visited July 19, 2013).

[6] References herein to ''footnotes'' refer only to footnotes on the Exchange's Fee Schedule and not to footnotes within the current filing.

[7] *See* LavaFlow Pricing, *available at https://www.lavatrading.com/solutions/pricing.php* (July 1, 2013) (no longer charging a fee of $0.0023 per share for members that post an average of 100,000 shares or more per day) (last visited July 19, 2013).

Members will continue to be subject to the other fees and tiers listed on the Exchange's Fee Schedule.

Footnote 13 currently contains tiers that provide a rebate of $0.0032 for Members that (i) add a minimum of 0.15% of the TCV on a daily basis measured monthly; and (ii) have an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85% (the ''$0.0032 Investor Tier'') and a rebate of $0.0030 for Members that (i) on a daily basis, measured monthly, posts an ADV of at least 8 million shares on EDGX where added flags are defined as B, HA, V, Y, MM, RP, ZA, 3, or 4; (ii) have an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 60% (the ''$0.0030 Investor Tier''). Since the addition of the $0.0032 Investor Tier, the Exchange believes that those Members that achieved the $0.0030 Investor Tier in the previous three months will achieve the $0.0032 Investor Tier from July 1, 2013 onward. Therefore, the Exchange proposes to remove the $0.0030 Investor Tier from its Fee Schedule. Lastly, the Exchange notes that with the deletion of these tiers, Members will continue to be subject to the other fees and tiers listed on the Exchange's Fee Schedule.

Non-Substantive Clarifying Changes

The Exchange also proposes to make a number of clarifying, non-substantive changes to its Fee Schedule to provide greater transparency to Members on how the Exchange assesses fees and calculates rebates. The Exchange notes that none of these changes substantively amend any fee or rebate, nor alter the manner in which it assesses fees or calculates rebates. These proposed changes are outlined below:

- Amend ''EDGX Exchange'' at the top of the Fee Schedule to read ''EDGX Exchange, Inc.'' and make a similar change to the last sentence of the ''EdgeBook AttributedSM Fees'' section.
- Amend the sentence at the top of the Fee Schedule from ''Rebates & Charges for Adding, Removing or Routing Liquidity per Share for Tape A, B, & C Securities'' to ''Rebates & Charges for Adding, Removing or Routing Liquidity per share for Tape A, B, & C securities.
- Add language to the beginning of the Fee Schedule to clarify that the rates listed in the ''Standard Rates'' table apply unless a Member is assigned a liquidity flag other than a standard flag. If a Member is assigned a liquidity flag other than a standard flag, the rates listed in the ''Liquidity Flags'' table will apply.
- Title the first section of the Fee Schedule as ''Standard Rates'' and the second section ''Liquidity Flags'' by deleting current text ''Liquidity Flags and Associated Fees.''
- Add a row to the ''Standard Rates'' section of the Fee Schedule specifying to which flags the standard rates apply. These flags are B, V, Y, 3 and 4 for adding liquidity, N, W, 6, BB, PI and ZR for removing liquidity, and X for routing and removing liquidity. The Exchange notes that the flags listed in this row are also listed as ''Liquidity Flags'' indicating a rate equal to the standard rate. The Exchange believes adding a row indicating which flags provide the standard rate would add clarity to its Fee Schedule.
- Make grammatical changes to the ''Liquidity Flags'' section. These proposed changes are the following: (i) Replacing ''Add'' with ''Adds'' under flags B, V, Y, 3 and 4; (ii) replacing ''Remove'' with ''Removes'' under flags N, W, 6, BB, MT, PI and PR; (iii) replace ''primary'' with ''listing'' under Flag O; (iv) delete ''order'' from Flag S as it is repetitive; (v) conform spelling of ''MidPoint Match'' under flags AA, HA, MM, MT and PI; (vi) add the word ''away'' to Flag R to clarify that the flag is referring to an away exchange and not the Exchange; and (vii) remove instances of ''book'' from footnotes B, N, V, W, Y, BB, PI and PR.
- Add a section titled ''Definitions,'' which would consist of terms that are currently defined within the footnotes of the Fee Schedule. This section would consist of definitions for ''Added Flags,'' ''Removal Flags,'' ''Routed Flags,'' ''Average Daily Volume'' and ''Total Consolidated Volume.'' ''Added Flags'' would be defined as the following flags that are counted towards tiers, where applicable: B, V, Y, 3, 4, HA, MM, RP, and ZA. ''Removal Flags'' would be defined as the following flags that are counted towards tiers, where applicable: N, W, 6, BB, MT, PI, PR, and ZR. In addition, the following Routed Flag is counted towards tiers prior to 9:30 a.m. or after 4:00 p.m., where applicable: 7. ADV would be defined as the average daily volume of shares that a Member executed on the Exchange for the month in which the fees are calculated. TCV would be defined as the volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month in which the fees are calculated. Where these terms appear in the footnotes, such terms would be abbreviated to match the ''Definitions'' section. The Exchange notes that these terms were previously defined within the footnotes. The Exchange does not propose any substantive changes to the definitions; it is simply moving the definitions from the footnotes and consolidating them under the new ''Definitions'' section.
- Add a section entitled ''General Notes'' to help clarify the application of the footnotes. First, the ''General Notes'' section would clarify that, to the extent a Member: (i) Does not qualify for any of the tiers included in the footnotes, the rates listed in the ''Liquidity Flags'' section will apply; or (ii) qualifies for higher rebates and/or lower fees than those provided by a tier for which such Member qualifies, the higher rebates and/or lower fees shall apply. The Exchange notes that the language in (ii) is similar to that currently contained in footnotes 2 and 4 of the Fee Schedule. Second, the section will incorporate text currently located in footnotes ''a'' and ''b'' that (i) trading activity on days when the market closes early does not count toward volume tiers and (ii) upon a Member's request, EDGX will aggregate share volume calculations for wholly owned affiliates on a prospective basis. Lastly, the section will clarify that variable rates provided by tiers apply only to executions in securities priced at or above $1.00.
- Convert the tiers in Footnote 1 into table format and provide a name for each tier. The Exchange does not propose to alter the fees or rebates offered under these tiers or the requirements of the tiers; it simply seeks to reformat the tiers as a table to make them easier to read and understand. The Exchange also proposes to name the tiers under Footnote 1 as the ''Add Volume Tiers.'' In addition, the Exchange proposes to clarify that the rebate to add for meeting any of these tiers is applicable to flags B, V, Y, 3, 4 and ZA and that the fee to remove for meeting any of these tiers is applicable to flags N, W, 6, BB, PI and ZR.
- Convert the tier in Footnote 3 into table format and rename the tier the ''MidPoint Match Volume Tier.'' The Exchange does not propose to alter the reduced rate offered under the tier or the requirements of the tier; it simply seeks to reformat the tier as a table to make it easier to read and understand.
- Rename Footnote 4 as ''Retail Orders.'' The Exchange also proposes to convert the tier in Footnote 4 into table format and rename the tier the ''Retail Order Tier.'' The Exchange does not propose to alter the reduced rate offered under the tier or the requirements of the tier; it simply seeks to reformat the tier as a table to make it easier to read and understand.
- Delete the language ''Intentionally omitted'' from Footnote 7 and replace it with the exact content from Footnote 11. Conforming changes are proposed to be

made to references to the footnotes in the ''Liquidity Flags'' section.

• Amend footnotes 8 and 9 to simplify the language of the footnotes. The rates offered by the footnotes and the criteria necessary to obtain the rates would remain unchanged. In addition, pricing information would be removed from Footnote 9 because such information is redundant and its removal would simplify the Fee Schedule.

• Move the $0.0032 Investor Tier from Footnote 13 into the table of tiers in Footnote 1 and rename the tier the ''Investor Tier.'' The Exchange does not propose to alter the rebate offered under the tier or the requirements of the tier; it simply seeks to relocate and reformat the tier in a table to make it easier to read and understand.

• Delete footnotes 10–13 and ''a''—''c'' as well as references to the footnotes in the ''Liquidity Flags'' section.

• Delete Footnote ''d'' and rename it as a new section entitled, ''Late Fees.'' The Exchange does not propose to amend the text of Footnote ''d,'' which will now be included under the new ''Late Fees'' section. References to Footnote ''d'' would be removed from the ''Liquidity Flags'' section.

• Amend the section ''Port Fees'' to replace the word ''Edge'' with ''EDGE'' and add the word ''Ports'' after ''EdgeRisk.''

• Remove references to the effective date of a rule filing where such filing has become effective (i.e., Port Fees, EdgeRisk Gateway, Physical Connectivity Fees, Membership Fees, EdgeBook Attributed Fees, Edge Attribution Incentive Program and Edge Routed Liquidity Report).

• Conform titles of products in the sections following the footnotes to read first as product name followed by ''Fees'' rather than ''Pricing,'' where applicable. Furthermore, the titles of columns would be amended to conform to a common format.

• Insert and remove trademark symbols where applicable throughout the Fee Schedule (i.e., EDGA®, EDGX®, EDGE XPRS®, EdgeRisk PortsSM, EdgeRisk GatewaySM, EdgeBook DepthSM, EdgeBook AttributedSM, Edge Routed Liquidity ReportSM, and EdgeBook Cloud®).

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on August 1, 2013.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[8] in general, and furthers the objectives of Section 6(b)(4),[9] 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 believes the proposed rule change is consistent with the Section 6(b)(5)[10] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Fee Change for Flag U

The Exchange believes that its proposal to increase the pass through charge for Members' orders that yield Flag U from $0.0029 to $0.0030 per share represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to LavaFlow through DE Route. Prior to LavaFlow's July 2013 fee change, LavaFlow charged DE Route a fee of $0.0029 per share for orders yielding Flag U, which DE Route passed through to the Exchange and the Exchange passed through to its Members. In July 2013, LavaFlow increased the rate it charges its customers, such as DE Route, from a charge of $0.0029 per share to a charge of $0.0030 per share for orders that are routed to LavaFlow.[11] Therefore, the Exchange believes that the proposed change in Flag U from a fee of $0.0029 per share to a fee of $0.0030 per share is equitable and reasonable because it accounts for the pricing changes on LavaFlow. In addition, the proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to LavaFlow and remove liquidity using DE Route. The Exchange notes that routing through DE Route is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

Elimination of the Tier Under Footnote 6

The Exchange believes that its proposal to eliminate the pricing tier under Footnote 6 represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to LavaFlow through DE Route. Prior to LavaFlow's recent fee change, LavaFlow charged DE Route a fee of $ 0.0023 per share when volume criteria identical to that contained in Footnote 6 were met. DE Route, in turn, passed through this rate to the Exchange and the Exchange passed it through to its Members. Recently, LavaFlow eliminated this pricing tier from its fee schedule.[12] Therefore, the Exchange believes that removing the related pricing tier under Footnote 6 is equitable and reasonable because it accounts for the pricing changes on LavaFlow. The Exchange notes that routing through DE Route is voluntary. The Exchange also believes the elimination of unnecessary and obsolete tiers simplifies its Fee Schedule. Removal of the tiers under Footnote 6 is also equitable and not unfairly discriminatory because those tiers would be eliminated and no longer be available to any Member. Lastly, the Exchange notes that with the deletion of this tier, Members would continue to be subject to the other fees and tiers listed on the Exchange's Fee Schedule.

Elimination of Tiers Under Footnotes 1, 2 and 13

The Exchange believes that the proposal to eliminate certain tiers under footnotes 1 and 2 from its Fee Schedule is reasonable because these tiers are underutilized and have generally not incentivized Members to add liquidity to the Exchange. The Exchange notes that no Member has qualified for these tiers during the past three months, nor does the Exchange anticipate a Member to qualify for these tiers in the near future. Therefore, the Exchange believes eliminating the tiers would clarify its Fee Schedule.

The Exchange also believes that the proposal to eliminate the $0.0030 Investor Tier under Footnote 13 from its Fee Schedule is reasonable because the

[8] 15 U.S.C. 78f.

[9] 15 U.S.C. 78f(b)(4).

[10] 15 U.S.C. 78f(b)(5).

[11] *See* LavaFlow Pricing, *available at https://www.lavatrading.com/solutions/pricing.php* (July 1, 2013) (charging a fee of $0.0030 per share for removing liquidity in shares priced at or above $1.00).

[12] *See* LavaFlow Pricing, *available at https://www.lavatrading.com/solutions/pricing.php* (July 1, 2013) (eliminating a fee of $0.0023 per share for orders yielding Flag U where they post an average of 100,000 shares or more per day).

Exchange anticipates that Members that previously achieved the tier will now achieve the $0.0032 Investor Tier located in Footnote 1. Therefore, the Exchange believes eliminating the tier would clarify its Fee Schedule.

The Exchange also believes the elimination of unnecessary and obsolete tiers simplifies its Fee Schedule. Removal of these tiers is also equitable and not unfairly discriminatory because those tiers would be eliminated and no longer be available to any Member. Lastly, the Exchange notes that with the deletion of these tiers, Members would continue to be subject to the other fees and tiers listed on the Exchange's Fee Schedule.

Non-Substantive Clarifying Changes

The Exchange believes that the non-substantive clarifying changes to its Fee Schedule are reasonable because they are designed to provide greater transparency to Members with regard to how the Exchange assesses fees and provides rebates. The Exchange notes that none of the proposed non-substantive clarifying changes are designed to amend any fee or rebate, nor alter the manner in which it assesses fees or calculates rebates. The Exchange believes that Members would benefit from clear guidance in its Fee Schedule that describes the manner in which the Exchange would assess fees and calculate rebates. These non-substantive, technical changes to the Fee Schedule as 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

These proposed rule changes do 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 any of these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by any of 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 believes that the proposed changes would not impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

Fee Change for Flag U

The Exchange believes that its proposal to pass through a charge of $0.0030 per share for Members' orders that yield Flag U would increase intermarket competition because it offers customers an alternative means to route to LavaFlow for the same price as entering orders on LavaFlow directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

Elimination of the Tier Under Footnote 6

The Exchange believes that its proposal to eliminate the pricing tier under Footnote 6 would not impact intermarket competition because the change is in response to LavaFlow removing an identical corresponding tier from its fee schedule. The Exchange believes that its proposal would not burden intramarket competition because the pricing tier would no longer be available to any Members.

Elimination of Tiers Under Footnotes 1, 2 and 13

The Exchange believes that elimination of the tiers under footnotes 1, 2 and 13 would not affect intermarket nor intramarket competition because the tiers in footnotes 1 and 2 have generally not incentivized Members to add liquidity to the Exchange and the Exchange anticipates that Members that previously achieved the $0.0030 Investor Tier in Footnote 13 will now achieve the $0.0032 Investor Tier.

Non-Substantive Clarifying Changes

The Exchange believes that non-substantive, clarifying changes to the Fee Schedule would not affect intermarket nor intramarket competition because none of these changes are designed to amend any fee or rebate or alter the manner in which the Exchange assesses fees or calculates rebates. These changes are intended to provide greater transparency to Members with regard to how the Exchange access fees and provides 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 Act [13] and Rule 19b–4(f)(2) [14] 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 email to *rule-comments@sec.gov.* Please include File Number SR–EDGX–2013–27 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.

All submissions should refer to File Number SR–EDGX–2013–27. 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

[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b–4 (f)(2).

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–2013–27 and should be submitted on or before September 4, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70138; File No. SR–BOX–2013–40

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Fees for Jumbo SPY Option Transactions

August 8, 2013.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the ''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 1, 2013, BOX Options Exchange LLC (the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,[3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposal 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 is filing with the Securities and Exchange Commission (''Commission'') a proposed rule change to amend the Fee Schedule to amend fees for Jumbo SPY Option transactions on the BOX Market LLC (''BOX'') options facility. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on August 1, 2013. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's Internet Web site at *http://boxexchange.com*.

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 aspects of such statements.

Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, Proposed Rule Change

1. Purpose

The Exchange began listing and trading a new options product, Jumbo SPY Options,[5] on May 10, 2013.[6] Except for the difference in the number of deliverable shares, Jumbo SPY Options have the same terms and contract characteristics as regular-sized options contracts (''standard options''), including exercise style. The purpose of this filing is to amend the transaction fees to further promote trading in Jumbo SPY Options.

Section I. Exchange Fees

The Exchange proposes to remove the Exchange Fees for Jumbo SPY Option transactions. Currently the Exchange assesses a distinct fee for both Auction and Non-Auction Transactions in Jumbo SPY Options based on account type. The Exchange proposes to amend this category and assess a $0.00 per Jumbo SPY Option contract fee for all account types. Specifically, the Exchange proposes to lower the per-contract fee for Professional Customers and Broker-Dealers from $0.25 to $0.00. For Market Makers, the Exchange proposes to lower the per-contract fee from $0.25 or the tiered per-contract execution fee based upon the Participant's monthly average daily volume (''ADV'') to $0.00. The $0.00 per contract fee for Public Customers will not change.

Jumbo SPY Options transactions will continue to count the same as standard options transactions for the purposes of ADV under Section I.A. and I.B. For example, a Broker-Dealer initiating a Jumbo SPY Option Primary Improvement Order would be charged according to the proposed Jumbo SPY Options transaction sub-section outlined above, or $0.00. However, this transaction would count toward that Broker-Dealer's ADV in Auction Transactions under Section I.A.

Section II. Liquidity Fees and Credits

The Exchange currently assesses liquidity fees and credits for all options classes traded on BOX (unless explicitly stated otherwise) that are applied in addition to any applicable Exchange Fees as described above. The Exchange proposes to amend Section II. (Liquidity Fees and Credits) to adopt a pricing model for Jumbo SPY Options where the Exchange will credit liquidity providers and assess a fee on liquidity takers. Specifically, the Exchange proposes to assess a $0.30 credit for Jumbo SPY Options transactions that add liquidity and charge a $0.50 fee for Jumbo SPY Options transactions that remove liquidity. These fees and credits would apply to both Auction and Non-Auction transactions in Jumbo SPY Options.

The Exchange notes that the liquidity pricing proposed for Jumbo SPY Options is different from the liquidity pricing currently in place under Section II. The pricing model proposed above for Jumbo SPY Options is commonly known as a ''Make/Take'' model; for all other options classes the Exchange has adopted a ''Take/Make'' model whereby orders that add liquidity to the BOX Book are charged a fee, and orders that remove liquidity receive a credit. The Exchange believes the ''Make/Take'' model is more appropriate to promote liquidity for the Jumbo SPY Options product. Jumbo SPY Options were designed to help institutional investors mitigate the risks inherent in managing large portfolios,[7] and these investors are more familiar with being rewarded for providing liquidity.[8]

[15] 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] Option contracts overlying 1,000 shares of the SPDR® S&P® 500 Exchange-Traded Funds. ''SPDR®,'' ''Standard & Poor's®,'' ''S&P®,'' ''S&P 500®,'' and ''Standard & Poor's 500'' are registered trademarks of Standard & Poor's Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.

[6] *See* Securities Exchange Act Release No. 69511 (May 03, 2013) 78 FR 27271 (May 9, 2013) (Order Approving SR–BOX–2013–06).

[7] *Id.*

[8] The ''Make/Take'' model is currently used by the Chicago Board Options Exchange Incorporated