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

File No.* SR - 2014 - * 047

Amendment No. (req. for Amendments *)

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) *
☑	☐	☐	☐	☑	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

- ☐ 19b-4(f)(1)
- ☑ 19b-4(f)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Amendments to the fee schedule of BATS Exchange, Inc.

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.

Date 10/06/2014

By Anders Franzon

(Name *)

(Title *)

VP, Associate General Counsel

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.

Persona Not Validated - 1393947650974,

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	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 * Add Remove View	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 * Add Remove View	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, security-based swap submission, or advance notice 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 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 Add Remove View 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 Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	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"),[1] and Rule 19b-4 thereunder,[2] BATS Exchange, Inc. (the "Exchange" or "BATS") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the fee schedule applicable to Members[3] and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

(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 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:

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

Eric Swanson	Anders Franzon
EVP, General Counsel	VP, Associate General Counsel
(913) 815-7000	(913) 815-7154

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

(a) Purpose

The Exchange proposes to modify the "Options Pricing" section of its fee schedule effective immediately, in order to modify pricing charged by the Exchange's options platform ("BATS Options") for orders routed away from the Exchange and executed at various away options exchanges.

The Exchange currently charges certain flat rates for routing to other options exchanges that have been placed into groups based on the approximate cost of routing to such venues. The grouping of away options exchanges is based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). To address different fees at various other options exchanges, the Exchange in most instances differentiates between either securities subject to the options penny pilot program ("Penny Pilot Securities") and non-Penny Pilot Securities or between "Make/Take issues" and "Classic issues." As set forth on the Exchange's fee schedule, pricing in Make/Take issues is for executions at the identified exchange under which rebates to post liquidity (i.e., "Make") are credited by that exchange and fees to take liquidity (i.e., "Take") are charged by that exchange; pricing in Classic issues applies to all other executions at such exchanges. Routing charges are also differentiated depending on whether they are for Customer[4] orders or for Professional,[5] Firm, and Market Maker[6] orders (collectively, “non-Customer orders”).

As noted previously and as set forth above, the Exchange’s current approach to routing fees is to set forth in a simple manner certain flat fees that approximate the cost of routing to other options exchanges. The Exchange then monitors the fees charged as compared to the costs of its routing services, as well as monitoring for specific fee changes by other options exchanges, and adjusts its flat routing fees and/or groupings to ensure that the Exchange’s fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. Over the last several months, due to various increases in fees assessed by other options exchanges as well as increases experienced by the Exchange with respect to fees charged for clearing services and fees charged by the OCC, the Exchange’s overall Routing Costs have increased. As a result, and in order to avoid subsidizing routing to away options exchanges and to continue providing quality routing services, the Exchange proposes relatively modest increases and adjustments to the charges assessed for most orders routed to most options exchanges, as set forth below.

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4 As defined on the Exchange’s fee schedule, a “Customer” order is any transaction identified by a Member for clearing in the Customer range at the Options Clearing Corporation (“OCC”), except for those designated as “Professional”.

5 The term “Professional” is defined in Exchange Rule 16.1 to mean any person or entity that (A) is not a broker or dealer in securities, and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

6 As defined on the Exchange’s fee schedule, the terms “Firm” and “Market Maker” apply to any transaction identified by a member for clearing in the Firm or Market Maker range, respectively, at the Options Clearing Corporation (“OCC”).

The Exchange currently charges $0.10 per contract for all orders (i.e., Customer and non-Customer) to buy or sell option contracts overlying 10 shares of a security ("Mini Options") that are routed to and executed at an away options exchange. Due to the recent increases in Routing Costs, the Exchange proposes to increase the fee for Mini Options routed to and executed at an away options exchange to $0.12 per contract.

The Exchange currently charges $0.57 per contract for non-Customer orders routed to and executed at the BOX Options Exchange LLC ("BOX"). Due to the recent increases in Routing Costs, the Exchange proposes to increase this fee to $0.65 per contract. This proposed increase will also align such fee with the fee charged for most non-Customer orders routed to and executed at other options exchanges, as described below.

The Exchange currently charges $0.11 per contract for Customer orders and $0.60 per contract for non-Customer orders routed to and executed at: (i) NYSE MKT LLC ("AMEX"); (ii) Chicago Board Options Exchange, Incorporated ("CBOE"); (iii) the Miami International Securities Exchange, LLC ("MIAX"); (iv) NASDAQ OMX BX, Inc. ("BX Options") in Penny Pilot Securities; and (v) the International Securities Exchange, LLC ("ISE") in non-Penny Pilot Securities. Due to the recent increases in Routing Costs, the Exchange proposes to increase the fee charged for orders routed to and executed at these options exchanges to $0.12 per contract for Customer orders and $0.65 per contract for non-Customer orders.

The Exchange currently charges $0.45 per contract for Customer orders and $0.65 per contract for non-Customer orders routed to and executed at NASDAQ OMX PHLX

LLC ("PHLX").[7] In addition, the Exchange currently charges $0.52 per contract for Customer orders and $0.57 per contract for non-Customer orders routed to and executed at: (i) NYSE Arca, Inc. ("ARCA") in Penny Pilot Securities; (ii) the NASDAQ Options Market ("NOM") in Penny Pilot Securities; (iii) ISE in Penny Pilot Securities; and (iv) Topaz Exchange, LLC ("ISE Gemini") in Penny Pilot Securities. The Exchange believes it is appropriate based on a general similarity in Routing Costs for orders routed to and executed at PHLX and these venues to add PHLX to this grouping. The Exchange also proposes to increase the fee charged for non-Customer orders from $0.57 per contract to $0.65 per contract. Thus, for Customer orders routed to and executed at PHLX there will be an increase from $0.45 per contract to $0.52 but no increase for non-Customer orders, which are currently charged $0.65 per contract. Similarly, there will be no fee increase for Customer orders to all other options exchanges in the group, which are already charged $0.52 per contract, but non-Customer orders will be charged a fee of $0.65 per contract, which is an increase from the current fee of $0.57 per contract.

Finally, the Exchange currently charges a standard fee of $0.60 per contract for directed intermarket sweep orders ("Directed ISOs") executed at most Member directed destinations when bypassing the BATS Options order book. The Exchange proposes to increase its standard fee for Directed ISOs to $0.65 per contract for reasons consistent with those set forth above related to increasing Routing Costs incurred by the Exchange. The Exchange also notes that, without adjustment, the Routing Costs incurred by the

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7 As it has done before, despite identical fees, the Exchange is maintaining separate references to Make/Take and Classic pricing for orders routed to and executed PHLX because it believes that participants that are accustomed to this distinction will be less confused if it continues to separately list each category.

Exchange for Directed ISOs in certain securities sent on behalf of Professional, Firm, and Market Maker participants would exceed the fee charged by the Exchange for Directed ISOs. The Exchange notes that it is not proposing to modify fees for Directed ISOs other than the proposed increase to the standard fee. Thus, the Exchange is not proposing any changes to the lower than standard charge per contract for Directed ISOs sent in Mini Options or the higher than standard charge per contract for certain Directed ISOs sent to certain away options exchanges.

(b) Statutory Basis

The Exchange believes that the proposed rule change 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 of the Act.[8] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[9] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

As explained above, the Exchange generally attempts to approximate the cost of routing to other options exchanges, including other applicable costs to the Exchange for routing. The Exchange believes that a pricing model based on approximate Routing

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[8] 15 U.S.C. 78f.

[9] 15 U.S.C. 78f(b)(4).

Costs is a reasonable, fair and equitable approach to pricing. Specifically, the Exchange believes that its proposal to modify fees is fair, equitable and reasonable because the fees are generally an approximation of the cost to the Exchange for routing orders to such exchanges, and the proposal is in response to various increases in fees assessed by other options exchanges as well as increases experienced by the Exchange with respect to fees charged for clearing services and fees charged by the OCC. Accordingly, the Exchange believes that the proposed increases are fair, equitable and reasonable because they will help the Exchange to avoid subsidizing routing to away options exchanges and to continue providing quality routing services. The Exchange believes that its flat fee structure for orders routed to various venues is a fair and equitable approach to pricing, as it provides certainty with respect to execution fees at groups of away options exchanges. Under its flat fee structure, taking all costs to the Exchange into account, the Exchange may operate at a slight gain or slight loss for orders routed to and executed at away options exchanges. As a general matter, the Exchange believes that the proposed fees will allow it to recoup and cover its costs of providing routing services to such exchanges. The Exchange also believes that the proposed fee structure for orders routed to and executed at these away options exchanges is fair and equitable and not unreasonably discriminatory in that it applies equally to all Members.

The Exchange has also proposed an increased fee for most Directed ISOs routed to and executed at away options exchanges. This increase is proposed because, without adjustment, the Routing Costs incurred by the Exchange for Directed ISOs in certain securities sent on behalf of Professional, Firm, and Market Maker participants would exceed the fee charged by the Exchange for Directed ISOs. The Exchange believes that the proposed fee structure for Directed ISOs is fair, equitable and reasonable because the fees are an approximation of the cost to the Exchange for routing such orders and will allow the Exchange to recoup and cover the costs of providing routing services. The Exchange also believes that the proposed fee structure for Directed ISOs is fair and equitable and not unreasonably discriminatory in that it applies equally to all Members.

The Exchange reiterates that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive or providers of routing services if they deem fee levels to be excessive. Finally, the Exchange notes that it constantly evaluates its routing fees, including profit and loss attributable to routing, as applicable, in connection with the operation of a flat fee routing service, and would consider future adjustments to the proposed pricing structure to the extent it was recouping a significant profit or loss from routing to away options exchanges.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes will assist the Exchange in recouping costs for routing orders to other options exchanges on behalf of its participants in a manner that is a better approximation of actual costs than is currently in place and that reflects pricing changes by various options exchanges as well as increases to other Routing Costs incurred by the Exchange. The Exchange also notes that Members may choose to mark their orders as ineligible for routing to avoid incurring routing fees.[10] As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive or providers of routing services if they deem fee levels to be excessive.

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

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. <u>Extension of Time Period for Commission Action</u>

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act[11] and Rule 19b-4(f)(2) thereunder,[12] the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to the Exchange's Members and non-members, which renders the proposed rule change effective upon filing.

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.

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10 <u>See</u> BATS Rule 21.1(d)(8) (describing "BATS Only" orders for BATS Options) and BATS Rule 21.9(a)(1) (describing the BATS Options routing process, which requires orders to be designated as available for routing).

11 15 U.S.C. 78s(b)(3)(A)(ii).

12 17 CFR 240.19b-4(f)(2).

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization 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-2014-047)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Related to Fees for Use 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, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b-4(f)(2) thereunder,[4] which renders the proposed rule change 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 the fee schedule applicable to Members[5] and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A)(ii).

4 17 CFR 240.19b-4(f)(2).

5 A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

the fee schedule pursuant to this proposal are effective upon filing.

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 Exchange proposes to modify the "Options Pricing" section of its fee schedule effective immediately, in order to modify pricing charged by the Exchange's options platform ("BATS Options") for orders routed away from the Exchange and executed at various away options exchanges.

The Exchange currently charges certain flat rates for routing to other options exchanges that have been placed into groups based on the approximate cost of routing to such venues. The grouping of away options exchanges is based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). To address different fees at various other options exchanges, the Exchange in most instances differentiates between either securities subject to the options penny pilot program ("Penny Pilot Securities") and non-Penny Pilot Securities or between "Make/Take issues" and "Classic issues." As set forth on the Exchange's fee schedule, pricing in Make/Take issues is for executions at the identified exchange under which rebates to post liquidity (i.e., "Make") are credited by that exchange and fees to take liquidity (i.e., "Take") are charged by that exchange; pricing in Classic issues applies to all other executions at such exchanges. Routing charges are also differentiated depending on whether they are for Customer[6] orders or for Professional,[7] Firm, and Market Maker[8] orders (collectively, "non-Customer orders").

As noted previously and as set forth above, the Exchange's current approach to routing fees is to set forth in a simple manner certain flat fees that approximate the cost of routing to other options exchanges. The Exchange then monitors the fees charged as compared to the costs of its routing services, as well as monitoring for specific fee changes by other options exchanges, and adjusts its flat routing fees and/or groupings to ensure that the Exchange's fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. Over the last several months, due to various increases in fees assessed by other options exchanges as well as increases experienced by the Exchange with respect to fees charged for clearing services

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[6] As defined on the Exchange's fee schedule, a "Customer" order is any transaction identified by a Member for clearing in the Customer range at the Options Clearing Corporation ("OCC"), except for those designated as "Professional".

[7] The term "Professional" is defined in Exchange Rule 16.1 to mean any person or entity that (A) is not a broker or dealer in securities, and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

[8] As defined on the Exchange's fee schedule, the terms "Firm" and "Market Maker" apply to any transaction identified by a member for clearing in the Firm or Market Maker range, respectively, at the Options Clearing Corporation ("OCC").

and fees charged by the OCC, the Exchange's overall Routing Costs have increased. As a result, and in order to avoid subsidizing routing to away options exchanges and to continue providing quality routing services, the Exchange proposes relatively modest increases and adjustments to the charges assessed for most orders routed to most options exchanges, as set forth below.

The Exchange currently charges $0.10 per contract for all orders (i.e., Customer and non-Customer) to buy or sell option contracts overlying 10 shares of a security ("Mini Options") that are routed to and executed at an away options exchange. Due to the recent increases in Routing Costs, the Exchange proposes to increase the fee for Mini Options routed to and executed at an away options exchange to $0.12 per contract.

The Exchange currently charges $0.57 per contract for non-Customer orders routed to and executed at the BOX Options Exchange LLC ("BOX"). Due to the recent increases in Routing Costs, the Exchange proposes to increase this fee to $0.65 per contract. This proposed increase will also align such fee with the fee charged for most non-Customer orders routed to and executed at other options exchanges, as described below.

The Exchange currently charges $0.11 per contract for Customer orders and $0.60 per contract for non-Customer orders routed to and executed at: (i) NYSE MKT LLC ("AMEX"); (ii) Chicago Board Options Exchange, Incorporated ("CBOE"); (iii) the Miami International Securities Exchange, LLC ("MIAX"); (iv) NASDAQ OMX BX, Inc. ("BX Options") in Penny Pilot Securities; and (v) the International Securities Exchange, LLC ("ISE") in non-Penny Pilot Securities. Due to the recent increases in Routing Costs, the Exchange proposes to increase the fee charged for orders routed to and executed at these options exchanges to $0.12 per contract for Customer orders and $0.65 per contract for non-Customer orders.

The Exchange currently charges $0.45 per contract for Customer orders and $0.65 per contract for non-Customer orders routed to and executed at NASDAQ OMX PHLX LLC ("PHLX").[9] In addition, the Exchange currently charges $0.52 per contract for Customer orders and $0.57 per contract for non-Customer orders routed to and executed at: (i) NYSE Arca, Inc. ("ARCA") in Penny Pilot Securities; (ii) the NASDAQ Options Market ("NOM") in Penny Pilot Securities; (iii) ISE in Penny Pilot Securities; and (iv) Topaz Exchange, LLC ("ISE Gemini") in Penny Pilot Securities. The Exchange believes it is appropriate based on a general similarity in Routing Costs for orders routed to and executed at PHLX and these venues to add PHLX to this grouping. The Exchange also proposes to increase the fee charged for non-Customer orders from $0.57 per contract to $0.65 per contract. Thus, for Customer orders routed to and executed at PHLX there will be an increase from $0.45 per contract to $0.52 but no increase for non-Customer orders, which are currently charged $0.65 per contract. Similarly, there will be no fee increase for Customer orders to all other options exchanges in the group, which are already charged $0.52 per contract, but non-Customer orders will be charged a fee of $0.65 per contract, which is an increase from the current fee of $0.57 per contract.

Finally, the Exchange currently charges a standard fee of $0.60 per contract for directed intermarket sweep orders ("Directed ISOs") executed at most Member directed

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[9] As it has done before, despite identical fees, the Exchange is maintaining separate references to Make/Take and Classic pricing for orders routed to and executed PHLX because it believes that participants that are accustomed to this distinction will be less confused if it continues to separately list each category.

destinations when bypassing the BATS Options order book. The Exchange proposes to increase its standard fee for Directed ISOs to $0.65 per contract for reasons consistent with those set forth above related to increasing Routing Costs incurred by the Exchange. The Exchange also notes that, without adjustment, the Routing Costs incurred by the Exchange for Directed ISOs in certain securities sent on behalf of Professional, Firm, and Market Maker participants would exceed the fee charged by the Exchange for Directed ISOs. The Exchange notes that it is not proposing to modify fees for Directed ISOs other than the proposed increase to the standard fee. Thus, the Exchange is not proposing any changes to the lower than standard charge per contract for Directed ISOs sent in Mini Options or the higher than standard charge per contract for certain Directed ISOs sent to certain away options exchanges.

2. Statutory Basis

The Exchange believes that the proposed rule change 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 of the Act.[10] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[11] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct

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10 15 U.S.C. 78f.

11 15 U.S.C. 78f(b)(4).

order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

As explained above, the Exchange generally attempts to approximate the cost of routing to other options exchanges, including other applicable costs to the Exchange for routing. The Exchange believes that a pricing model based on approximate Routing Costs is a reasonable, fair and equitable approach to pricing. Specifically, the Exchange believes that its proposal to modify fees is fair, equitable and reasonable because the fees are generally an approximation of the cost to the Exchange for routing orders to such exchanges, and the proposal is in response to various increases in fees assessed by other options exchanges as well as increases experienced by the Exchange with respect to fees charged for clearing services and fees charged by the OCC. Accordingly, the Exchange believes that the proposed increases are fair, equitable and reasonable because they will help the Exchange to avoid subsidizing routing to away options exchanges and to continue providing quality routing services. The Exchange believes that its flat fee structure for orders routed to various venues is a fair and equitable approach to pricing, as it provides certainty with respect to execution fees at groups of away options exchanges. Under its flat fee structure, taking all costs to the Exchange into account, the Exchange may operate at a slight gain or slight loss for orders routed to and executed at away options exchanges. As a general matter, the Exchange believes that the proposed fees will allow it to recoup and cover its costs of providing routing services to such exchanges. The Exchange also believes that the proposed fee structure for orders routed to and executed at these away options exchanges is fair and equitable and not unreasonably discriminatory in that it applies equally to all Members.

The Exchange has also proposed an increased fee for most Directed ISOs routed to and executed at away options exchanges. This increase is proposed because, without adjustment, the Routing Costs incurred by the Exchange for Directed ISOs in certain securities sent on behalf of Professional, Firm, and Market Maker participants would exceed the fee charged by the Exchange for Directed ISOs. The Exchange believes that the proposed fee structure for Directed ISOs is fair, equitable and reasonable because the fees are an approximation of the cost to the Exchange for routing such orders and will allow the Exchange to recoup and cover the costs of providing routing services. The Exchange also believes that the proposed fee structure for Directed ISOs is fair and equitable and not unreasonably discriminatory in that it applies equally to all Members.

The Exchange reiterates that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive or providers of routing services if they deem fee levels to be excessive. Finally, the Exchange notes that it constantly evaluates its routing fees, including profit and loss attributable to routing, as applicable, in connection with the operation of a flat fee routing service, and would consider future adjustments to the proposed pricing structure to the extent it was recouping a significant profit or loss from routing to away options exchanges.

(B) <u>Self-Regulatory Organization’s Statement on Burden on Competition</u>

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes will assist the Exchange in recouping costs for routing orders to other options exchanges on behalf of its participants in a manner that is a better approximation of actual costs than is currently in place and that reflects pricing changes by various options exchanges as well as increases to other Routing Costs incurred by the Exchange. The Exchange also notes that Members may choose to mark their orders as ineligible for routing to avoid incurring routing fees.[12] As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive or providers of routing services if they deem fee levels to be excessive.

(C) 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.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[13] and paragraph (f) of Rule 19b-4 thereunder.[14] 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.

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[12] See BATS Rule 21.1(d)(8) (describing "BATS Only" orders for BATS Options) and BATS Rule 21.9(a)(1) (describing the BATS Options routing process, which requires orders to be designated as available for routing).

[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b-4(f).

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-2014-047 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-2014-047. 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 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-2014-047 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.[15]

Kevin M. O'Neill
Deputy Secretary

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15 17 CFR 200.30-3(a)(12).

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

BATS BZX Exchange Fee Schedule
Effective [September 2]October 6, 2014

The following is the Schedule of Fees (pursuant to Rule 15.1(a) and (c)) for BATS Exchange, Inc. (“BZX Exchange” or “BZX”). The Schedule of Fees is divided into Equities Pricing, Options Pricing and Physical Connection Charges.

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Options Pricing:

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Standard Best Execution Routing or Destination Specific Routing (“BATS Options+”)

Charge per contract for contracts executed using “CYCLE”, “RECYCLE”, “Parallel D”, “Parallel 2D”, or BATS Options+ routing:

		Customer	Professional/ Firm/Market Maker
Mini Options (All Markets)		$0.[10]12	$0.[10]12
BOX		$0.00	$0.[57]65
AMEX CBOE MIAX	BX Options (Penny Pilot Securities) ISE (Non-Penny Pilot Securities)	$0.[11]12	$0.[60]65
[PHLX (Classic issues)[6]] [PHLX (Make/Take issues)[6]]		[$0.45]	[$0.65]
ARCA (Penny Pilot Securities) NOM (Penny Pilot Securities) ISE (Penny Pilot Securities) ISE Gemini (Penny Pilot Securities) PHLX (Classic issues)[6] PHLX (Make/Take issues)[6]		$0.52	$0.[57]65
BX Options (Non-Penny Pilot Securities) C2		$0.00	$0.95
NOM (Non-Penny Pilot Securities) ARCA (Non-Penny Pilot Securities)		$0.90	$0.95

ISE Gemini (Non-Penny Pilot Securities)		

Directed ISO Fee

$0.[60]65 charge per contract for orders executed at Member directed destinations when bypassing the BATS Options order book, other than as set forth below

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