

Required fields are shown with yellow backgrounds and asterisks.

Filing by BATS Exchange
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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend Rules 11.13 for BATS Equities and 21.9 for BATS 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 action.

First Name * Anders Last Name * Franzon

Title * VP, Associate General Counsel

E-mail * afranzon@bats.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.

(Title *)

Date 09/25/2014 VP, Associate General Counsel

By Anders Franzon

(Name *)

afranzon@bats.com

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 EFFF 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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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

Add Remove View

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 Proposed Rule Change

Pursuant to 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 “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 11.13(a) regarding the handling of orders that have been posted to the order book (“BATS Book”)³ of the Exchange’s cash equities trading platform (“BATS Equities”) that are subsequently locked or crossed by other Trading Centers . Consistent with its practice of offering similar functionality for the Exchange’s equity options trading platform (“BATS Options”) as it does for BATS Equities, the Exchange also proposes to amend Rule 21.9(a) to make similar changes with respect to BATS 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.⁴ 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.⁵

(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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As defined in Rule 1.5(e).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ Id.

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 February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Eric Swanson
EVP, General Counsel
(913) 815-7000

Anders Franzon
VP, Associate General Counsel
(913) 815-7154

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

a. Purpose

The purpose of the proposed rule change is to provide Users of the Exchange with additional options with respect to the Exchange's method of processing the unfilled balance of a routable limit order that is posted to the BATS Book..

With respect to BATS Equities, the Exchange currently allows Users to submit various types of limit orders to the Exchange that are processed pursuant to Exchange Rules 11.13(a)(1) and 11.13(a)(2)(B), as set forth below. Rule 11.13(a)(1) describes the process by which an incoming order would execute against the BATS Book for BATS Equities. To the extent an order has not been executed in its entirety against the BATS

Book, Rule 11.13(a)(2)(B) then describes the process of routing marketable limit orders⁶ to one or more Trading Centers, including a description of how the Exchange treats any unfilled balance that returns to the Exchange following the first attempt to fill the order through the routing process. If not filled through routing, and based on the order instructions, the unfilled balance of the order may be posted to the BATS Book.

Similarly, with respect to BATS Options, Rule 21.8 describes the process by which an incoming order would execute against the BATS Options Book.⁷ To the extent an order has not been executed in its entirety against the BATS Options Book, Rule 21.9(a)(1) then describes the process of routing marketable limit orders⁸ to one or more other options exchanges, including a description of how the Exchange treats any unfilled balance that returns to the Exchange following the first attempt to fill the order through the routing process. If not filled through routing, and based on the order instructions, the unfilled balance of the order may be posted to the BATS Options Book.

Pursuant to current Exchange rules,⁹ to the extent the unfilled balance of an order has been posted to the BATS Book, should the order subsequently be locked or crossed by another accessible Trading Center, the System¹⁰ shall route the order to the locking or

⁶ Market orders are also routed away pursuant to Rule 11.13(a)(2)(A), however the Exchange is not proposing any changes to the treatment of routed market orders at this time.

⁷ As defined in Rule 16.1(a)(9).

⁸ Market orders are also routed away pursuant to Rule 21.9(a)(1), however the Exchange is not proposing any changes to the treatment of routed market orders at this time.

⁹ See Rule 11.13(a)(2) for BATS Equities and Rule 21.9(a)(1) for BATS Options.

¹⁰ As defined in Rule 1.5(aa), the System is the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

crossing Trading Center if instructed to do so by the User (the “RECYCLE Option”). The Exchange proposes to modify the RECYCLE Option as set forth below. At the outset, the Exchange notes that it proposes to re-name the RECYCLE Option as Re-Route instructions.

BATS Equities

The Exchange currently offers only one form of RECYCLE, namely, that an order will be subject to the RECYCLE Option if it is either locked or crossed. The Exchange proposes to retain this functionality and to name such functionality the Super Aggressive Re-Route instruction, which reference reflects the willingness of the routable order posted to the BATS Book to route to away Trading Centers and to remove liquidity from such Trading Centers any time such order is locked or crossed (i.e., rather than passively waiting for an execution on the BATS Book). The Exchange also proposes to add new optional functionality that will allow a User to instruct the Exchange to apply the Super Aggressive Re-Route instruction solely to routable orders posted to the BATS Book with remaining size of less than one round lot.

In addition to the Super Aggressive Re-Route instruction described above, the Exchange proposes to add a second option, the Aggressive Re-Route instruction, which would subject an order to the routing process after being posted to the BATS Book only if the order is subsequently crossed by another Trading Center (rather than if the order is locked or crossed).

The Exchange proposes to retain language making clear that unless otherwise specified the Re-Route options described above may be combined with any of the System routing options specified in paragraph (a)(3) of Rule 11.13.

*Examples*Example 1 – Aggressive Re-Route

As an example of an order with an Aggressive Re-Route instruction, assume the Exchange receives an order to buy 300 shares of a security at \$10.10 per share. Assume further that the NBBO is \$10.09 by \$10.10 when the order is received, and the Exchange's lowest priced offer is priced at \$10.11. The Exchange will route the order away from the Exchange as a bid to buy 300 shares at \$10.10. Assume that the order obtains one 100 share execution through the routing process and then returns to the Exchange. The Exchange will post the order as a bid to buy 200 shares at \$10.10. If displayed liquidity then appears at one or more Trading Centers priced at \$10.09 or lower (i.e., crossing the posted bid to buy at \$10.10), the Exchange will take the displayed bid off of the BATS Book and again route such order to the displayed liquidity at other Trading Centers.

Example 2 – Super Aggressive Re-Route

As an example of an order with a Super Aggressive Re-Route instruction, assume the Exchange receives an order to buy 300 shares of a security at \$10.10 per share designated with such instruction. Assume further that the NBBO is \$10.09 by \$10.10 when the order is received, and the Exchange's lowest priced offer is priced at \$10.11. The Exchange will route the order away from the Exchange as a bid to buy 300 shares at \$10.10. Assume that the order obtains one 100 share execution through the routing process and then returns to the Exchange. The Exchange will post the order as a bid to buy 200 shares at \$10.10. If displayed liquidity then appears in the marketplace priced at

\$10.10 or lower, the Exchange will take the displayed bid off of the BATS Book and again route such order to the displayed liquidity at other Trading Centers.

Example 3 – Super Aggressive Re-Route for Odd Lots Only

Assuming the facts from Example 2 above that results in a 200 share order posting to the BATS Book after routing away, if a User has elected to apply the Super Aggressive Re-Route instruction solely to routable orders posted to the BATS Book with remaining size of less than one round lot, then the posted bid to buy 200 shares at \$10.10 would not route off of the BATS Book if displayed liquidity appeared at one or more other Trading Centers priced at \$10.10 or lower. Assume, however, that the posted order to buy 200 shares is later executed on the BATS Book against an incoming order to sell 150 shares at \$10.10, leaving a 50 share order to buy at \$10.10. Such order would now be subject to the Super Aggressive Re-Route functionality and would route to away Trading Centers if locked or crossed.

BATS Options

In order to maintain consistency between analogous processes offered by BATS Equities and BATS Options, the Exchange proposes to modify the rules of BATS Options to conform to the changes described above related to the Re-Route instruction.

The proposed Re-Route functionality for BATS Options is similar to the proposed functionality for BATS Equities, with the exception of language related to odd lot orders. Because, consistent with other options exchanges, BATS Options does not categorize any orders as odd lot orders or round lot orders, the Exchange has omitted language regarding the proposed optional Re-Route functionality applicable to odd lot orders for BATS

Equities. All other changes for BATS Equities, including the rationale and examples described above, are identical for BATS Options.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”)¹¹ and further the objectives of Section 6(b)(5) of the Act¹² because it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. Specifically, the proposed changes are designed to provide Users with additional control over their orders in the context of a national market system where quotations may lock or cross orders posted to the BATS Book. Thus, the proposals are directly targeted at removing impediments to and perfect the mechanism of a free and open market and national market system. The proposed rule change also is designed to support the principles of Section 11A(a)(1)¹³ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule changes would also provide Users with access to functionality that may result in the efficient execution of such orders and will provide additional flexibility as well as increased functionality to the Exchange’s System and its Users.

The Exchange reiterates that the Super Aggressive Re-Route instruction is currently contained in Exchange rules as the RECYCLE Option. The Exchange believes

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78k-1(a)(1).

that adding an optional functionality that will only treat orders with size less than a round lot as orders with Super Aggressive Re-Route instruction is reasonable because such orders are not Protected Quotations under the Act, and thus, are more likely to be locked or crossed by external markets. Accordingly, allowing such orders to only apply the Super Aggressive Re-Route instruction will enhance the likelihood of their prompt execution. The Exchange believes that the proposed addition of the Aggressive Re-Route instruction is consistent with the Act as it will provide Users with another option that may result in the efficient execution of such orders and will provide additional flexibility as well as increased functionality to the Exchange's System and its Users.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that Re-Route functionality generally encourages competition by increasing the likelihood of executions of orders that have been posted to the Exchange.

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

Not applicable.

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 Act¹⁴ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁵ 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, (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.¹⁶

The proposal to add the Aggressive Re-Route instruction simply represents an additional option compared to that already offered by the Exchange through the RECYCLE Option (i.e., applying Re-Route only if an order is crossed, rather than locked or crossed). Similarly, the Exchange does not believe that allowing Users to designate that the Super Aggressive Re-Route instruction only apply if an order has a size less than a round lot presents any new or novel policy issues. Based on the foregoing, the proposed rule changes do not present any unique issues not previously considered by the Commission, and the Exchange has accordingly designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁷ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁸

The Exchange respectfully requests that the Commission waive the 30-day

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 C.F.R. 240.19b-4.

¹⁶ 17 C.F.R. 240.19b-4(f)(6)(iii).

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 C.F.R. 240.19b-4.

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 Act¹⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.²⁰ Waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange to immediately offer Exchange Users additional variations of functionality that is already available on the Exchange. The Exchange believes that the addition of a variation of Re-Route functionality that applies only when an order is crossed by an accessible Trading Center (i.e., the Aggressive Re-Route instruction) and the odd lot variation to the Super-Aggressive Re-Route instruction will benefit market participants and their customers by allowing them greater flexibility in their efforts to fill orders. The Exchange does not believe that benefits to Exchange Users expected from the proposed rule change should be delayed. Further, introduction of the additional optional variations of existing Re-Route functionality will not require any systems changes by Exchange Users that would necessitate a delay, as selection of the new variations is entirely optional and Users will not be affected by the change unless they select to use the newly offered variations.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 C.F.R. 240.19b-4(f)(6).

or of the Commission

Not applicable.

9. Security Based- Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

Exhibit 2–4: Not applicable.

Exhibit 5: Text of Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BATS-2014-044)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 11.13 and 21.9 of BATS Exchange, Inc.

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 _____, 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 filed a proposal to amend Rule 11.13(a) regarding the handling of orders that have been posted to the order book (“BATS Book”)⁵ of the Exchange’s cash equities trading platform (“BATS Equities”) that are subsequently locked or crossed by other Trading Centers . Consistent with its practice of offering similar functionality for

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).

⁵ As defined in Rule 1.5(e).

the Exchange's equity options trading platform ("BATS Options") as it does for BATS Equities, the Exchange also proposes to amend Rule 21.9(a) to make similar changes with respect to BATS Options.

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.

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 purpose of the proposed rule change is to provide Users of the Exchange with additional options with respect to the Exchange's method of processing the unfilled balance of a routable limit order that is posted to the BATS Book.

With respect to BATS Equities, the Exchange currently allows Users to submit various types of limit orders to the Exchange that are processed pursuant to Exchange Rules 11.13(a)(1) and 11.13(a)(2)(B), as set forth below. Rule 11.13(a)(1) describes the process by which an incoming order would execute against the BATS Book for BATS Equities. To the extent an order has not been executed in its entirety against the BATS Book, Rule

11.13(a)(2)(B) then describes the process of routing marketable limit orders⁶ to one or more Trading Centers, including a description of how the Exchange treats any unfilled balance that returns to the Exchange following the first attempt to fill the order through the routing process. If not filled through routing, and based on the order instructions, the unfilled balance of the order may be posted to the BATS Book.

Similarly, with respect to BATS Options, Rule 21.8 describes the process by which an incoming order would execute against the BATS Options Book.⁷ To the extent an order has not been executed in its entirety against the BATS Options Book, Rule 21.9(a)(1) then describes the process of routing marketable limit orders⁸ to one or more other options exchanges, including a description of how the Exchange treats any unfilled balance that returns to the Exchange following the first attempt to fill the order through the routing process. If not filled through routing, and based on the order instructions, the unfilled balance of the order may be posted to the BATS Options Book.

Pursuant to current Exchange rules,⁹ to the extent the unfilled balance of an order has been posted to the BATS Book, should the order subsequently be locked or crossed by another accessible Trading Center, the System¹⁰ shall route the order to the locking or

⁶ Market orders are also routed away pursuant to Rule 11.13(a)(2)(A), however the Exchange is not proposing any changes to the treatment of routed market orders at this time.

⁷ As defined in Rule 16.1(a)(9).

⁸ Market orders are also routed away pursuant to Rule 21.9(a)(1), however the Exchange is not proposing any changes to the treatment of routed market orders at this time.

⁹ See Rule 11.13(a)(2) for BATS Equities and Rule 21.9(a)(1) for BATS Options.

¹⁰ As defined in Rule 1.5(aa), the System is the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

crossing Trading Center if instructed to do so by the User (the “RECYCLE Option”). The Exchange proposes to modify the RECYCLE Option as set forth below. At the outset, the Exchange notes that it proposes to re-name the RECYCLE Option as Re-Route instructions.

BATS Equities

The Exchange currently offers only one form of RECYCLE, namely, that an order will be subject to the RECYCLE Option if it is either locked or crossed. The Exchange proposes to retain this functionality and to name such functionality the Super Aggressive Re-Route instruction, which reference reflects the willingness of the routable order posted to the BATS Book to route to away Trading Centers and to remove liquidity from such Trading Centers any time such order is locked or crossed (i.e., rather than passively waiting for an execution on the BATS Book). The Exchange also proposes to add new optional functionality that will allow a User to instruct the Exchange to apply the Super Aggressive Re-Route instruction solely to routable orders posted to the BATS Book with remaining size of less than one round lot.

In addition to the Super Aggressive Re-Route instruction described above, the Exchange proposes to add a second option, the Aggressive Re-Route instruction, which would subject an order to the routing process after being posted to the BATS Book only if the order is subsequently crossed by another Trading Center (rather than if the order is locked or crossed).

The Exchange proposes to retain language making clear that unless otherwise specified the Re-Route options described above may be combined with any of the System routing options specified in paragraph (a)(3) of Rule 11.13.

*Examples*Example 1 – Aggressive Re-Route

As an example of an order with an Aggressive Re-Route instruction, assume the Exchange receives an order to buy 300 shares of a security at \$10.10 per share. Assume further that the NBBO is \$10.09 by \$10.10 when the order is received, and the Exchange's lowest priced offer is priced at \$10.11. The Exchange will route the order away from the Exchange as a bid to buy 300 shares at \$10.10. Assume that the order obtains one 100 share execution through the routing process and then returns to the Exchange. The Exchange will post the order as a bid to buy 200 shares at \$10.10. If displayed liquidity then appears at one or more Trading Centers priced at \$10.09 or lower (i.e., crossing the posted bid to buy at \$10.10), the Exchange will take the displayed bid off of the BATS Book and again route such order to the displayed liquidity at other Trading Centers.

Example 2 – Super Aggressive Re-Route

As an example of an order with a Super Aggressive Re-Route instruction, assume the Exchange receives an order to buy 300 shares of a security at \$10.10 per share designated with such instruction. Assume further that the NBBO is \$10.09 by \$10.10 when the order is received, and the Exchange's lowest priced offer is priced at \$10.11. The Exchange will route the order away from the Exchange as a bid to buy 300 shares at \$10.10. Assume that the order obtains one 100 share execution through the routing process and then returns to the Exchange. The Exchange will post the order as a bid to buy 200 shares at \$10.10. If displayed liquidity then appears in the marketplace priced at

\$10.10 or lower, the Exchange will take the displayed bid off of the BATS Book and again route such order to the displayed liquidity at other Trading Centers.

Example 3 – Super Aggressive Re-Route for Odd Lots Only

Assuming the facts from Example 2 above that results in a 200 share order posting to the BATS Book after routing away, if a User has elected to apply the Super Aggressive Re-Route instruction solely to routable orders posted to the BATS Book with remaining size of less than one round lot, then the posted bid to buy 200 shares at \$10.10 would not route off of the BATS Book if displayed liquidity appeared at one or more other Trading Centers priced at \$10.10 or lower. Assume, however, that the posted order to buy 200 shares is later executed on the BATS Book against an incoming order to sell 150 shares at \$10.10, leaving a 50 share order to buy at \$10.10. Such order would now be subject to the Super Aggressive Re-Route functionality and would route to away Trading Centers if locked or crossed.

BATS Options

In order to maintain consistency between analogous processes offered by BATS Equities and BATS Options, the Exchange proposes to modify the rules of BATS Options to conform to the changes described above related to the Re-Route instruction.

The proposed Re-Route functionality for BATS Options is similar to the proposed functionality for BATS Equities, with the exception of language related to odd lot orders. Because, consistent with other options exchanges, BATS Options does not categorize any orders as odd lot orders or round lot orders, the Exchange has omitted language regarding the proposed optional Re-Route functionality applicable to odd lot orders for BATS

Equities. All other changes for BATS Equities, including the rationale and examples described above, are identical for BATS Options.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act¹¹ and further the objectives of Section 6(b)(5) of the Act¹² because it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. Specifically, the proposed changes are designed to provide Users with additional control over their orders in the context of a national market system where quotations may lock or cross orders posted to the BATS Book. Thus, the proposals are directly targeted at removing impediments to and perfect the mechanism of a free and open market and national market system. The proposed rule change also is designed to support the principles of Section 11A(a)(1)¹³ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule changes would also provide Users with access to functionality that may result in the efficient execution of such orders and will provide additional flexibility as well as increased functionality to the Exchange's System and its Users.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78k-1(a)(1).

The Exchange reiterates that the Super Aggressive Re-Route instruction is currently contained in Exchange rules as the RECYCLE Option. The Exchange believes that adding an optional functionality that will only treat orders with size less than a round lot as orders with Super Aggressive Re-Route instruction is reasonable because such orders are not Protected Quotations under the Act, and thus, are more likely to be locked or crossed by external markets. Accordingly, allowing such orders to only apply the Super Aggressive Re-Route instruction will enhance the likelihood of their prompt execution. The Exchange believes that the proposed addition of the Aggressive Re-Route instruction is consistent with the Act as it will provide Users with another option that may result in the efficient execution of such orders and will provide additional flexibility as well as increased functionality to the Exchange's System and its Users.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that Re-Route functionality generally encourages competition by increasing the likelihood of executions of orders that have been posted to the Exchange.

(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 Change and Timing for Commission Action

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁵ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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. Please include File No. SR-BATS-2014-044 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-2014-044. This file number should be included on the subject line if e-mail is used. To help the Commission process and

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4.

review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website 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 am and 3:00 pm. 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-2014-044 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.¹⁶

Kevin M. O'Neill
Deputy Secretary

¹⁶ 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 11.13. Order Execution

(No change.)

(a) Execution and Routing.

(1) (No change.)

(2) (No change.)

(A)-(C) (No change.)

Notwithstanding the foregoing, to the extent the System is unable to access a Protected Quotation and there are no other accessible Protected Quotations at the NBBO, the System will cancel the order back to the User, provided, however, that this provision will not apply to Protected Quotations published by a Trading Center against which the Exchange has declared self-help pursuant to paragraph (d) below. [To the extent the unfilled balance of an order has been posted to the BATS Book pursuant to 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 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) (No change.)

(4) Re-Route Instructions. Unless otherwise specified, the Re-Route instructions set forth below may be combined with any of the System routing options specified in paragraph (a)(3) above.

(A) Aggressive. To the extent the unfilled balance of a routable order has been posted to the BATS Book pursuant to paragraph (a)(2) above, should the order subsequently be crossed by another accessible Trading Center, the System shall route the order to the crossing Trading Center if the User has selected the Aggressive Re-Route instruction.

(B) Super Aggressive. To the extent the unfilled balance of a routable order has been posted to the BATS Book pursuant to paragraph (a)(2) above,

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 the User has selected the Super Aggressive Re-Route instruction. A User may instruct the Exchange to apply the Super Aggressive Re-Route instruction solely to routable orders posted to the BATS Book with remaining size of less than one round lot.

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CHAPTER XXI. TRADING SYSTEMS

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Rule 21.9. Order Routing

- (a) (No change.)
 - (1) (No change.)
 - (A)-(D) (No change.)

Notwithstanding the foregoing, to the extent the System is unable to access a Protected Quotation and there are no other accessible Protected Quotations at the NBBO, the System will cancel the order back to the User, provided, however, that this provision will not apply to Protected Quotations published by an options exchange against which the Exchange has declared self-help pursuant to Rule 27.2(b)(1). [To the extent the unfilled balance of an order has been posted to the BATS Options Book, should the order subsequently be locked or crossed by another options exchange, the System shall route the order to the locking or crossing options exchange if instructed to do so by 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)(2) below.]

- (2) (No change.)

(3) Re-Route Instructions. Unless otherwise specified, the Re-Route instructions set forth below may be combined with any of the System routing options specified in paragraph (a)(2) above.

(A) Aggressive. To the extent the unfilled balance of a routable order has been posted to the BATS Book pursuant to paragraph (a)(2) above, should the order subsequently be crossed by another accessible Trading Center, the System shall route the order to the crossing Trading Center if the User has selected the Aggressive Re-Route instruction.

(B) Super Aggressive. To the extent the unfilled balance of a routable order has been posted to the BATS Options Book pursuant to paragraph (a)(1) above, 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 the User has selected the Super Aggressive Re-Route instruction.

(b)-(f) (No change.)