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

File No.* SR - 2014 - * 010

Amendment No. (req. for Amendments *)

Filing 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)(4) ☐ 19b-4(f)(2) ☐ 19b-4(f)(5) ☐ 19b-4(f)(3) ☑ 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) * ☐	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 *).

Proposal to amend Rules 11.9, 11.12 and 11.18.

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 07/15/2014

By   Anders Franzon

(Name *)

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.

afranzon@bats.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

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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, 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

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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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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 the provisions of Section 19(b)(1) of the Securities Exchange Act of

1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] BATS Y-Exchange, Inc. (the "Exchange"

or "BYX") is filing with the Securities and Exchange Commission ("Commission") a

proposal to amend Rule 11.9 to add certain functionality to the Exchange's trading

platform, to add additional detail regarding existing functionality in place on the

Exchange, and to correct certain typographical errors. The Exchange also proposes to

make related changes to Rule 11.12 and to eliminate obsolete language and correct

certain typographical errors in Rule 11.18.

(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.

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

[2]   17 CFR 240.19b-4.

The persons on the Exchange staff prepared to respond to questions and

comments on the proposed rule change are:

<div align="center">

Eric Swanson   Anders Franzon

EVP, General Counsel   VP, Associate General Counsel

(913) 815-7000   (913) 815-7154

</div>

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

   a.   Purpose

Earlier this year, the Exchange and its affiliate BATS Exchange, Inc. ("BZX")

received approval to affect a merger (the "Merger") of the Exchange's parent company,

BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of

EDGX Exchange, Inc. ("EDGX") and EDGA Exchange, Inc. ("EDGA", and together

with BZX, BYX and EDGX, the "BGM Affiliated Exchanges").[3] In the context of the

Merger, the BGM Affiliated Exchanges are working to align certain system functionality,

retaining only intended differences between the BGM Affiliated Exchanges. Thus, many

of the proposals set forth below are intended to add certain system functionality currently

offered by EDGA and/or EDGX in order to provide a consistent technology offering for

users of the BGM Affiliated Exchanges. In the context of such alignment, the Exchange

is also seeking to improve the transparency and understandability of its rules, and has

therefore proposed various corrective and clarifying changes, as described below.

The specific proposals set forth in more detail below include: (i) the addition of

Fill-or-Kill functionality; (ii) the addition of a new replenishment option with respect to

Reserve Orders as well as additional detail regarding the existing functionality of Reserve

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[3]   See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

Orders; (iii) the addition of rule text regarding Minimum Quantity functionality; (iv) the

addition of Stop Orders and Stop Limit Orders; and (v) various corrections to

typographical errors in Exchange rules, elimination of obsolete language in Rule 11.18 as

well as the addition of detail to the routing portion of Rule 11.18.

Fill-or-Kill ("FOK") Functionality

The Exchange proposes to add a Time-in-Force ("TIF") term of Fill-or-Kill

("FOK"). The Exchange currently offers five other TIF terms pursuant to Rule 11.9(b),

including Immediate-or-Cancel ("IOC"). The Exchange proposes to add FOK as a sixth

TIF option, which would be numbered as 11.9(b)(6). As proposed, a FOK would be a

limit order that is to be executed in its entirety as soon as it is received and, if not so

executed, cancelled.

Example 1 – FOK Executes

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100
shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a
User[4] submits a limit order to sell 200 shares at 10.00 that is designated with a TIF of
FOK.

- The order to sell 200 shares would execute against the resting displayed and non-displayed orders at 10.00.

Example 2 – FOK Does not Execute

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100
shares at 10.00 and no other equal or better priced liquidity. Assume that a User submits
a limit order to sell 200 shares at 10.00 that is designated with a TIF of FOK.

- The order to sell 200 shares would be cancelled back to the User because the order could not be executed in its entirety upon receipt by the Exchange.

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[4]   As defined in BYX Rule 1.5(cc), a User is "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3."

An order designated as FOK is similar to an IOC order and unique from other

TIFs in that it is either executed immediately or cancelled back to a User, and thus, the

Exchange also proposes to modify Rules 11.9(e)(1) and 11.18(e)(5) to add reference to

orders with a TIF of FOK alongside references to orders with a TIF of IOC, as described

below. First, Rule 11.9(e)(1) states that an order may only be cancelled or replaced if the

order has a TIF term other than IOC and if the order has not yet been executed. The

Exchange proposes to modify Rule 11.9(e)(1) to include the TIF of FOK as another TIF

that, when attached to an order, would mean that the order cannot be cancelled or

replaced. Second, Rule 11.18(e)(5) describes the operation of BATS market orders[5] and

IOC orders in the context of the Plan to Address Extraordinary Market Volatility

Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down

Plan").[6] The Exchange proposes to modify Rule 11.18(e)(5) to include orders with a TIF

of FOK along with such description. Specifically, the Exchange proposes to make clear

that, like IOC and BATS market orders, FOK orders will only be executed if such

executions are possible at or within the price bands prescribed by the Limit Up-Limit

Down Plan, and that if an order with a TIF of FOK cannot be so executed, the remainder

of the order will be cancelled.

Reserve Orders and Replenishment

The Exchange currently offers Reserve Orders, which are defined in Rule

11.9(c)(1) as limit orders "with a portion of the quantity displayed … and with a reserve

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[5]   See Rule 11.9(a)(2) for a description of BATS market orders.

[6]   See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498
        (June 6, 2012) (the "Limit Up-Limit Down Release").

portion of the quantity … that is not displayed." Pursuant to current Rule 11.12(a)(5), the displayed quantity of a Reserve Order has time priority as of the time of display. Further, as currently described, if the displayed quantity of the Reserve Order is decremented such that 99 shares or fewer would be displayed, the displayed portion of the Reserve Order shall be refreshed for (i) the original displayed quantity, or (ii) the entire reserve quantity, if the remaining reserve quantity is smaller than the original displayed quantity. Finally, as set forth in Rule 11.12(a)(5), a new timestamp is created both for the refreshed and reserved portion of the order each time it is refreshed from reserve.

The Exchange proposes to add Random Replenishment functionality, as described below, and to additional detail to Rule 11.9(c)(1), which defines Reserve Orders. In making these changes, the Exchange proposes to remove details regarding replenishment from Rule 11.12(a)(5), as such details are proposed to be included in Rule 11.9(c)(1).

The Exchange proposes to leave the current definition of Reserve Order as currently drafted, but to add the defined terms "Display Quantity" to refer to the displayed quantity of a Reserve Order and "Reserve Quantity" to refer to the non-displayed quantity of a Reserve Order. The Exchange also proposes to explicitly state within Rule 11.9(c)(1) that both the Display Quantity and the Reserve Quantity of a Reserve Order are available for execution against incoming orders.

As noted above, the Exchange currently sets forth the details regarding replenishment of a Reserve Order in Rule 11.12(a)(5). The Exchange proposes to move these details to Rule 11.9(c)(1) and to make certain changes necessary to support the proposed Random Replenishment functionality. Specifically, proposed Rule 11.9(c)(1) would state that if the Display Quantity of an order is reduced to less than a round lot, the

System will, in accordance with the User's instruction, replenish the Display Quantity

from the Reserve Quantity using one of the replenishment instructions set forth in the

Rule. The Exchange also proposes to state in Rule 11.9(c)(1) that if the remainder of an

order is less than the replenishment amount, the System[7] will replenish and display the

entire remainder of the order.

The Exchange currently requires Users to designate the original display quantity

of an order, which is also the amount to which an order is replenished (unless the

remainder of an order is smaller than the original displayed quantity) under the current

replenishment functionality. The Exchange refers to this quantity as "max floor" in its

specifications. The Exchange proposes to add a defined term of "Max Floor" to Rule

11.9(c)(1), which would be a mandatory value entered by a User that will determine the

quantity of the order to be initially displayed by the System and will also be used to

determine the replenishment amount under both replenishment options described below.

The Exchange currently offers one replenishment option, which uses the number

of shares from reserve necessary to return the displayed quantity of an order to its

original display amount. The Exchange proposes to retain this replenishment option and

to define it as "Fixed Replenishment." As proposed, Fixed Replenishment will apply to

any order for which Random Replenishment has not been selected. Under the Fixed

Replenishment option, the System will replenish the Display Quantity of an order to the

Max Floor designated by the User.

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[7]   As defined in BYX 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.

The Exchange also proposes to add a new replenishment option, Random Replenishment. As proposed, Random Replenishment is an instruction that a User may attach to an order with Reserve Quantity where replenishment quantities for the order are randomly determined by the System within a replenishment range established by the User. Further, as proposed, the User entering an order into the System subject to the Random Replenishment instruction must select a replenishment value and a Max Floor. The initial Display Quantity will be the Max Floor. The Display Quantity of an order when replenished will be determined by the System randomly selecting a round lot number of shares within a replenishment range that is between: (i) the Max Floor minus the replenishment value; and (ii) the Max Floor plus the replenishment value. The Exchange believes that the Random Replenishment is an optimization of current System functionality as it will help to achieve the general goal of Reserve Orders, which is to display less than the full interest that one represents in order to avoid moving the market. Random Replenishment will help Users to further disguise reserve interest by replenishing the Display Quantity of a Reserve Order to a variable amount so that other participants are less likely to detect that such order is in fact a Reserve Order with additional non-displayed size.

In addition to the changes set forth above, the Exchange proposes to modify Rule 11.9(e)(3) to state that the Max Floor set for an order can be modified through the use of a replace message rather than requiring a User to cancel and re-enter an order. The Exchange also proposes to modify Rule 11.12(a)(3) to make clear that a modification to the Max Floor of a Reserve Order will not cause such order to lose priority. The Exchange believes that this is appropriate because a modification to Max Floor of a

resting Reserve Order will not change the handling or display of the order in any way until replenishment is caused due to the reduction of the Display Quantity to less than a round lot. When such replenishment occurs (based on the new Max Floor), the order will receive a new timestamp, and thus, will have a new priority.

Example 1(a) – Fixed Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 10,000 shares at 10.00 with a Display Quantity (i.e., Max Floor) of 1,000 shares and a Reserve Quantity of 9,000 shares. Because Random Replenishment was not designated the order defaults to a Fixed Replenishment quantity of 1,000 shares.

- An inbound market order to sell 400 shares is entered into the System and executes against the Display Quantity of 1,000 shares, resulting in a remaining Display Quantity of 600 shares.

- Another market order to sell 600 shares is entered into the System and executes against the 600 displayed shares. The Display Quantity is then replenished by the System from the Reserve Quantity to the order's original displayed quantity of 1,000 shares, resulting in a remaining Reserve Quantity of 8,000 shares. Both the Display Quantity and the Reserve Quantity receive new timestamps upon replenishment.

Example 1(b) – Fixed Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- User A enters Order 1, a limit order to buy 6,000 shares at 10.00, the NBB, with a Display Quantity (i.e., Max Floor) of 1,000 shares and a Reserve Quantity of 5,000 shares. Because Random Replenishment was not designated the order defaults to a Fixed Replenishment quantity of 1,000 shares.

- User B then enters Order 2, a display-eligible limit order to buy 600 shares at 10.00 with no Reserve Quantity.

- An inbound market order to sell 2,000 shares is entered into the System.

- The order to sell first executes against the Display Quantity of 1,000 shares of Order 1, then executes against the full 600 shares of Order 2, and then executes against 400 shares of the Reserve Quantity of Order 1 (i.e., the displayed quantities of Orders 1 and 2 execute in time priority, followed by the Reserve Quantity of Order 1).

- The Display Quantity of Order 1 is then replenished for 1,000 shares, leaving a Reserve Quantity of 3,600 shares. Both the Display Quantity and the Reserve Quantity receive new timestamps upon replenishment.

Example 2(a) – Random Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 10,000 shares at 10.00 and designates such order for Random Replenishment with a Max Floor of 1,000 shares and a replenishment value of 400 shares.

- The initial Display Quantity of the order is 1,000 shares and the Reserve Quantity is 9,000 shares.

- An inbound market order to sell 950 shares is entered into the System and executes against the Display Quantity of the order (1,000 shares), leaving a 50 share Display Quantity. Because the remaining Display Quantity is less than a round lot, the System will replenish the Display Quantity.

- With a replenishment value of 400, subsequent replenishments will return the Display Quantity to a randomly selected round lot value between 600 shares (i.e., Max Floor minus the replenishment value) and 1,400 shares (i.e., Max Floor plus the replenishment value).

- Assume the System selects a Display Quantity of 1,200 shares. The System will refresh the order with 1,150 shares from the Reserve Quantity, thus generating a new Display Quantity of 1,200 shares to sell at 10.00, and a Reserve Quantity of 7,850 shares.

Example 2(b) – Random Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 5,000 shares at 10.00 and designates such order for Random Replenishment with a Max Floor of 2,000 shares and a replenishment value of 1,000 shares.

- The initial Display Quantity of the order is 2,000 shares and the Reserve Quantity is 3,000 shares.

- An inbound market order to sell 1,800 shares is entered into the System and executes against the Display Quantity of the order (2,000 shares), leaving a 200 share Display Quantity.

- A second inbound market order to sell 700 shares is entered into the System and executes against the Display Quantity of the order (200 shares) and 500 shares of the Reserve Quantity of the order, leaving no Display Quantity and a Reserve Quantity of 2,500 shares.

- With a replenishment value of 1,000, subsequent replenishments would otherwise return the Display Quantity to a randomly selected round lot value between 1,000 shares (i.e., Max Floor minus the replenishment value) and 3,000 shares (i.e., Max Floor plus the replenishment value). However, in this example, because the Reserve Quantity is now 2,500 shares, the System would instead replenish the Display Quantity to a round lot value between 1,000 and 2,500 shares.

- Assume the System selects a Display Quantity of 2,000 shares, leaving a Reserve Quantity of 500 shares.

- An inbound market order to sell 2,050 shares is entered into the System and executes against the Display Quantity of the order (2,000 shares) and 50 shares of the Reserve Quantity of the order, leaving no Display Quantity and a Reserve Quantity of 450 shares. Because the remaining Reserve Quantity is less than the lower end of the replenishment range (i.e., 1,000 shares), the System will Display the entire remainder of the order, or 450 shares.

Minimum Quantity Functionality

The Exchange proposes to codify existing functionality already offered by the Exchange by introducing a definition of Minimum Quantity Order in Rule 11.9(c)(5). The Exchange notes that the main difference between a Minimum Quantity Order and an order with a TIF of FOK is that an order with a specified minimum quantity may be partially executed so long as the execution size is equal to or exceeds the quantity provided by the User whereas a FOK Order must be executed in full.

A Minimum Quantity Order, as proposed, is a limit order to buy or sell that will only execute if a specified minimum quantity of shares can be obtained. The Exchange

proposes to state in Rule 11.9(c)(5) that orders with a specified minimum quantity will only execute against multiple, aggregated orders if such executions would occur simultaneously (rather than only executing against a single order that satisfies the applicable minimum quantity). Finally, the Exchange will only honor a specified minimum quantity on BATS Only Orders that are non-displayed or IOCs. The Exchange will disregard a minimum quantity on any other order.

The Exchange notes that a specified minimum quantity is only applicable to BATS Only Orders, which are not routed to other market centers, because of the practical difficulty the Exchange would face in trying to achieve a minimum quantity through its routing process. For instance, although most market centers have a feature similar to or identical to the Exchange's minimum quantity functionality, the Exchange cannot guarantee that all away market centers would always have such functionality. Minimum quantity is also inconsistent with routed orders because under most of the Exchange's routing options an order is split into multiple smaller orders that are routed simultaneously to away market centers. Similarly, the Exchange notes that a specified minimum quantity is only possible to apply to non-displayed orders or IOCs due to the Exchange's obligations to honor displayed quotations by executing such quotations against incoming orders.[8] By limiting the minimum quantity instruction to non-displayed orders or IOCs the Exchange avoids the display of a quotation that is not executable unless a specific condition is met.

Example 1 – Minimum Quantity Order Executes

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[8]   See, e.g., Rule 602 of Regulation NMS (the "Firm Quote Rule"). 17 CFR 240.602.

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User submits an IOC limit order to sell 500 shares at 10.00 with a minimum quantity of 200 shares.

- The order to sell 500 shares would receive a partial execution of 200 shares against the resting displayed and non-displayed orders at 10.00. The remaining 300 shares would be cancelled back to the User.

Example 2 – Minimum Quantity Order Does not Execute

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User submits an IOC limit order to sell 500 shares at 10.00 with a minimum quantity of 300 shares.

- The order to sell would be cancelled back to the User because the required execution of at least 300 shares could not be satisfied upon receipt by the Exchange.

Stop and Stop Limit Order Functionality

The Exchange proposes to adopt new orders that trigger based on trades occurring on the Exchange or reported on other marketplaces. Specifically, the Exchange proposes to adopt Stop Orders and Stop Limit Orders. Stop Orders and Stop Limit Orders are not executable unless and until their stop price is triggered. As proposed, a Stop Order is an order that becomes a BATS market order[9] when the stop price is elected. In contrast, a Stop Limit Order is an order that becomes a limit order when the stop price is elected. The triggering events for Stop Orders and Stop Limit Orders will be the same. A Stop Order or Stop Limit Order to buy will be elected when the consolidated last sale in the security occurs at, or above, the specified stop price. A Stop Order or Stop Limit Order to sell will be elected when the consolidated last sale in the security occurs at, or below, the specified stop price.

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[9]   See Rule 11.9(a)(2).

Example 1 – Stop Order is Triggered

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Order to buy 500 shares with a stop price of 8.05.

- Assume the NBBO shifts gradually upwards to 8.00 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Order, which will convert into a BATS market order to buy.

Example 2 – Stop Limit Order is Triggered

Assume the NBBO is 7.84 x 7.85. Assume that a User submits a Stop Limit Order to buy 500 shares at 8.04 with stop limit price of 8.05.

- Assume the NBBO shifts gradually upwards to 8.03 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Limit Order, which will convert into a limit order to buy at 8.04.

In addition to the changes set forth above, the Exchange proposes to modify Rule 11.9(e)(3) to state that the stop price of an order can be modified through the use of a replace message rather than requiring a User to cancel and re-enter an order. The Exchange also proposes to modify Rule 11.12(a)(3) to make clear that a modification to the stop price of a Stop Order or Stop Limit Order will not cause such an order to lose priority. The Exchange believes that this is appropriate because a modification to the stop price of a resting order will not change the handling of the order in any way other than to trigger the order based on a different subsequent trade than the order otherwise would have.

Additional Changes

The Exchange proposes to correct three incorrect internal cross-references in Rule 11.9(c)(7)(B), each of which points to paragraph (c)(6)(A) but is intended to refer to

paragraph (c)(7)(A). The Exchange proposes to instead simply reference paragraph (A) above, which the Exchange believes is sufficient detail when read in context.

The Exchange also proposes to eliminate all references in Rule 11.18 to individual stock trading pauses issued by a primary listing market and related definitions, which are contained in Rule 11.18(e), 11.18(e)(6) and 11.18(f). The stock trading pauses described in such provisions have been fully phased out as securities have become subject to the Limit Up-Limit Down Plan. The Plan is already operational with respect to all securities, and thus, the Exchange believes that all references to individual stock trading pauses should be removed. This change will also serve to eliminate certain duplicative references that have occurred through amendments to Rule 11.18, including amendments related to the operation of the Limit Up-Limit Down Plan as well as other amendments. The Exchange also proposes various other corrections to the numbering of Rule 11.18 for consistency with other portions of its rules. The Exchange also proposes to eliminate a reference to the operational date of the Limit Up-Limit Down Plan now that it is, in fact, already operational.

In reviewing Rule 11.18 in connection with the above-described corrections, the Exchange determined to also add additional detail to the routing description of Rule 11.18 to reflect the existing functionality of the System. In particular, the Exchange proposes to affirmatively state in Rule 11.18 that the System will not route buy (sell) interest at a price above (below) the Upper (Lower) Price Band.[10] Because executions cannot occur outside of applicable price bands anyway, the Exchange believes it is inefficient to route orders outside of price bands. For example, assume that the Lower

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[10]   The Upper Price Band and Lower Price Band are defined terms in the Limit Up-Limit Down Plan.

Price Band is $9.50 and the Upper Price Band is $10.50. Further assume the NBBO is

$10.00 by $11.00, and thus, that the national best offer of $11.00 is not executable.[11] If

the Exchange received a routable limit order to buy at $11.00 such order would not be

routed to the available quotation(s) at $11.00 because such quotation could not be

executed. The Exchange notes that the proposed rule text reflecting that the Exchange

will not route if there are not executable quotations available is consistent with the rules

of several other market centers, including EDGA and EDGX.[12]

  b. Statutory Basis

  The Exchange believes that the proposed rule changes are consistent with Section

6(b) of the Securities Exchange Act of 1934 (the "Act")[13] and further the objectives of

Section 6(b)(5) of the Act[14] because they are 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. The proposed rule change also is designed to support the

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[11] The Exchange notes that this condition, with the national best bid and/or national best offer outside of applicable price bands, is defined in the Plan as Straddle State (as long as the security is not in a Limit State). The Exchange also notes that pursuant to the Plan if a security is in a Straddle State and trading in that stock deviates from normal trading characteristics, the applicable listing exchange may, but is not required to, declare a trading pause for that security.

[12] See, e.g., EDGA Rule 11.9(b)(1)(B)(i); EDGX Rule 11.9(b)(1)(B)(i); NASDAQ Rule 4120(a)(12)(E)(4); NYSE Arca Rule 7.11(a)(7).

[13] 15 U.S.C. 78f(b).

[14] 15 U.S.C. 78f(b)(5).

principles of Section 11A(a)(1)[15] of the Act in that it seeks to assure fair competition

among brokers and dealers and among exchange markets.

The proposed rule changes to add functionality are generally intended to add

certain system functionality currently offered by EDGA and/or EDGX in order to provide

a consistent technology offering for the BGM Affiliated Exchanges. A consistent

technology offering, in turn, will simplify the technology implementation, changes and

maintenance by Users of the Exchange that are also participants on BYX, EDGA and/or

EDGX. The proposed rule changes would also provide Users with access to functionality

that is generally available on markets other than the BGM Affiliated Exchanges and 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

also believes that the changes to correct or provide additional specificity regarding the

functionality of the System would promote just and equitable principles of trade and

remove impediments to a free and open market by providing greater transparency

concerning the operation of the System. The Exchange also believes that the proposed

amendments will contribute to the protection of investors and the public interest by

making the Exchange's rules easier to understand.

As explained elsewhere in this proposal, the proposed FOK functionality is

similar to existing IOC and Minimum Quantity functionality and is available on

numerous other market centers, including EDGA and EDGX. Similarly, the proposed

Minimum Quantity functionality is intended to codify functionality that has been

available on the Exchange since its inception and is available on numerous other market

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[15]   15 U.S.C. 78k-1(a)(1).

centers, including the equity options trading platform operated by BZX, known as BATS Options. Finally, the Stop Orders and Stop Limit Orders that the Exchange proposes to add are available on numerous other market centers, including EDGA and EDGX. Thus, the Exchange believes that each of these proposed functionality additions have already been accepted as consistent with the Act and offered by various market centers for many years. Also, to the extent any of the proposals differ from functionality available on other market centers as described elsewhere in this proposal, the Exchange does not believe that any such differences present any additional policy issues to be considered under the Act. The Exchange's addition of such functionality is consistent with the Act for the reasons set forth above.

The Exchange believes that the additional detail with respect to the operation of Reserve Orders and restructuring to move certain descriptions related to Reserve Order handling from Rule 11.12 to Rule 11.9 are consistent with the Act for the reasons set forth above related to transparency of the operation of the System. The Exchange believes that the addition of the Random Replenishment option is consistent with the Act as it will help to achieve the general goal of Reserve Orders, which is to display less than the full interest that one represents in order to avoid moving the market. Random Replenishment will help Users to further disguise reserve interest by replenishing the Display Quantity of a Reserve Order to a variable amount so that other participants are less likely to detect that such order is in fact a Reserve Order with additional non-displayed size. Given the consistency of this functionality with the overall intent of Reserve Orders, and the widespread and longstanding offering of Reserve Orders by most

market centers, the Exchange believes that the Random Replenishment option is consistent with the Act.

The Exchange believes that the proposed change with respect to the fact that the Exchange does not route orders outside of price bands established by the Limit Up-Limit Down Plan is consistent with the Act in that it reflects the current operation of the System, is consistent with the rules of other Exchanges that have adopted such functionality consistent with the Act, and because routing such orders would be inefficient, even if they would return to the Exchange unexecuted. As described above, the Exchange believes that the other proposed changes to its rulebook to correct typographical changes and add additional detail to the way that certain functionality currently operates provides further clarification to Members, Users, and the investing public regarding the operation of the Exchange's System.

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 reiterates that the proposed rule change is being proposed in the context of the technology integration of the BGM Affiliated Exchanges. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is one of several changes necessary to achieve a consistent technology offering by the BGM Affiliated Exchanges.

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 Act[16] and paragraph (f)(6) of Rule 19b-4 thereunder.[17] 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.[18]

        As described below, the Exchange notes that most of the proposed changes to

adopt new functionality are directly based on the rules of EDGA and EDGX or are

consistent with the approved rules of the Exchange or other Exchange competitors. With

respect to the language describing the existing functionality of the System, the Exchange

believes that such additional descriptions do not alter the fact that such functionality is

available on other competitors of the Exchange, and is proposed to ensure as much clarity

and transparency regarding the operation of the Exchange's System as possible.

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[16]   15 U.S.C. 78s(b)(3)(A).

[17]   17 C.F.R. 240.19b-4.

[18]   17 C.F.R. 240.19b-4(f)(6)(iii).

In contrast to the majority of the proposals set forth above, the Exchange notes

that the proposal to adopt the Random Replenishment option for Reserve Orders is not

directly based on the rules of another exchange. However, the Exchange does not believe

that the random replenishment of an order raises any new issues that are either novel or

complex, but rather, is an additional optimization consistent with the long-standing

purpose of Reserve Orders.

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 Act[19] and

paragraph (f)(6) of Rule 19b-4 thereunder.[20]

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

operative delay so that the proposed rule changes may become effective and operative

upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act[21] and

paragraph (f)(6) of Rule 19b-4 thereunder.[22] Waiver of the operative delay is consistent

with the protection of investors and the public interest because it will allow the Exchange

to immediately clarify its rules with respect to existing functionality already offered by

the Exchange and to correct typographical errors in the Exchange's rules. The proposed

change is also consistent with the protection of investors and the public interest because it

will allow the Exchange to offer certain functionality that is already available on other

market centers to its Users, which will allow the Exchange to remain competitive with

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[19]   15 U.S.C. 78s(b)(3)(A).

[20]   17 C.F.R. 240.19b-4.

[21]   15 U.S.C. 78s(b)(3)(A).

[22]   17 C.F.R. 240.19b-4(f)(6).

such other market centers. To the extent a proposed change is functionality that is merely

an optimization of existing functionality, primarily as the Random Replenishment option,

the Exchange does not believe that there is a reason to delay the availability of this

optimization, which will help to further disguise Reserve Orders, and that offering it as

soon as possible is consistent with the protection of investors and the public interest.

Importantly, waiver of the operative delay is also consistent with the protection of

investors and the public interest because it will allow the Exchange to continue to strive

towards a complete technology integration of the BGM Affiliated Exchanges, with

gradual roll-outs of new functionality to ensure stability of the System.

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.   <u>Proposed Rule Change Based on Rules of Another Self-Regulatory Organization
      or of the Commission</u>

Fill-or-Kill ("FOK") Functionality

The proposed rule change to adopt a TIF of FOK is based on EDGA Rule

11.5(b)(3) and EDGX Rule 11.5(b)(3). The proposed rule text for Rule 11.9(b)(6) is

nearly identical to such rules. The Exchange notes that FOK functionality is also offered

by several other Exchange competitors, including NYSE Arca Equities (pursuant to Rule

7.31(c)(4)). The Exchange is not aware of any substantive differences between the

operation of FOK orders as proposed and the operation of such orders on other market

centers.

Reserve Orders and Replenishment

The replenishing of the Display Quantity of an order from a Reserve Quantity

under proposed Rule 11.9(c)(1), including the Random Replenishment option, is similar

to, but contains more specificity than Nasdaq Rule 4751(f)(2) (Reserve Orders) and

NYSE Rule 13 (Reserve Order Types). As noted above, the Exchange does not believe

that the random replenishment of an order raises any new issues that are either novel or

complex, but rather, is a potential additional optimization consistent with the long-

standing purpose of Reserve Orders.

Minimum Quantity Functionality

The Minimum Quantity Order under proposed Rule 11.9(c)(5) is similar to

Nasdaq Rule 4751(f)(5). The Exchange does not believe that there is any substantive

difference between the operation of Minimum Quantity Orders pursuant to Nasdaq Rule

4751(f)(5) and Minimum Quantity Orders on the Exchange except that the Exchange

does not require a Minimum Quantity Order to be a round lot. The Exchange has also

proposed to explicitly state that it will only honor a specified minimum quantity on a

BATS Only Order (i.e., non-routable order), which is not clear from the Nasdaq rule;

even if minimum quantity instructions are passed on to other market centers, the

Exchange does not view this as a significant substantive difference between the operation

of Minimum Quantity Orders on the Exchange as compared to their operation on the

Nasdaq platform. The Exchange also notes that it has proposed language that provides

additional specificity regarding executions of Minimum Quantity Orders against multiple

orders that is not contained in the Nasdaq description. Again, the Exchange does not view this detail as representative of any significant substantive difference.

Stop and Stop Limit Order Functionality

The proposed rule changes to adopt Stop Orders and Stop Limit Orders are based on EDGA Rule 11.5(c)(11) and (12), respectively and EDGX Rule 11.5(c)(11) and (12), respectively. The proposed rule text for Rules 11.9(c)(17) and (18) is nearly identical to such rules.

Limit Up-Limit Down Routing Clarification

The Exchange notes that the change to Rule 11.18 that would specify that the System will not route buy (sell) interest at a price above (below) the Upper (Lower) Price Band in the context of the Limit Up-Limit Down Plan is based on EDGA and EDGX Rule 11.9(b)(1)(B)(i), which affirmatively states that orders are routed only when the NBB or NBO, as applicable, is executable (i.e., within applicable price bands). The Exchange also notes that the proposal is consistent with the rules of several other exchanges, including NASDAQ Rule 4120(a)(12)(E)(4) and NYSE Arca Rule 7.11(a)(7). The Exchange notes that according to both the comparable NASDAQ rule and the comparable NYSE Arca rule, such exchanges do route orders outside pursuant to certain specifically excluded routing strategies, such as directed order routing strategies and routing strategies that route specifically to the listing market.

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

Not applicable.

10.   Security-Based Swap Submissions Filed Pursuant to Section 3C of the 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-BYX-2014-010)

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 11.9, 11.12, and 11.18 of BATS Y-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 July 15, 2014, BATS Y-Exchange, Inc. (the "Exchange" or "BYX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] 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 11.9 to add certain functionality to the Exchange's trading platform, to add additional detail regarding existing functionality in place on the Exchange, and to correct certain typographical errors. The Exchange also proposes to make related changes to Rule 11.12 and to eliminate obsolete language and correct certain typographical errors in Rule 11.18.

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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).

[4]   17 CFR 240.19b-4(f)(6)(iii).

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

Earlier this year, the Exchange and its affiliate BATS Exchange, Inc. ("BZX")

received approval to affect a merger (the "Merger") of the Exchange's parent company,

BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of

EDGX Exchange, Inc. ("EDGX") and EDGA Exchange, Inc. ("EDGA", and together

with BZX, BYX and EDGX, the "BGM Affiliated Exchanges").[5] In the context of the

Merger, the BGM Affiliated Exchanges are working to align certain system functionality,

retaining only intended differences between the BGM Affiliated Exchanges. Thus, many

of the proposals set forth below are intended to add certain system functionality currently

offered by EDGA and/or EDGX in order to provide a consistent technology offering for

users of the BGM Affiliated Exchanges. In the context of such alignment, the Exchange

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[5]   See Securities Exchange Act Release No. 71375 (January 23, 2014), 79
FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

is also seeking to improve the transparency and understandability of its rules, and has therefore proposed various corrective and clarifying changes, as described below.

The specific proposals set forth in more detail below include: (i) the addition of Fill-or-Kill functionality; (ii) the addition of a new replenishment option with respect to Reserve Orders as well as additional detail regarding the existing functionality of Reserve Orders; (iii) the addition of rule text regarding Minimum Quantity functionality; (iv) the addition of Stop Orders and Stop Limit Orders; and (v) various corrections to typographical errors in Exchange rules, elimination of obsolete language in Rule 11.18 as well as the addition of detail to the routing portion of Rule 11.18.

<div align="center">**Fill-or-Kill ("FOK") Functionality**</div>

The Exchange proposes to add a Time-in-Force ("TIF") term of Fill-or-Kill ("FOK"). The Exchange currently offers five other TIF terms pursuant to Rule 11.9(b), including Immediate-or-Cancel ("IOC"). The Exchange proposes to add FOK as a sixth TIF option, which would be numbered as 11.9(b)(6). As proposed, a FOK would be a limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.

Example 1 – FOK Executes

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User[6] submits a limit order to sell 200 shares at 10.00 that is designated with a TIF of FOK.

- The order to sell 200 shares would execute against the resting displayed and non-displayed orders at 10.00.

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[6]   As defined in BYX Rule 1.5(cc), a User is "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3."

Example 2 – FOK Does not Execute

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 10.00 and no other equal or better priced liquidity. Assume that a User submits a limit order to sell 200 shares at 10.00 that is designated with a TIF of FOK.

- The order to sell 200 shares would be cancelled back to the User because the order could not be executed in its entirety upon receipt by the Exchange.

An order designated as FOK is similar to an IOC order and unique from other TIFs in that it is either executed immediately or cancelled back to a User, and thus, the Exchange also proposes to modify Rules 11.9(e)(1) and 11.18(e)(5) to add reference to orders with a TIF of FOK alongside references to orders with a TIF of IOC, as described below. First, Rule 11.9(e)(1) states that an order may only be cancelled or replaced if the order has a TIF term other than IOC and if the order has not yet been executed. The Exchange proposes to modify Rule 11.9(e)(1) to include the TIF of FOK as another TIF that, when attached to an order, would mean that the order cannot be cancelled or replaced. Second, Rule 11.18(e)(5) describes the operation of BATS market orders[7] and IOC orders in the context of the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan").[8] The Exchange proposes to modify Rule 11.18(e)(5) to include orders with a TIF of FOK along with such description. Specifically, the Exchange proposes to make clear that, like IOC and BATS market orders, FOK orders will only be executed if such executions are possible at or within the price bands prescribed by the Limit Up-Limit

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[7]   See Rule 11.9(a)(2) for a description of BATS market orders.

[8]   See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (the "Limit Up-Limit Down Release").

Down Plan, and that if an order with a TIF of FOK cannot be so executed, the remainder

of the order will be cancelled.

Reserve Orders and Replenishment

The Exchange currently offers Reserve Orders, which are defined in Rule

11.9(c)(1) as limit orders "with a portion of the quantity displayed … and with a reserve

portion of the quantity … that is not displayed." Pursuant to current Rule 11.12(a)(5), the

displayed quantity of a Reserve Order has time priority as of the time of display. Further,

as currently described, if the displayed quantity of the Reserve Order is decremented such

that 99 shares or fewer would be displayed, the displayed portion of the Reserve Order

shall be refreshed for (i) the original displayed quantity, or (ii) the entire reserve quantity,

if the remaining reserve quantity is smaller than the original displayed quantity. Finally,

as set forth in Rule 11.12(a)(5), a new timestamp is created both for the refreshed and

reserved portion of the order each time it is refreshed from reserve.

The Exchange proposes to add Random Replenishment functionality, as described

below, and to additional detail to Rule 11.9(c)(1), which defines Reserve Orders. In

making these changes, the Exchange proposes to remove details regarding replenishment

from Rule 11.12(a)(5), as such details are proposed to be included in Rule 11.9(c)(1).

The Exchange proposes to leave the current definition of Reserve Order as

currently drafted, but to add the defined terms "Display Quantity" to refer to the

displayed quantity of a Reserve Order and "Reserve Quantity" to refer to the non-

displayed quantity of a Reserve Order. The Exchange also proposes to explicitly state

within Rule 11.9(c)(1) that both the Display Quantity and the Reserve Quantity of a

Reserve Order are available for execution against incoming orders.

As noted above, the Exchange currently sets forth the details regarding

replenishment of a Reserve Order in Rule 11.12(a)(5). The Exchange proposes to move

these details to Rule 11.9(c)(1) and to make certain changes necessary to support the

proposed Random Replenishment functionality. Specifically, proposed Rule 11.9(c)(1)

would state that if the Display Quantity of an order is reduced to less than a round lot, the

System will, in accordance with the User's instruction, replenish the Display Quantity

from the Reserve Quantity using one of the replenishment instructions set forth in the

Rule. The Exchange also proposes to state in Rule 11.9(c)(1) that if the remainder of an

order is less than the replenishment amount, the System[9] will replenish and display the

entire remainder of the order.

The Exchange currently requires Users to designate the original display quantity

of an order, which is also the amount to which an order is replenished (unless the

remainder of an order is smaller than the original displayed quantity) under the current

replenishment functionality. The Exchange refers to this quantity as "max floor" in its

specifications. The Exchange proposes to add a defined term of "Max Floor" to Rule

11.9(c)(1), which would be a mandatory value entered by a User that will determine the

quantity of the order to be initially displayed by the System and will also be used to

determine the replenishment amount under both replenishment options described below.

The Exchange currently offers one replenishment option, which uses the number

of shares from reserve necessary to return the displayed quantity of an order to its

original display amount. The Exchange proposes to retain this replenishment option and

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[9]   As defined in BYX 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.

to define it as "Fixed Replenishment." As proposed, Fixed Replenishment will apply to any order for which Random Replenishment has not been selected. Under the Fixed Replenishment option, the System will replenish the Display Quantity of an order to the Max Floor designated by the User.

The Exchange also proposes to add a new replenishment option, Random Replenishment. As proposed, Random Replenishment is an instruction that a User may attach to an order with Reserve Quantity where replenishment quantities for the order are randomly determined by the System within a replenishment range established by the User. Further, as proposed, the User entering an order into the System subject to the Random Replenishment instruction must select a replenishment value and a Max Floor. The initial Display Quantity will be the Max Floor. The Display Quantity of an order when replenished will be determined by the System randomly selecting a round lot number of shares within a replenishment range that is between: (i) the Max Floor minus the replenishment value; and (ii) the Max Floor plus the replenishment value. The Exchange believes that the Random Replenishment is an optimization of current System functionality as it will help to achieve the general goal of Reserve Orders, which is to display less than the full interest that one represents in order to avoid moving the market. Random Replenishment will help Users to further disguise reserve interest by replenishing the Display Quantity of a Reserve Order to a variable amount so that other participants are less likely to detect that such order is in fact a Reserve Order with additional non-displayed size.

In addition to the changes set forth above, the Exchange proposes to modify Rule 11.9(e)(3) to state that the Max Floor set for an order can be modified through the use of

a replace message rather than requiring a User to cancel and re-enter an order. The

Exchange also proposes to modify Rule 11.12(a)(3) to make clear that a modification to

the Max Floor of a Reserve Order will not cause such order to lose priority. The

Exchange believes that this is appropriate because a modification to Max Floor of a

resting Reserve Order will not change the handling or display of the order in any way

until replenishment is caused due to the reduction of the Display Quantity to less than a

round lot. When such replenishment occurs (based on the new Max Floor), the order will

receive a new timestamp, and thus, will have a new priority.

Example 1(a) – Fixed Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100
shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better
priced liquidity.

- A User enters an order into the System to buy 10,000 shares at 10.00 with a
  Display Quantity (i.e., Max Floor) of 1,000 shares and a Reserve Quantity of
  9,000 shares. Because Random Replenishment was not designated the order
  defaults to a Fixed Replenishment quantity of 1,000 shares.

- An inbound market order to sell 400 shares is entered into the System and
  executes against the Display Quantity of 1,000 shares, resulting in a remaining
  Display Quantity of 600 shares.

- Another market order to sell 600 shares is entered into the System and executes
  against the 600 displayed shares. The Display Quantity is then replenished by the
  System from the Reserve Quantity to the order's original displayed quantity of
  1,000 shares, resulting in a remaining Reserve Quantity of 8,000 shares. Both the
  Display Quantity and the Reserve Quantity receive new timestamps upon
  replenishment.

Example 1(b) – Fixed Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- User A enters Order 1, a limit order to buy 6,000 shares at 10.00, the NBB, with a Display Quantity (i.e., Max Floor) of 1,000 shares and a Reserve Quantity of 5,000 shares. Because Random Replenishment was not designated the order defaults to a Fixed Replenishment quantity of 1,000 shares.

- User B then enters Order 2, a display-eligible limit order to buy 600 shares at 10.00 with no Reserve Quantity.

- An inbound market order to sell 2,000 shares is entered into the System.

- The order to sell first executes against the Display Quantity of 1,000 shares of Order 1, then executes against the full 600 shares of Order 2, and then executes against 400 shares of the Reserve Quantity of Order 1 (i.e., the displayed quantities of Orders 1 and 2 execute in time priority, followed by the Reserve Quantity of Order 1).

- The Display Quantity of Order 1 is then replenished for 1,000 shares, leaving a Reserve Quantity of 3,600 shares. Both the Display Quantity and the Reserve Quantity receive new timestamps upon replenishment.

Example 2(a) – Random Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 10,000 shares at 10.00 and designates such order for Random Replenishment with a Max Floor of 1,000 shares and a replenishment value of 400 shares.

- The initial Display Quantity of the order is 1,000 shares and the Reserve Quantity is 9,000 shares.

- An inbound market order to sell 950 shares is entered into the System and executes against the Display Quantity of the order (1,000 shares), leaving a 50 share Display Quantity. Because the remaining Display Quantity is less than a round lot, the System will replenish the Display Quantity.

- With a replenishment value of 400, subsequent replenishments will return the Display Quantity to a randomly selected round lot value between 600 shares (i.e., Max Floor minus the replenishment value) and 1,400 shares (i.e., Max Floor plus

the replenishment value).

- Assume the System selects a Display Quantity of 1,200 shares. The System will refresh the order with 1,150 shares from the Reserve Quantity, thus generating a new Display Quantity of 1,200 shares to sell at 10.00, and a Reserve Quantity of 7,850 shares.

Example 2(b) – Random Replenishment

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 5,000 shares at 10.00 and designates such order for Random Replenishment with a Max Floor of 2,000 shares and a replenishment value of 1,000 shares.

- The initial Display Quantity of the order is 2,000 shares and the Reserve Quantity is 3,000 shares.

- An inbound market order to sell 1,800 shares is entered into the System and executes against the Display Quantity of the order (2,000 shares), leaving a 200 share Display Quantity.

- A second inbound market order to sell 700 shares is entered into the System and executes against the Display Quantity of the order (200 shares) and 500 shares of the Reserve Quantity of the order, leaving no Display Quantity and a Reserve Quantity of 2,500 shares.

- With a replenishment value of 1,000, subsequent replenishments would otherwise return the Display Quantity to a randomly selected round lot value between 1,000 shares (i.e., Max Floor minus the replenishment value) and 3,000 shares (i.e., Max Floor plus the replenishment value). However, in this example, because the Reserve Quantity is now 2,500 shares, the System would instead replenish the Display Quantity to a round lot value between 1,000 and 2,500 shares.

- Assume the System selects a Display Quantity of 2,000 shares, leaving a Reserve Quantity of 500 shares.

- An inbound market order to sell 2,050 shares is entered into the System and executes against the Display Quantity of the order (2,000 shares) and 50 shares of the Reserve Quantity of the order, leaving no Display Quantity and a Reserve Quantity of 450 shares. Because the remaining Reserve Quantity is less than the lower end of the replenishment range (i.e., 1,000 shares), the System will Display the entire remainder of the order, or 450 shares.

Minimum Quantity Functionality

The Exchange proposes to codify existing functionality already offered by the Exchange by introducing a definition of Minimum Quantity Order in Rule 11.9(c)(5). The Exchange notes that the main difference between a Minimum Quantity Order and an order with a TIF of FOK is that an order with a specified minimum quantity may be partially executed so long as the execution size is equal to or exceeds the quantity provided by the User whereas a FOK Order must be executed in full.

A Minimum Quantity Order, as proposed, is a limit order to buy or sell that will only execute if a specified minimum quantity of shares can be obtained. The Exchange proposes to state in Rule 11.9(c)(5) that orders with a specified minimum quantity will only execute against multiple, aggregated orders if such executions would occur simultaneously (rather than only executing against a single order that satisfies the applicable minimum quantity). Finally, the Exchange will only honor a specified minimum quantity on BATS Only Orders that are non-displayed or IOCs. The Exchange will disregard a minimum quantity on any other order.

The Exchange notes that a specified minimum quantity is only applicable to BATS Only Orders, which are not routed to other market centers, because of the practical difficulty the Exchange would face in trying to achieve a minimum quantity through its routing process. For instance, although most market centers have a feature similar to or identical to the Exchange's minimum quantity functionality, the Exchange cannot guarantee that all away market centers would always have such functionality. Minimum quantity is also inconsistent with routed orders because under most of the Exchange's routing options an order is split into multiple smaller orders that are routed

simultaneously to away market centers. Similarly, the Exchange notes that a specified

minimum quantity is only possible to apply to non-displayed orders or IOCs due to the

Exchange's obligations to honor displayed quotations by executing such quotations

against incoming orders.[10] By limiting the minimum quantity instruction to non-

displayed orders or IOCs the Exchange avoids the display of a quotation that is not

executable unless a specific condition is met.

Example 1 – Minimum Quantity Order Executes

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100
shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User
submits an IOC limit order to sell 500 shares at 10.00 with a minimum quantity of 200
shares.

- The order to sell 500 shares would receive a partial execution of 200 shares
  against the resting displayed and non-displayed orders at 10.00. The remaining
  300 shares would be cancelled back to the User.

Example 2 – Minimum Quantity Order Does not Execute

Assume the NBBO is 10.00 x 10.01 and the Exchange has a displayed order to buy 100
shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User
submits an IOC limit order to sell 500 shares at 10.00 with a minimum quantity of 300
shares.

- The order to sell would be cancelled back to the User because the required
  execution of at least 300 shares could not be satisfied upon receipt by the
  Exchange.

Stop and Stop Limit Order Functionality

The Exchange proposes to adopt new orders that trigger based on trades occurring

on the Exchange or reported on other marketplaces. Specifically, the Exchange proposes

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[10]   See, e.g., Rule 602 of Regulation NMS (the "Firm Quote Rule"). 17 CFR
240.602.

to adopt Stop Orders and Stop Limit Orders. Stop Orders and Stop Limit Orders are not

executable unless and until their stop price is triggered. As proposed, a Stop Order is an

order that becomes a BATS market order[11] when the stop price is elected. In contrast, a

Stop Limit Order is an order that becomes a limit order when the stop price is elected.

The triggering events for Stop Orders and Stop Limit Orders will be the same. A Stop

Order or Stop Limit Order to buy will be elected when the consolidated last sale in the

security occurs at, or above, the specified stop price. A Stop Order or Stop Limit Order

to sell will be elected when the consolidated last sale in the security occurs at, or below,

the specified stop price.

Example 1 – Stop Order is Triggered

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Order to buy 500
shares with a stop price of 8.05.

- Assume the NBBO shifts gradually upwards to 8.00 by 8.05. An execution
  reported by another exchange at 8.05 will trigger the stop price of the Stop Order,
  which will convert into a BATS market order to buy.

Example 2 – Stop Limit Order is Triggered

Assume the NBBO is 7.84 x 7.85. Assume that a User submits a Stop Limit Order to buy
500 shares at 8.04 with stop limit price of 8.05.

- Assume the NBBO shifts gradually upwards to 8.03 by 8.05. An execution
  reported by another exchange at 8.05 will trigger the stop price of the Stop Limit
  Order, which will convert into a limit order to buy at 8.04.

In addition to the changes set forth above, the Exchange proposes to modify Rule

11.9(e)(3) to state that the stop price of an order can be modified through the use of a

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[11]   See Rule 11.9(a)(2).

replace message rather than requiring a User to cancel and re-enter an order. The

Exchange also proposes to modify Rule 11.12(a)(3) to make clear that a modification to

the stop price of a Stop Order or Stop Limit Order will not cause such an order to lose

priority. The Exchange believes that this is appropriate because a modification to the stop

price of a resting order will not change the handling of the order in any way other than to

trigger the order based on a different subsequent trade than the order otherwise would

have.

Additional Changes

The Exchange proposes to correct three incorrect internal cross-references in Rule

11.9(c)(7)(B), each of which points to paragraph (c)(6)(A) but is intended to refer to

paragraph (c)(7)(A). The Exchange proposes to instead simply reference paragraph (A)

above, which the Exchange believes is sufficient detail when read in context.

The Exchange also proposes to eliminate all references in Rule 11.18 to

individual stock trading pauses issued by a primary listing market and related definitions,

which are contained in Rule 11.18(e), 11.18(e)(6) and 11.18(f). The stock trading pauses

described in such provisions have been fully phased out as securities have become

subject to the Limit Up-Limit Down Plan. The Plan is already operational with respect to

all securities, and thus, the Exchange believes that all references to individual stock

trading pauses should be removed. This change will also serve to eliminate certain

duplicative references that have occurred through amendments to Rule 11.18, including

amendments related to the operation of the Limit Up-Limit Down Plan as well as other

amendments. The Exchange also proposes various other corrections to the numbering of

Rule 11.18 for consistency with other portions of its rules. The Exchange also proposes

to eliminate a reference to the operational date of the Limit Up-Limit Down Plan now that it is, in fact, already operational.

In reviewing Rule 11.18 in connection with the above-described corrections, the Exchange determined to also add additional detail to the routing description of Rule 11.18 to reflect the existing functionality of the System. In particular, the Exchange proposes to affirmatively state in Rule 11.18 that the System will not route buy (sell) interest at a price above (below) the Upper (Lower) Price Band.[12] Because executions cannot occur outside of applicable price bands anyway, the Exchange believes it is inefficient to route orders outside of price bands. For example, assume that the Lower Price Band is $9.50 and the Upper Price Band is $10.50. Further assume the NBBO is $10.00 by $11.00, and thus, that the national best offer of $11.00 is not executable.[13] If the Exchange received a routable limit order to buy at $11.00 such order would not be routed to the available quotation(s) at $11.00 because such quotation could not be executed. The Exchange notes that the proposed rule text reflecting that the Exchange will not route if there are not executable quotations available is consistent with the rules of several other market centers, including EDGA and EDGX.[14]

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[12]   The Upper Price Band and Lower Price Band are defined terms in the Limit Up-Limit Down Plan.

[13]   The Exchange notes that this condition, with the national best bid and/or national best offer outside of applicable price bands, is defined in the Plan as Straddle State (as long as the security is not in a Limit State). The Exchange also notes that pursuant to the Plan if a security is in a Straddle State and trading in that stock deviates from normal trading characteristics, the applicable listing exchange may, but is not required to, declare a trading pause for that security.

[14]   See, e.g., EDGA Rule 11.9(b)(1)(B)(i); EDGX Rule 11.9(b)(1)(B)(i); NASDAQ Rule 4120(a)(12)(E)(4); NYSE Arca Rule 7.11(a)(7).

2.   Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section

6(b) of the Securities Exchange Act of 1934 (the "Act")[15] and further the objectives of

Section 6(b)(5) of the Act[16] because they are 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. The proposed rule change also is designed to support the

principles of Section 11A(a)(1)[17] of the Act in that it seeks to assure fair competition

among brokers and dealers and among exchange markets.

The proposed rule changes to add functionality are generally intended to add

certain system functionality currently offered by EDGA and/or EDGX in order to provide

a consistent technology offering for the BGM Affiliated Exchanges. A consistent

technology offering, in turn, will simplify the technology implementation, changes and

maintenance by Users of the Exchange that are also participants on BYX, EDGA and/or

EDGX. The proposed rule changes would also provide Users with access to functionality

that is generally available on markets other than the BGM Affiliated Exchanges and 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

also believes that the changes to correct or provide additional specificity regarding the

functionality of the System would promote just and equitable principles of trade and

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

[16]   15 U.S.C. 78f(b)(5).

[17]   15 U.S.C. 78k-1(a)(1).

remove impediments to a free and open market by providing greater transparency

concerning the operation of the System. The Exchange also believes that the proposed

amendments will contribute to the protection of investors and the public interest by

making the Exchange's rules easier to understand.

As explained elsewhere in this proposal, the proposed FOK functionality is

similar to existing IOC and Minimum Quantity functionality and is available on

numerous other market centers, including EDGA and EDGX. Similarly, the proposed

Minimum Quantity functionality is intended to codify functionality that has been

available on the Exchange since its inception and is available on numerous other market

centers, including the equity options trading platform operated by BZX, known as BATS

Options. Finally, the Stop Orders and Stop Limit Orders that the Exchange proposes to

add are available on numerous other market centers, including EDGA and EDGX. Thus,

the Exchange believes that each of these proposed functionality additions have already

been accepted as consistent with the Act and offered by various market centers for many

years. Also, to the extent any of the proposals differ from functionality available on other

market centers as described elsewhere in this proposal, the Exchange does not believe

that any such differences present any additional policy issues to be considered under the

Act. The Exchange's addition of such functionality is consistent with the Act for the

reasons set forth above.

The Exchange believes that the additional detail with respect to the operation of

Reserve Orders and restructuring to move certain descriptions related to Reserve Order

handling from Rule 11.12 to Rule 11.9 are consistent with the Act for the reasons set

forth above related to transparency of the operation of the System. The Exchange

believes that the addition of the Random Replenishment option is consistent with the Act as it will help to achieve the general goal of Reserve Orders, which is to display less than the full interest that one represents in order to avoid moving the market. Random Replenishment will help Users to further disguise reserve interest by replenishing the Display Quantity of a Reserve Order to a variable amount so that other participants are less likely to detect that such order is in fact a Reserve Order with additional non-displayed size. Given the consistency of this functionality with the overall intent of Reserve Orders, and the widespread and longstanding offering of Reserve Orders by most market centers, the Exchange believes that the Random Replenishment option is consistent with the Act.

The Exchange believes that the proposed change with respect to the fact that the Exchange does not route orders outside of price bands established by the Limit Up-Limit Down Plan is consistent with the Act in that it reflects the current operation of the System, is consistent with the rules of other Exchanges that have adopted such functionality consistent with the Act, and because routing such orders would be inefficient, even if they would return to the Exchange unexecuted. As described above, the Exchange believes that the other proposed changes to its rulebook to correct typographical changes and add additional detail to the way that certain functionality currently operates provides further clarification to Members, Users, and the investing public regarding the operation of the Exchange's System.

(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 reiterates that the proposed rule change is being proposed in

the context of the technology integration of the BGM Affiliated Exchanges. Thus, the

Exchange believes this proposed rule change is necessary to permit fair competition

among national securities exchanges. In addition, the Exchange believes the proposed

rule change will benefit Exchange participants in that it is one of several changes

necessary to achieve a consistent technology offering by the BGM Affiliated Exchanges.

(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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)

of the Act[18] and paragraph (f) of Rule 19b-4 thereunder.[19] 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.

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:

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[18]   15 U.S.C. 78s(b)(3)(A).

[19]   17 CFR 240.19b-4(f).

- 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-BYX-
  2014-010 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-BYX-2014-010. 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-

BYX-2014-010 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.[20]

Kevin M. O'Neill
Deputy Secretary

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[20]   17 CFR 200.30-3(a)(12).

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

Rules of BATS Y-Exchange, Inc.

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CHAPTER XI.   TRADING RULES

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Rule 11.9.   Orders and Modifiers

Users may enter into the System the types of orders listed in this Rule 11.9, subject to the limitations set forth in this Rule or elsewhere in these Rules.

  (a)   (No change.)

  (b)   *Time-in-Force*. Limit orders must have one of the following time-in-force terms.

      (1)-(5) (No change.)

      (6)   Fill-or-Kill ("FOK"). A limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.

  (c)   *Other Types of Orders.*

      (1)   *Reserve Order.* A limit order with a portion of the quantity displayed ("[d]Display [q]Quantity") and with a reserve portion of the quantity ("[r]Reserve [q]Quantity") that is not displayed. Both the Display Quantity and the Reserve Quantity are available for execution against incoming orders. If the Display Quantity of an order is reduced to less than a round lot, the System will, in accordance with the User's instruction, replenish the Display Quantity from the Reserve Quantity using one of the below replenishment instructions. If the remainder of an order is less than the replenishment amount, the Exchange will replenish and display the entire remainder of the order. A User must instruct the Exchange as to the quantity of the order to be initially displayed by the System ("Max Floor") when entering a Reserve Order, which is also used to determine the replenishment amount, as set forth below.

          (A)   Random Replenishment. An instruction that a User may attach to an order with Reserve Quantity where replenishment quantities for the order are randomly determined by the System within a replenishment range established by the User. In particular, the User entering an order into the System subject to the Random Replenishment instruction must select a replenishment value and a Max Floor. The initial Display Quantity will be the Max Floor. The Display Quantity of an order when replenished will be determined by the System randomly selecting a round lot number of shares within a replenishment range that is

between: (i) the Max Floor minus the replenishment value; and (ii) the Max Floor plus the replenishment value.

(B)   Fixed Replenishment. For any order for which Random Replenishment has not been selected the System will replenish the Display Quantity of an order to the Max Floor designated by the User.

(2)-(4)	(No change.)

(5)   [(Reserved.)]*Minimum Quantity Order.* A limit order to buy or sell that will only execute if a specified minimum quantity of shares can be obtained. Orders with a specified minimum quantity will only execute against multiple, aggregated orders if such executions would occur simultaneously. The Exchange will only honor a specified minimum quantity on BATS Only Orders that are non-displayed or IOCs and will disregard a minimum quantity on any other order.

(6)   (No change.)

(7)   (No change.)

(A)   (No change.)

(B)   Regardless of any liquidity removed from the BATS Book under the circumstances described in paragraph [(c)(6)](A) above, a User may enter a Partial Post Only at Limit Order instructing the Exchange to also remove liquidity from the BATS Book at the order's limit price up to a designated percentage of the remaining size of the order after any execution pursuant to paragraph [(c)(6)](A) above ("Maximum Remove Percentage") if, after removing such liquidity at the order's limit price, the remainder of such order can then post to the BATS Book. If no Maximum Remove Percentage is entered, such order will only remove liquidity to the extent such order will obtain price improvement as described in paragraph [(c)(6)](A) above.

(No change.)

(8)-(16) (No change.)

(17)   *Stop Order.* A Stop Order is an order that becomes a BATS market order when the stop price is elected. A Stop Order to buy is elected when the consolidated last sale in the security occurs at, or above, the specified stop price. A Stop Order to sell is elected when the consolidated last sale in the security occurs at, or below, the specified stop price.

(18)   *Stop Limit Order*. A Stop Limit Order is an order that becomes a limit order when the stop price is elected. A Stop Limit Order to buy is elected when the consolidated last sale in the security occurs at, or above, the specified stop price. A Stop

Limit Order to sell becomes a sell limit order when the consolidated last sale in the security occurs at, or below, the specified stop price.

(d)   (No changes.)

(e)   *Cancel/Replace Messages*. A User may, by appropriate entry in the System, cancel or replace an existing order entered by the User, subject to the following limitations.

(1)   Orders may only be cancelled or replaced if the order has a time-in-force term other than IOC or FOK and if the order has not yet been executed.

(2)   (No change.)

(3)   Other than changing a limit order to a market order, only the price, stop price, the sell long or sell short indicator, Max Floor and quantity terms of the order may be changed by a Replace Message. If a User desires to change any other terms of an existing order the existing order must be cancelled and a new order must be entered.

(4)   (No change.)

 (f)–(g) (No change.)

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Rule 11.12.   Priority of Orders

(a)   (No change.)

(1)-(2) (No change.)

(3)   In the event an order has been cancelled or replaced in accordance with Rule 11.9(e) above, such order only retains priority if such modification involves a decrease in the size of the order, a change to Max Floor of a Reserve Order, a change to the stop price of a Stop Order or Stop Limit Order or a change in position from sell long to sell short or vice-versa. Any other modification to an order, including an increase in the size of the order and/or price change, will result in such order losing priority as compared to other orders in the BATS Book and the timestamp for such order being revised to reflect the time of the modification.

(4)   (No change.)

(5)   The [d]Display[ed] [q]Quantity of a Reserve Order shall have time priority as of the time of display. [If the displayed quantity of the Reserve Order is decremented such that 99 shares or fewer would be displayed, the displayed portion of the Reserve Order shall be refreshed for (i) the original displayed quantity, or (ii) the entire reserve quantity, if the remaining reserve quantity is smaller than the original displayed quantity.] A new timestamp is created both for the [refreshed]Display Quantity and [reserved portion]the Reserve Quantity of the order each time it is refreshed from reserve.

(b)   (No change.)

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Rule 11.18.   Trading Halts Due to Extraordinary Market Volatility

This Rule shall be in effect during a pilot period to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility. If the pilot is not either extended or approved permanently at the end of the pilot period, the prior version of Rule 11.18 shall be in effect.

(a)   (No changes.)

[(i)](1) (No changes to text.)

[(ii)](2) (No changes to text.)

[(iii)](3) (No changes to text.)

[(iv)](4) (No changes to text.)

(b)   (No changes.)

[(i)](1) (No changes to text.)

[(ii)](2) (No changes to text.)

(c)   (No changes.)

(d)   Nothing in this Rule 11.18 should be construed to limit the ability of the Exchange to otherwise halt, suspend, or pause the trading in any stock or stocks traded on the Exchange pursuant to any other Exchange rule or policy.

[(e)   If a primary listing market issues an individual stock trading pause in any of the Circuit Breaker Securities, as defined in paragraph (f) below, the Exchange will pause trading in that security until trading has resumed on the primary listing market. If, however, trading has not resumed on the primary listing market and ten minutes have passed since the individual stock trading pause message has been received from the responsible single plan processor, the Exchange may resume trading in such stock.]

(e)   Limit Up-Limit Down Mechanism [*(operative as of April 8, 2013).*]

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

(5)   (No changes.)

(A)   Market Orders, FOK Orders and IOC Orders. The System will only execute BATS market orders, FOK Orders or IOC Orders at or within the Price Bands.   If a BATS [M]market [O]order, FOK Order or IOC Order cannot be fully executed at or within the Price Bands, the System shall cancel any unexecuted portion of the order without posting such order to the Exchange's order book.

(B)-(C) (No changes.)

(D)   Routable Orders. If routing is permitted based on a User's instructions, orders shall be routed away from the Exchange pursuant to Rule 11.13, provided that the System shall not route buy (sell) interest at a price above (below) the Upper (Lower) Price Band.

(E) (No changes.)

[(6)   Trading Pause. Securities shall remain subject to the requirements of paragraph (d) of this Rule until such securities become subject to the Plan. Once an NMS Stock is subject to the Plan, the security shall only be subject to a Trading Pause under the Plan consistent with paragraph (f) of this Rule.

(f)   The provisions of paragraph (e) of this Rule shall be in effect during a pilot set to end on February 4, 2014. During the pilot, the term "Circuit Breaker Securities" shall mean all NMS stocks other than NMS stocks subject to the Regulation NMS Plan to Address Extraordinary Market Volatility.]

(f)   On the occurrence of any trading halt pursuant to this Rule, all outstanding orders in the System will be cancelled.

(g)   (No changes.)

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