

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

<b>Initial</b> <input checked="" type="checkbox"/>	<b>Amendment</b> <input type="checkbox"/>	<b>Withdrawal</b> <input type="checkbox"/>	<b>Section 19(b)(2)</b> <input type="checkbox"/>	<b>Section 19(b)(3)(A)</b> <input checked="" type="checkbox"/>	<b>Section 19(b)(3)(B)</b> <input type="checkbox"/>
			<b>Rule</b>		
<b>Pilot</b> <input type="checkbox"/>	<b>Extension of Time Period for Commission Action</b> <input type="checkbox"/>	<b>Date Expires</b> <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 amend BATS Rule 11.13 (Order Execution) to modify the existing general description of Exchange routing functionality, to describe available routing options in greater detail, and to add certain new routing options.

**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

By

(Name)

(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**

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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”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> BATS Exchange, Inc. (the “Exchange” or “BATS”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend BATS Rule 11.13, entitled “Order Execution,” to modify the existing general description of Exchange routing functionality, to describe available routing options in greater detail, and to add certain new routing options. 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.<sup>3</sup> 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.<sup>4</sup> If such waiver is granted by the Commission, the Exchange shall implement this rule proposal on or about July 6, 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

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>4</sup> 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 amend Rule 11.13, which describes its order routing processes, to modify the existing general description of Exchange routing functionality, to describe available routing options in greater detail, and to add certain new routing options.

In addition to the changes described below related to specific routing options, the Exchange proposes various modifications to its general routing standards, which modifications, the Exchange believes, will help to clarify the rule. For instance, the Exchange proposes consolidating the portions of the Rule related to routing of market orders with those portions related to routing of limit orders. Although market orders and limit orders might operate differently under different circumstances, the Exchange does not believe there is a meaningful reason to maintain separate rules related to such routing options any longer. The Exchange made a similar consolidation when adopting its rule for routing of options orders from BATS Options.<sup>5</sup>

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<sup>5</sup> See BATS Rule 21.9, which contains information regarding the routing functionality offered by the Exchange for equity options but does not differentiate between market orders and limit orders.

Also, subject to User instructions, the Exchange currently allows orders that have been routed and then posted to the Exchange's order book to be re-routed if the order is subsequently locked or crossed by another accessible Trading Center ("RECYCLE Option"). The Exchange proposes to add a reference to the "RECYCLE Option" in its Rule following the text describing this option, consistent with the general goal of the proposed changes to align the routing options offered by the Exchange with the rule text by providing additional specificity. The Exchange also wishes to make clear that, unless otherwise specified, the RECYCLE Option may be combined with any of the System routing options specified in Rule 11.13.

The Exchange is also amending Rule 11.13 to include a definition of "System routing table," defined as the proprietary process for determining the specific trading venues to which the Exchange System routes orders and the order in which it routes them. The definition reflects the fact that the Exchange, like other trading venues, maintains different routing tables for different routing options and modifies them on a regular basis to reflect assessments about the destination markets. Such assessments consider factors such as a destination's latency, fill rates, reliability, and cost.

Accordingly, the definition specifies that the Exchange reserves the right to maintain a different routing table for different routing options and to modify routing tables at any time without notice.

Currently, routing options available through BATS are all variations of a routing option referred to by the Exchange as "CYCLE" routing. Although the rule language for Exchange routing options describes the available variations of options in general terms,

the Exchange believes that understanding of these options would be enhanced by describing the different versions as separately named routing options.

Below is a description of the various routing options proposed pursuant to new paragraph (a)(3) of Rule 11.13.

- **CYCLE.** CYCLE is a routing option currently offered by the Exchange under which an order checks the System for available shares and then is sent sequentially to destinations on the System routing table for the full remaining size of such order.
- **Parallel D.** The Exchange is introducing the new Parallel D routing option, under which an order checks the System for available shares and then is sent to destinations on the System routing table. The System may route to multiple destinations at a single price level simultaneously through Parallel D routing.
- **Parallel 2D.** The Exchange is introducing the new Parallel 2D routing option, under which an order checks the System for available shares and then is sent to destinations on the System routing table. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel 2D routing.
- **Parallel T.** The Exchange is introducing the new Parallel T routing option, under which orders route only to Protected Quotations and only for displayed size. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel T routing.
- **DART.** DART is a routing option currently offered by the Exchange in which the entering firm instructs the System to first route to alternative trading systems

included in the System routing table. DART can be combined with and function consistent with either the CYCLE, Parallel D or Parallel 2D routing options.

- “Destination Specific Orders,” “Modified Destination Specific Orders” and “Directed ISO” orders are routed orders described in Rule 11.9.

(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.<sup>6</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>7</sup> 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. The proposed change to provide additional clarity and specificity to the Exchange’s Rules regarding routing strategies further enhances transparency with respect to Exchange routing offerings. Furthermore, the proposal to introduce the new routing options will provide market participants with greater flexibility in routing orders consistent with Regulation NMS without developing complicated order routing strategies on their own.

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

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

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

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 Act<sup>8</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>9</sup> 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.<sup>10</sup> 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 routing rule is consistent with the existing rules of another national securities exchange.<sup>11</sup> 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.

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

<sup>9</sup> 17 CFR 240.19b-4.

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>11</sup> See, e.g., NASDAQ Rule 4758.

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 Act<sup>12</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>13</sup> Waiver of this requirements, specified in Rule 19b-4(f)(6),<sup>14</sup> will allow the Exchange to immediately offer Exchange Users new routing strategies as soon as the technology for such strategies is completed. Further, the Exchange believes that the proposed functionality is already permitted by the Exchange Rule governing the routing of orders away from the Exchange, which is general in nature.<sup>15</sup> Nonetheless, the Exchange believes that additional specificity contained in the rules of the Exchange with respect to routing options (including the names used by the Exchange in other materials) will help to avoid confusion for Exchange Users that are using such routing options. In addition, the Exchange believes that its proposed new routing strategies will benefit market participants and their customers by allowing them greater flexibility in their efforts to fill orders and minimize trading costs. The Exchange expects to have technological changes for one or more of the new routing strategies in place to support the proposed rule change on or about July 6, 2010, and believes that benefits to Exchange Users expected from the proposed rule change should not be delayed. In addition to the foregoing, a delay to the implementation date would put the Exchange at a competitive disadvantage to other markets that already offer similar functionalities. Encouraging competitors to provide higher quality and better value is the

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> Id.

<sup>15</sup> See BATS Rule 11.13.

essence of a well-functioning competitive marketplace. The Exchange provides these services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service bureaus. In such an environment, system enhancements such as the changes proposed in this rule filing do not burden competition, because they can succeed in attracting order flow to the Exchange only if they offer investors higher quality and better value than services offered by others. 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.<sup>16</sup> 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 primarily based on NASDAQ Rule 4758, especially the general language contained in proposed paragraph (a)(3) and the structure of the proposed Rule. Some of the specific routing options proposed by the Exchange are similar or identical to those offered by NASDAQ (*e.g.*, NASDAQ's "MOPP" strategy, described in NASDAQ Rule 4758(a)(1)(A)(vi) is equivalent to proposed "Parallel T" routing, described in proposed BATS Rule 11.13(a)(3)(D)). However, other routing options offered by NASDAQ are not currently proposed by the Exchange and some routing options proposed to be offered by the Exchange are currently not offered by

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<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

NASDAQ (*e.g.*, the Exchange is not currently proposing to offer an equivalent to NASDAQ's "TFTY" routing strategy; the Exchange is not aware of a NASDAQ equivalent to proposed "Parallel 2D" routing). The Exchange believes that differences in the actual routing strategies offered by the Exchange and other market centers is consistent with a competitive marketplace, as described above.

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.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BATS-2010-017)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. to Amend BATS Rule 11.13, entitled “Order Execution”

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 28, 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 Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> 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 amend BATS Rule 11.13, entitled “Order Execution,” to modify the existing general description of Exchange routing functionality, to describe available routing options in greater detail, and to add certain new routing options.

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

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

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

<sup>4</sup> 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 amend Rule 11.13, which describes its order routing processes, to modify the existing general description of Exchange routing functionality, to describe available routing options in greater detail, and to add certain new routing options.

In addition to the changes described below related to specific routing options, the Exchange proposes various modifications to its general routing standards, which modifications, the Exchange believes, will help to clarify the rule. For instance, the Exchange proposes consolidating the portions of the Rule related to routing of market orders with those portions related to routing of limit orders. Although market orders and limit orders might operate differently under different circumstances, the Exchange does not believe there is a meaningful reason to maintain separate rules related to such routing

options any longer. The Exchange made a similar consolidation when adopting its rule for routing of options orders from BATS Options.<sup>5</sup>

Also, subject to User instructions, the Exchange currently allows orders that have been routed and then posted to the Exchange's order book to be re-routed if the order is subsequently locked or crossed by another accessible Trading Center ("RECYCLE Option"). The Exchange proposes to add a reference to the "RECYCLE Option" in its Rule following the text describing this option, consistent with the general goal of the proposed changes to align the routing options offered by the Exchange with the rule text by providing additional specificity. The Exchange also wishes to make clear that, unless otherwise specified, the RECYCLE Option may be combined with any of the System routing options specified in Rule 11.13.

The Exchange is also amending Rule 11.13 to include a definition of "System routing table," defined as the proprietary process for determining the specific trading venues to which the Exchange System routes orders and the order in which it routes them. The definition reflects the fact that the Exchange, like other trading venues, maintains different routing tables for different routing options and modifies them on a regular basis to reflect assessments about the destination markets. Such assessments consider factors such as a destination's latency, fill rates, reliability, and cost. Accordingly, the definition specifies that the Exchange reserves the right to maintain a different routing table for different routing options and to modify routing tables at any time without notice.

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<sup>5</sup> See BATS Rule 21.9, which contains information regarding the routing functionality offered by the Exchange for equity options but does not differentiate between market orders and limit orders.

Currently, routing options available through BATS are all variations of a routing option referred to by the Exchange as “CYCLE” routing. Although the rule language for Exchange routing options describes the available variations of options in general terms, the Exchange believes that understanding of these options would be enhanced by describing the different versions as separately named routing options.

Below is a description of the various routing options proposed pursuant to new paragraph (a)(3) of Rule 11.13.

- CYCLE. CYCLE is a routing option currently offered by the Exchange under which an order checks the System for available shares and then is sent sequentially to destinations on the System routing table for the full remaining size of such order.
- Parallel D. The Exchange is introducing the new Parallel D routing option, under which an order checks the System for available shares and then is sent to destinations on the System routing table. The System may route to multiple destinations at a single price level simultaneously through Parallel D routing.
- Parallel 2D. The Exchange is introducing the new Parallel 2D routing option, under which an order checks the System for available shares and then is sent to destinations on the System routing table. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel 2D routing.
- Parallel T. The Exchange is introducing the new Parallel T routing option, under which orders route only to Protected Quotations and only for displayed size. The

System may route to multiple destinations and at multiple price levels simultaneously through Parallel T routing.

- DART. DART is a routing option currently offered by the Exchange in which the entering firm instructs the System to first route to alternative trading systems included in the System routing table. DART can be combined with and function consistent with either the CYCLE, Parallel D or Parallel 2D routing options.
- “Destination Specific Orders,” “Modified Destination Specific Orders” and “Directed ISO” orders are routed orders described in Rule 11.9.

## 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.<sup>6</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>7</sup> 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. The proposed change to provide additional clarity and specificity to the Exchange’s Rules regarding routing strategies further enhances transparency with respect to Exchange routing offerings. Furthermore, the proposal to introduce the new routing options will

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

provide market participants with greater flexibility in routing orders consistent with Regulation NMS without developing complicated order routing strategies on their own.

(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, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>9</sup>

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.

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

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

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](mailto:rule-comments@sec.gov). Please include File No. SR-BATS-2010-017 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-2010-017. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet 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 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-2010-017 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.<sup>10</sup>

Florence E. Harmon  
Deputy Secretary

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

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

## Rules of BATS Exchange, Inc.

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### CHAPTER XI. TRADING RULES

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#### Rule 11.13. Order Execution

(No changes.)

(a) *Execution and Routing.*

(1) (No changes.)

(2) *Routing to Away Trading Centers.* Depending on the instructions set by the User when the incoming order was originally entered, if a market or marketable limit order has not been executed in its entirety pursuant to paragraph (a)(1) above, the order shall be eligible for additional processing under one or more of the [following] routing options listed under paragraph (a)(3) below.[:

(A) Routing of Market Orders. The System will designate market orders as IOCs and will cause such orders to be routed to one or more Trading Centers (as defined in Rule 2.11) for potential execution, per the entering User's instructions, in compliance with Rule 611 under Regulation NMS. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, the System will process the balance of such order as follows. Depending on parameters set by the User when the incoming order was originally entered, the System will either: (i) process the unfilled balance of an order as a BATS Only Order pursuant to Rule 11.9(c)(4), or (ii) repeat the process described in paragraph (a)(1) above and this paragraph (a)(2)(A) by executing against the BATS Book and/or routing orders to other Trading Centers until the original, incoming order is executed in its entirety.

(B) Routing of Marketable Limit Orders.] The System will designate [limit] orders as IOCs and will cause such orders to be routed to one or more Trading Centers (as defined in Rule 2.11) for potential execution, per the entering User's instructions, in compliance with Rule 611 under Regulation NMS. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process [at or better than the initial price at which the order was routed], the System will process the balance of such order as follows. Depending on parameters set by the User when the incoming order was originally entered, the System will either: [(i) process]

(A) if a limit order, post the unfilled balance of the order [as a BATS Only Order pursuant to Rule 11.9(c)(4)] to the BATS Book, subject to the displayed price sliding process as defined in paragraph (c)(4) of Rule 11.9; [(ii)]

(B) repeat the process described in paragraph (a)(1) above and this paragraph (a)(2)(B) by executing against the BATS Book and/or routing orders to other Trading Centers until the original, incoming order is executed in its entirety or, if not executed in its entirety and a limit order, post the unfilled balance of the order in the BATS Book if the order's limit price is reached; or [(iii)]

(C) repeat the process described in paragraph (a)(1) above and this paragraph (a)(2)(B) by executing against the BATS Book and/or routing orders to other Trading Centers, provided that the System will check the BATS Book for liquidity at the order's limit price only one time pursuant to paragraph (a)(1), then route orders at that limit price to other Trading Centers pursuant to this paragraph (a)(2)(B), and then cancel any unfilled balance of the order back to User.

To the extent the unfilled balance of an order has been posted to the BATS Book pursuant to [(a)(2)(B)(ii) of] this paragraph, should the order subsequently be locked or crossed by another accessible Trading Center, the System shall route the order to the locking or crossing Trading Center if instructed to do so by [a]the User (the "RECYCLE Option"). Unless otherwise specified, the RECYCLE Option may be combined with any of the System routing options specified in paragraph (a)(3) below.

(3) Routing Options. The System provides a variety of routing options. Routing options may be combined with all available order types and times-in-force, with the exception of order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible markets. The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(A) CYCLE. CYCLE is a routing option under which an order checks the System for available shares and then is sent sequentially to destinations on the System routing table for the full remaining size of such order.

(B) Parallel D. Parallel D is a routing option under which an order checks the System for available shares and then is sent to destinations on the System routing table. The System may route to multiple destinations at a single price level simultaneously through Parallel D routing.

(C) Parallel 2D. Parallel 2D is a routing option under which an order checks the System for available shares and then is sent to destinations on the System

routing table. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel 2D routing.

(D) Parallel T. Parallel T is a routing option under which orders route only to Protected Quotations and only for displayed size. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel T routing.

(E) DART. DART is a routing option in which the entering firm instructs the System to first route to alternative trading systems included in the System routing table. DART can be combined with and function consistent with either the CYCLE, Parallel D or Parallel 2D routing options.

(F) “Destination Specific Orders,” “Modified Destination Specific Orders” and “Directed ISO” orders are routed orders described in Rule 11.9.