

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of * 15	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2012 - * 013 Amendment No. (req. for Amendments *)
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 checked="" type="checkbox"/> Section 19(b)(3)(A) * <input type="checkbox"/> Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
<b>Description</b> Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *). <input type="text" value="Proposal to make permanent the existing pilot program that permits the Exchange to receive inbound routes of equities orders through BATS Trading, Inc. from BATS Y-Exchange, Inc."/>			
<b>Contact Information</b> 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="afranzone@batstrading.com"/> Telephone * <input type="text" value="(913) 815-7154"/> Fax <input type="text" value="(913) 815-7119"/>			
<b>Signature</b> 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="03/08/2012"/> By <input type="text" value="Anders Franzon"/> <input type="text" value="VP, Associate General Counsel"/> (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. <input type="button" value="Anders Franzon,"/>			

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information (required)**

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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 (required)**

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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 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 proposal to make permanent the existing pilot program that permits the Exchange to receive inbound routes of equities orders through BATS Trading, Inc. (“BATS Trading”), the Exchange’s routing broker-dealer, from BATS Y-Exchange, Inc. (“BYX”).

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

\* \* \* \* \*

CHAPTER XII. TRADING SYSTEMS

\* \* \* \* \*

Rule 2.12. BATS Trading, Inc. as Inbound Router

(a) (No changes.)

(1) - (4) (No changes.)

(b) Provided the above conditions are complied with, and provided further that BATS Trading, Inc. operates as an outbound router on behalf of BATS Y-Exchange, Inc. on the same terms and conditions as it does for the Exchange, and in accordance with the Rules of BATS Y-Exchange, Inc., BATS Trading, Inc. may provide inbound routing services to the Exchange from BATS Y-Exchange, Inc.[ for a Pilot Period ending April 15, 2012.]

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

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

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

2. Procedures of the Self-Regulatory Organization

The proposed rule filing was approved by the Board of Directors of the Exchange on March 7, 2012. 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

Currently, BATS Trading is the approved outbound order routing facility of BYX.<sup>3</sup> The Exchange has been authorized to receive inbound routes of equities orders by BATS Trading from BYX.<sup>4</sup> The Exchange's authority to receive inbound routes of equities orders by BATS Trading from BYX is currently subject to a pilot period of twelve months, ending April 15, 2012. The Exchange hereby seeks permanent approval to permit the Exchange to accept inbound orders that BATS Trading routes in its capacity as a facility of BYX. This is reflected in the proposed amendment to BATS Rule 2.12(b).

Under the pilot, the Exchange is committed to the following obligations and conditions:

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<sup>3</sup> See Securities Exchange Act Release No. 62716 (August 13, 2010), 75 FR 51295 (August 19, 2010) (Order Approving Application of BATS Y-Exchange, Inc. for Registration as a National Securities Exchange).

<sup>4</sup> See Securities Exchange Act Release Nos. 62901 (September 13, 2010), 75 FR 57097 (September 17, 2010) (SR-BATS-2010-024) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt BATS Rule 2.12, Entitled "BATS Trading, Inc. as Inbound Router" and To Make Related Changes); 65516 (October 7, 2011), 76 FR 63977 (October 14, 2011) (SR-BATS-2011-040) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Pilot Period of the Inbound Router, as Described in Rule 2.12).

- The Exchange shall enter into a plan pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated self-regulatory organization (“SRO”) to relieve the Exchange of regulatory responsibilities for BATS Trading with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and enter into a regulatory contract (“Regulatory Contract”) with a non-affiliated SRO to perform regulatory responsibilities for BATS Trading for unique Exchange rules.
- The Regulatory Contract shall require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively “Exceptions”) in which BATS Trading is identified as a participant that has potentially violated Exchange or SEC Rules, and shall require that the non-affiliated SRO provide a report, at least quarterly, to the Exchange quantifying all Exceptions in which BATS Trading is identified as a participant that has potentially violated Exchange or SEC Rules.
- The Exchange, on behalf of BATS Global Markets, Inc., shall establish and maintain procedures and internal controls reasonably designed to ensure that BATS Trading does not develop or implement changes to its system on the basis of non-public information regarding planned changes to Exchange systems, obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly

situated member organizations of the Exchange in connection with the provision of inbound order routing to the Exchange.

- The Exchange may furnish to BATS Trading the same information on the same terms that the Exchange makes available in the normal course of business to any other member organization.

The Exchange is in compliance with the above-listed obligations and conditions. In meeting them, the Exchange has set up mechanisms that protect the independence of the Exchange's regulatory responsibility with respect to BATS Trading, as well as demonstrate that BATS Trading cannot use any information that it may have because of its affiliation with the Exchange to its advantage. Since the Exchange has met all the above-listed obligations and conditions, it now seeks permanent approval of the Exchange and BATS Trading's inbound routing relationship. Upon approval of the proposed rule change, the Exchange will continue to comply with the obligations and conditions as set forth in proposed BATS Rule 2.12.

(b) Statutory Basis

The Exchange believes that its proposal 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>5</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

Specifically, the proposed rule change will allow the Exchange to continue receiving inbound routes of equities orders from BATS Trading acting in its capacity as a facility of BYX, in a manner consistent with prior approvals and established protections. The Exchange believes that meeting the commitments established during the pilot program demonstrates that the Exchange has mechanisms that protect the independence of the Exchange's regulatory responsibility with respect to BATS Trading, as well as demonstrates that BATS Trading cannot use any information that it may have because of its affiliation with the Exchange to its advantage.

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

Not applicable.

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

The Commission has permanently approved both New York Stock Exchange LLC's pilot program to permit it to accept inbound orders that Archipelago Securities

LLC routes in its capacity as a facility of affiliated exchanges<sup>7</sup> and NASDAQ OMX BX LLC's pilot program to permit it to accept inbound orders that Nasdaq Execution Services, LLC routes in its capacity as a facility of The NASDAQ Stock Market LLC.<sup>8</sup>

9. Exhibits

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

Exhibit 2 – 5: Not applicable.

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<sup>7</sup> See Securities Exchange Act Release No. 65453 (September 30, 2011), 76 FR 62122 (October 6, 2011) (SR-NYSE-2011-45).

<sup>8</sup> See Securities Exchange Act Release No. 64090 (March 17, 2011), 76 FR 16462 (March 23, 2011) (SR-BX-2011-007).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_ ; File No. SR-BATS-2012-013)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Proposed Rule Change by BATS Exchange, Inc. to Amend BATS Rule 2.12, Entitled “BATS Trading, Inc. as Inbound Router”.

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 March 8, 2012, BATS Exchange, Inc. (the “Exchange” or “BATS”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 2.12, to make permanent the existing pilot program that permits the Exchange to receive inbound routes of equities orders through BATS Trading, Inc. (“BATS Trading”), the Exchange’s routing broker-dealer, from BATS Y-Exchange, Inc. (“BYX”).

The text of the proposed rule change is available at the Exchange’s website at <http://www.batstrading.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room. The proposed rule text can be found in Exhibit 5.

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

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

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

Currently, BATS Trading is the approved outbound order routing facility of BYX.<sup>3</sup> The Exchange has been authorized to receive inbound routes of equities orders by BATS Trading from BYX.<sup>4</sup> The Exchange's authority to receive inbound routes of equities orders by BATS Trading from BYX is currently subject to a pilot period of twelve months, ending April 15, 2012. The Exchange hereby seeks permanent approval to permit the Exchange to accept inbound orders that BATS Trading routes in its capacity as a facility of BYX. This is reflected in the proposed amendment to BATS Rule 2.12(b).

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<sup>3</sup> See Securities Exchange Act Release No. 62716 (August 13, 2010), 75 FR 51295 (August 19, 2010) (Order Approving Application of BATS Y-Exchange, Inc. for Registration as a National Securities Exchange).

<sup>4</sup> See Securities Exchange Act Release Nos. 62901 (September 13, 2010), 75 FR 57097 (September 17, 2010) (SR-BATS-2010-024) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt BATS Rule 2.12, Entitled "BATS Trading, Inc. as Inbound Router" and To Make Related Changes); 65516 (October 7, 2011), 76 FR 63977 (October 14, 2011) (SR-BATS-2011-040) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Pilot Period of the Inbound Router, as Described in Rule 2.12).

Under the pilot, the Exchange is committed to the following obligations and conditions:

- The Exchange shall enter into a plan pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated self-regulatory organization (“SRO”) to relieve the Exchange of regulatory responsibilities for BATS Trading with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and enter into a regulatory contract (“Regulatory Contract”) with a non-affiliated SRO to perform regulatory responsibilities for BATS Trading for unique Exchange rules.
- The Regulatory Contract shall require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively “Exceptions”) in which BATS Trading is identified as a participant that has potentially violated Exchange or SEC Rules, and shall require that the non-affiliated SRO provide a report, at least quarterly, to the Exchange quantifying all Exceptions in which BATS Trading is identified as a participant that has potentially violated Exchange or SEC Rules.
- The Exchange, on behalf of BATS Global Markets, Inc., shall establish and maintain procedures and internal controls reasonably designed to ensure that BATS Trading does not develop or implement changes to its system on the basis of non-public information regarding planned changes to Exchange systems, obtained as a result of its affiliation with the

Exchange, until such information is available generally to similarly situated member organizations of the Exchange in connection with the provision of inbound order routing to the Exchange.

- The Exchange may furnish to BATS Trading the same information on the same terms that the Exchange makes available in the normal course of business to any other member organization.

The Exchange is in compliance with the above-listed obligations and conditions. In meeting them, the Exchange has set up mechanisms that protect the independence of the Exchange's regulatory responsibility with respect to BATS Trading, as well as demonstrate that BATS Trading cannot use any information that it may have because of its affiliation with the Exchange to its advantage. Since the Exchange has met all the above-listed obligations and conditions, it now seeks permanent approval of the Exchange and BATS Trading's inbound routing relationship. Upon approval of the proposed rule change, the Exchange will continue to comply with the obligations and conditions as set forth in proposed BATS Rule 2.12.

## 2. Statutory Basis

The Exchange believes that its proposal 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>5</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> because it would

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system.

Specifically, the proposed rule change will allow the Exchange to continue receiving inbound routes of equities orders from BATS Trading acting in its capacity as a facility of BYX, in a manner consistent with prior approvals and established protections. The Exchange believes that meeting the commitments established during the pilot program demonstrates that the Exchange has mechanisms that protect the independence of the Exchange's regulatory responsibility with respect to BATS Trading, as well as demonstrates that BATS Trading cannot use any information that it may have because of its affiliation with the Exchange to its advantage.

(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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2012-013 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-2012-013. 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, on official business days between the hours of 10:00 a.m. and 3:00 p.m. 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-2012-013 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>7</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).