

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

Page 1 of \* 5

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No.\* SR - 2012 - \* 019

Amendment No. (req. for Amendments \*) 2

Proposed Rule Change by BATS Y-Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial \*

☐

Amendment \*

☒

Withdrawal

☐

Section 19(b)(2) \*

☒

Section 19(b)(3)(A) \*

☐

Section 19(b)(3)(B) \*

☐

Rule

Pilot

☒Extension of Time Period  
for Commission Action \*☐

Date Expires \*

19b-4(f)(1)

☐

19b-4(f)(2)

☐

19b-4(f)(3)

☐

19b-4(f)(4)

☐

19b-4(f)(5)

☐

19b-4(f)(6)

☐

Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

☐**Description**

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked \*).

**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 \* Anders

Last Name \* Franzon

Title \* VP, Associate General Counsel

E-mail \* afranzone@batstrading.com

Telephone \* (913) 815-7154

Fax

(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 11/13/2012

By Anders Franzon

(Name \*)

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.

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

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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

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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.

BATS Y-Exchange, Inc. (the “Exchange” or “BYX”) is filing this amendment to SR-BYX-2012-019, which was originally filed on August 14, 2012 (the “Filing”), to add additional text to the Filing.<sup>1</sup> The Filing proposed to adopt new Rule 11.24 to establish a Retail Price Improvement (“RPI”) Program (the “Program” or “proposed rule change”) to attract additional retail order flow to the Exchange while also providing the potential for price improvement to such order flow. The Program as proposed would operate as a one-year pilot program. The Exchange is filing this amendment to delete one footnote from the filing, as it is no longer necessary, and to propose to phase in the Program during the course of the one-year pilot in order to help to ensure operational stability and to focus on actively traded retail names to promote the overall efficiency of the Program.

On page 11 of 49 of the Filing, in footnote 10, the Exchange explained that the Retail Liquidity Identifier for Tape A and Tape B securities would be published through the consolidated public market data streams immediately if the Program was approved but that a Retail Liquidity Identifier for Tape C securities would not be published until after October 1, 2012, because the processor for the Nasdaq UTP quotation stream had not yet completed changes to make it possible to disseminate such an identifier. Because it is now possible to disseminate a Retail Liquidity Identifier for all securities, the Exchange proposes to eliminate footnote 10 in its entirety and to renumber all subsequent footnotes. The Exchange proposes to make the same change on page 32 of 49 of the Exhibit 1, by deleting footnote 10 in its entirety.

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<sup>1</sup> The Exchange filed Amendment 1 to the Filing on October 4, 2012, and subsequently withdrew such amendment.

With respect to the proposed phase-in, the Filing states on page 14 of 49 that “[t]he Exchange proposes that all securities traded on the Exchange would be eligible for inclusion in the RPI Program.<sup>12</sup>” (Text of footnote 12 omitted). However, the Exchange did not prescribe the method for determining which securities would be included nor did the Exchange elaborate on any specific exclusions other than a limitation to securities that are trading at prices equal to or greater than \$1.00 per share. The Exchange proposes to limit the scope of the Program at its inception to ensure both operational stability and efficiency of the Program. In this connection, the Exchange proposes to add the following text immediately following footnote 12 on page 14 of 49:

The Exchange proposes to limit the Program to a group of up to 25 securities for the first 90 days of the pilot period, and to gradually expand the program on a monthly basis for the remainder of the pilot period. The Exchange will initially select 25 or fewer securities that the Exchange believes are the most heavily traded by retail investors. The Exchange will notify Members in an information circular of the securities that are subject to the Program both initially and as additional securities become eligible for inclusion. The Exchange intends to include all securities traded on the Exchange in the Program by the end of the pilot period.

The Exchange proposes to add the same text immediately following footnote 12 on page 34 of 49 of the Exhibit 1.

In connection with the change proposed above, the Exchange proposes to modify the statutory basis section of the Filing by adding the following text to the end of the final paragraph of that section, on page 22 of 49:

The Exchange believes that initially limiting the Program to a small set of the securities that the Exchange believes to be the most actively traded by retail investors and to gradually expand the Program during the pilot period is consistent with the Act because it is intended to protect investors and the public interest by helping to ensure operational stability when the Program is first introduced. Further, the Exchange believes that the gradual phase-in proposed by the Exchange will assist the Exchange as well as the Commission in gathering and analyzing data to assess the benefits of the Program. In particular, a limited number of securities should allow participants in the Program, including RMOs that submit Retail Orders and liquidity providers that submit RPI Orders, to focus their attention on specific securities with high retail interest rather than dispersing their efforts across all securities. The limited number of securities will also result in a more manageable data set that can be reviewed and analyzed promptly to determine the efficacy of the Program.

The Exchange proposes to add the same language at the end of the statutory basis section on page 42 of 49 of Exhibit 1.

Finally, the Exchange proposes to modify the Rule text by adding the following sentence to the end of proposed Rule 11.24(h) on page 49 of 49:

The Exchange will periodically notify the membership regarding the securities included in the Program through an information circular.

No other changes are proposed through this partial amendment.