

Proposed Rule Change by BATS Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action <input type="checkbox"/>	Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input checked="" type="checkbox"/> 19b-4(f)(3)

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

Proposal to modify the existing technology that BATS Exchange, Inc. provides to a User that wishes to avoid trading against orders from that same User (currently referred to as "Member Match Trade Prevention" or "MMTP").

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Anders"/>	Last Name	<input type="text" value="Franzon"/>
Title	<input type="text" value="VP, Associate General Counsel"/>		
E-mail	<input type="text" value="afranzon@batstrading.com"/>		
Telephone	<input type="text" value="(913) 815-7154"/>	Fax	<input type="text" value="(913) 815-7119"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date	<input type="text" value="05/04/2010"/>
By	<input type="text" value="Anders Franzon"/>
	(Name)
	<input type="text" value="VP, Associate General Counsel"/>
	(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² BATS Exchange, Inc. (the “Exchange” or “BATS”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to make a modification to the existing technology that it provides to a User that wishes to avoid trading against orders from that same User (currently referred to as “Member Match Trade Prevention” or “MMTP”). The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.³ The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.⁴ If such waiver is granted by the Commission, the Exchange shall implement this rule proposal on or about May 14, 2010.

(a) The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on November

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

⁴ Id.

10, 2009. Exchange staff will advise the BATS Exchange Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Eric Swanson, Senior Vice President and General Counsel of the Exchange at (913) 815-7000.

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

(a) Purpose

The Exchange proposes to make a minor change to its Member Match Trade Prevention, or MMTP, functionality, described in BATS Rules 11.9(f) and 21.1(g) and to rename the functionality as Match Trade Prevention ("MTP").

MMTP modifiers are designed to prevent two orders with the same Unique Identifier (as defined below) from executing against each other. The Exchange currently offers four MMTP modifiers that can be set at the market participant identifier ("MPID"), the Exchange Member identifier or the Exchange Sponsored Participant identifier level (any such identifier, a "Unique Identifier").⁵ BATS is proposing a change to the MMTP Decrement and Cancel identifier ("MDC"); none of the other MMTP identifiers are affected by this proposal, other than to change the references throughout the rule text to MTP.

⁵ Any Exchange Member that has an MPID issued by FINRA is identified in the Exchange's internal systems by that MPID. Each Exchange Member that does not already have an MPID and each Sponsored Participant is issued an identifier that is specific to the Exchange and allows the Exchange to determine the User for each order and trade.

Under the existing rules, an incoming order marked with the MDC modifier will not execute against opposite side resting interest marked with any MMTP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled back to the originating User. If the orders are not equivalent in size, the equivalent size will be cancelled back to the originating User and the larger order will be decremented by the size of the smaller order, with the balance remaining on the BATS Book; provided, however, that if the resting order is marked with any MMTP modifier other than MDC, and the incoming order is smaller in size than the resting order, then both orders will be cancelled back to the originating User (the “MDC Exception”). Thus, as shown in the example below, rather than decrementing either order, pursuant to the MDC Exception both orders are cancelled in their entirety when the resting order contains an MMTP modifier other than MDC and is larger than the incoming order.

Current MDC Exception - Example: An order to buy 500 shares @ \$22.00 is marked with any MMTP modifier other than MDC and becomes a resting order in the BATS Book. Subsequently, an order to sell 400 shares @ \$22.00 is entered with the same Unique Identifier and marked with the MDC modifier.

Current MDC Exception - Result: The resting buy order for 500 shares at \$22.00 marked with a MMTP modifier other than MDC is cancelled back to the originating User. The incoming sell order for 400 shares @ \$22.00 marked with the MDC modifier is cancelled back to the originating User.

The Exchange proposes to allow Users to opt-out of the default behavior of the MDC Exception to allow an incoming MDC order to result in a decremented order even

when it is smaller than the resting order and the resting order contains an MMTP modifier other than MDC.

Proposed Opt-Out of MDC - Example: An order to buy 500 shares @ \$22.00 is marked with any MMTP modifier and becomes a resting order in the BATS Book. Subsequently, an order to sell 400 shares @ \$22.00 is entered with the same Unique Identifier and marked with the MDC modifier.

Proposed Opt-Out of MDC - Result: 400 of the 500 shares on the resting buy order at \$22.00 marked with any MMTP modifier are cancelled back to the originating User. The outstanding 100 shares remain on the BATS Book. The incoming sell order for 400 shares @ \$22.00 marked with the MDC modifier is cancelled back to the originating User.

Although the Exchange intentionally created the MDC Exception based on conversations with its Users regarding the best way to implement the MDC modifier, other Users have requested that the Exchange allow them to have the incoming order control the result in all situations, and thus, have requested to be able to opt-out of the MDC Exception. The Exchange notes that NYSE Arca Equities (“NYSE Arca”) has implemented its version of match trade prevention without the MDC Exception, and thus, allowing Users to opt-out of the exception is consistent with NYSE Arca’s STP Decrement and Cancel option.⁶ The Exchange will allow a User to opt-out of the MDC Exception by changing the settings of its order entry ports. The Exchange may also permit Users to opt-out of the MDC Exception on an order-by-order basis through use of a specific tag attached to each order.

⁶ See NYSE Arca Rule 7.31(qq)(3).

Additional Discussion

In addition to the modification to the MDC modifier described above, the Exchange proposes to change the references throughout its rules from “Member Match Trade Prevention” to “Match Trade Prevention” and from “MMTP” to “MTP”.

The Exchange believes that its Match Trade Prevention functionality allows certain firms to better internalize their agency order flow, which in turn may decrease costs to customers of such firms. The Exchange notes that MTP modifiers do not alleviate, or otherwise exempt, broker-dealers from their best execution obligations. As such, broker-dealers using MTP modifiers are obligated to internally cross agency orders at the same price, or a better price than they would have received had the orders been executed on the Exchange. Additionally, MTP modifiers assist market participants in complying with certain rules and regulations of the Employee Retirement Income Security Act (“ERISA”) that preclude and/or limit managing broker-dealers of such accounts from trading as principal with orders generated for those accounts. Finally, the Exchange notes that offering the MTP modifiers may streamline certain regulatory functions by reducing false positive results that may occur on Exchange generated wash trading surveillance reports when orders are executed under the same Unique Identifier. For these reasons, the Exchange believes the MTP modifiers offer users enhanced order processing functionality that may prevent potentially undesirable executions without negatively impacting broker-dealer best execution obligations.

(b) Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national

securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.⁷ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,⁸ because it is 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 facilitating transactions in securities, and to remove impediments to, and perfect the mechanism of, a free and open market and a national market system. Specifically, Match Trade Prevention functionality allows firms to better manage order flow and prevent undesirable executions against themselves, and the proposed change described herein enhances the choices available to such firms in how they do so.

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

The proposed rule change does not impose any burden on competition.

5. 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 written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not applicable.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁰ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, and (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission.¹¹ The Exchange notes that this proposal does not propose any new policies or provisions that are unique or unproven. Also, the Exchange notes that the proposed opt-out of the MDC Exception is consistent with the existing rules of another national securities exchange.¹² For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.

The Exchange respectfully requests that the Commission waive the 30-day pre-operative delay so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act¹³ and

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4.

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² See NYSE Arca Rule 7.31(qq)(3).

¹³ 15 U.S.C. 78s(b)(3)(A).

paragraph (f)(6) of Rule 19b-4 thereunder.¹⁴ Waiver of this requirements, specified in Rule 19b-4(f)(6),¹⁵ will allow the Exchange to immediately offer Exchange Users another choice with respect to MTP modifiers, which will enhance such Users' ability to manage order flow and prevent undesirable executions with themselves or the potential for (or the appearance of) "wash sales." The Exchange expects to have technological changes in place to support the proposed rule change on or about May 14, 2010, and believes that benefits to Exchange Users expected from the proposed rule change should not be delayed. Based on the foregoing, the Exchange believes that its proposal should become immediately effective and requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.¹⁶ Waiver of this requirement is consistent with the protection of investors and the public interest for the reasons described above.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

The proposed change is based on NYSE Arca Rule 7.31(qq)(3).

9. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibits 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ Id.

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BATS-2010-011)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. to Amend BATS Rule 11.9, entitled “Orders and Modifiers”

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 May 4, 2010, BATS Exchange, Inc. (the “Exchange” or “BATS”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it 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 proposes to make a modification to the existing technology that it provides to a User that wishes to avoid trading against orders from that same User (currently referred to as “Member Match Trade Prevention” or “MMTP”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

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 make a minor change to its Member Match Trade Prevention, or MMTP, functionality, described in BATS Rules 11.9(f) and 21.1(g) and to rename the functionality as Match Trade Prevention ("MTP").

MMTP modifiers are designed to prevent two orders with the same Unique Identifier (as defined below) from executing against each other. The Exchange currently offers four MMTP modifiers that can be set at the market participant identifier ("MPID"), the Exchange Member identifier or the Exchange Sponsored Participant identifier level (any such identifier, a "Unique Identifier").⁵ BATS is proposing a change to the MMTP Decrement and Cancel identifier ("MDC"); none of the other MMTP identifiers are affected by this proposal, other than to change the references throughout the rule text to MTP.

⁵ Any Exchange Member that has an MPID issued by FINRA is identified in the Exchange's internal systems by that MPID. Each Exchange Member that does not already have an MPID and each Sponsored Participant is issued an identifier that is specific to the Exchange and allows the Exchange to determine the User for each order and trade.

Under the existing rules, an incoming order marked with the MDC modifier will not execute against opposite side resting interest marked with any MMTP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled back to the originating User. If the orders are not equivalent in size, the equivalent size will be cancelled back to the originating User and the larger order will be decremented by the size of the smaller order, with the balance remaining on the BATS Book; provided, however, that if the resting order is marked with any MMTP modifier other than MDC, and the incoming order is smaller in size than the resting order, then both orders will be cancelled back to the originating User (the “MDC Exception”). Thus, as shown in the example below, rather than decrementing either order, pursuant to the MDC Exception both orders are cancelled in their entirety when the resting order contains an MMTP modifier other than MDC and is larger than the incoming order.

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when it is smaller than the resting order and the resting order contains an MMTP modifier other than MDC.

Proposed Opt-Out of MDC - Example: An order to buy 500 shares @ \$22.00 is marked with any MMTP modifier and becomes a resting order in the BATS Book. Subsequently, an order to sell 400 shares @ \$22.00 is entered with the same Unique Identifier and marked with the MDC modifier.

Proposed Opt-Out of MDC - Result: 400 of the 500 shares on the resting buy order at \$22.00 marked with any MMTP modifier are cancelled back to the originating User. The outstanding 100 shares remain on the BATS Book. The incoming sell order for 400 shares @ \$22.00 marked with the MDC modifier is cancelled back to the originating User.

Although the Exchange intentionally created the MDC Exception based on conversations with its Users regarding the best way to implement the MDC modifier, other Users have requested that the Exchange allow them to have the incoming order control the result in all situations, and thus, have requested to be able to opt-out of the MDC Exception. The Exchange notes that NYSE Arca Equities (“NYSE Arca”) has implemented its version of match trade prevention without the MDC Exception, and thus, allowing Users to opt-out of the exception is consistent with NYSE Arca’s STP Decrement and Cancel option.⁶ The Exchange will allow a User to opt-out of the MDC Exception by changing the settings of its order entry ports. The Exchange may also permit Users to opt-out of the MDC Exception on an order-by-order basis through use of a specific tag attached to each order.

⁶ See NYSE Arca Rule 7.31(qq)(3).

Additional Discussion

In addition to the modification to the MDC modifier described above, the Exchange proposes to change the references throughout its rules from “Member Match Trade Prevention” to “Match Trade Prevention” and from “MMTP” to “MTP”.

The Exchange believes that its Match Trade Prevention functionality allows certain firms to better internalize their agency order flow, which in turn may decrease costs to customers of such firms. The Exchange notes that MTP modifiers do not alleviate, or otherwise exempt, broker-dealers from their best execution obligations. As such, broker-dealers using MTP modifiers are obligated to internally cross agency orders at the same price, or a better price than they would have received had the orders been executed on the Exchange. Additionally, MTP modifiers assist market participants in complying with certain rules and regulations of the Employee Retirement Income Security Act (“ERISA”) that preclude and/or limit managing broker-dealers of such accounts from trading as principal with orders generated for those accounts. Finally, the Exchange notes that offering the MTP modifiers may streamline certain regulatory functions by reducing false positive results that may occur on Exchange generated wash trading surveillance reports when orders are executed under the same Unique Identifier. For these reasons, the Exchange believes the MTP modifiers offer users enhanced order processing functionality that may prevent potentially undesirable executions without negatively impacting broker-dealer best execution obligations.

2. Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national

securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.⁷ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,⁸ because it is 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 facilitating transactions in securities, and to remove impediments to, and perfect the mechanism of, a free and open market and a national market system. Specifically, Match Trade Prevention functionality allows firms to better manage order flow and prevent undesirable executions against themselves, and the proposed change described herein enhances the choices available to such firms in how they do so.

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

The Exchange does not believe that the proposed rule change imposes any burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed,

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6)(iii) thereunder.¹⁰

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 proposal 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 No. SR-BATS-2010-011 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 No. SR-BATS-2010-011. 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 Web site

(<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

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 changes 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. Copies of such 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 No. SR-BATS-2010-011 and should be submitted on or before [_____21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).

Note: Proposed new language is underlined. Proposed deletions are enclosed in [brackets].

Rules of BATS Exchange, Inc.

CHAPTER XI. TRADING RULES

Rule 11.9. Orders and Modifiers

(No changes.)

(a) – (e) (No changes.)

(f) *[Member] Match Trade Prevention (“[M]MTP”) Modifiers.* Any incoming order designated with an [M]MTP modifier will be prevented from executing against a resting opposite side order also designated with an [M]MTP modifier and originating from the same market participant identifier (“MPID”), Exchange Member identifier or Exchange Sponsored Participant identifier (any such identifier, a “Unique Identifier”). Subject to the exception contained in paragraph (3) below, the [M]MTP modifier on the incoming order controls the interaction between two orders marked with [M]MTP modifiers.

(1) [M]MTP Cancel Newest (“MCN”). An incoming order marked with the “MCN” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. The incoming order marked with the MCN modifier will be cancelled back to the originating User(s). The resting order marked with an [M]MTP modifier will remain on the BATS Book.

(2) [M]MTP Cancel Oldest (“MCO”). An incoming order marked with the “MCO” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. The resting order marked with the [M]MTP modifier will be cancelled back to the originating User(s). The incoming order marked with the MCO modifier will remain on the BATS Book.

(3) [M]MTP Decrement and Cancel (“MDC”). An incoming order marked with the “MDC” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled back to the originating User(s). If the orders are not equivalent in size, the equivalent size will be cancelled back to the originating User(s) and the larger order will be decremented by the size of the smaller order, with the balance remaining on the BATS Book[; provided, however, that]. Notwithstanding the foregoing, unless a User instructs the Exchange not to do so, both orders will be cancelled back to the originating User(s) if the resting order is marked with any [M]MTP modifier other than MDC[,] and the incoming order is smaller in size than the resting order [then both orders will be cancelled back to the originating User(s)].

(4) [M]MTP Cancel Both (“MCB”). An incoming order marked with the “MCB” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. The entire size of both orders will be cancelled back to the originating User(s).

CHAPTER XXI. TRADING SYSTEMS

Rule 21.1. Definitions

The following definitions apply to Chapter XXI for the trading of options listed on BATS Options.

(a) – (f) (No changes.)

(g) [Member] Match Trade Prevention (“[M]MTP”) Modifiers. Any incoming order designated with an [M]MTP modifier will be prevented from executing against a resting opposite side order also designated with an [M]MTP modifier and originating from the same market participant identifier (“MPID”), Exchange Member identifier or Exchange Sponsored Participant identifier (any such identifier, a “Unique Identifier”). Subject to the exception contained in paragraph (3) below, the [M]MTP modifier on the incoming order controls the interaction between two orders marked with [M]MTP modifiers.

(1) [M]MTP Cancel Newest (“MCN”). An incoming order marked with the “MCN” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. The incoming order marked with the MCN modifier will be cancelled back to the originating User(s). The resting order marked with an [M]MTP modifier will remain on the BATS Options Book

(2) [M]MTP Cancel Oldest (“MCO”). An incoming order marked with the “MCO” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. The resting order marked with the [M]MTP modifier will be cancelled back to the originating User(s). The incoming order marked with the MCO modifier will remain on the BATS Options Book.

(3) [M]MTP Decrement and Cancel (“MDC”). An incoming order marked with the “MDC” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. If both orders are equivalent in size, both orders will be cancelled back to the originating User(s). If the orders are not equivalent in size, the equivalent size will be cancelled back to the originating User(s) and the larger order will be decremented by the size of the smaller order, with the balance remaining on the BATS Options Book[; provided, however, that]. Notwithstanding the foregoing, unless a User instructs the Exchange not to do so, both orders will be cancelled back to the originating User(s) if the resting order is marked with any [M]MTP modifier other than MDC[,] and the incoming order is smaller in size than the resting order [then both orders will be cancelled back to the originating User(s)].

(4) [M]MTP Cancel Both (“MCB”). An incoming order marked with the “MCB” modifier will not execute against opposite side resting interest marked with any [M]MTP modifier originating from the same Unique Identifier. The entire size of both orders will be cancelled back to the originating User(s).