

## OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="22"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2014"/> - * <input type="text" value="041"/> Amendment No. (req. for Amendments *) <input type="text"/>
Filing by BATS Y-Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial * <input checked="" type="checkbox"/> Amendment * <input type="checkbox"/> Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/> Section 19(b)(3)(A) * <input checked="" type="checkbox"/> Section 19(b)(3)(B) * <input type="checkbox"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/> Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>		
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; min-height: 40px;">           Proposal to remove references to "Direct Edge ECN LLC d/b/a DE Route" and "DE Route" from Rule 2.12.         </div>		
<b>Contact Information</b> Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.		
First Name * <input type="text" value="Chris"/> Last Name * <input type="text" value="Solgan"/> Title * <input type="text" value="Assistant General Counsel"/> E-mail * <input type="text" value="csolgan@bats.com"/> Telephone * <input type="text" value="(201) 942-8321"/> Fax <input type="text"/>		
<b>Signature</b> Pursuant to the requirements of the Securities Exchange Act of 1934, has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="width: 30%;">         Date <input type="text" value="12/22/2014"/>          By <input type="text" value="Christopher Solgan"/>          (Name *)       </div> <div style="width: 30%; border: 1px solid black; padding: 5px;">         Assistant General Counsel       </div> <div style="width: 30%; text-align: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #ccc;">csolgan@bats.com</div> </div> </div>		
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.		

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT 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 \***

Add Remove View

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

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

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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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Exhibit Sent As Paper Document

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BYX-2014-041)

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 2.12 to Remove References to “Direct Edge ECN LLC” and “DE Route”

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, 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<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> 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 proposed rule change to amend Rule 2.12 to remove references to “Direct Edge ECN LLC” and “DE Route.” The Exchange does not propose to amend the requirements of this rule.

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 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").<sup>5</sup> As a result, the Exchange amended Rule 2.12 to reflect that DE Route, the affiliated EDGA and EDGX routing broker dealer, would also act as the inbound router for routing orders from EDGA and EDGX to the Exchange. In the context of the Merger, the BGM Affiliated Exchanges are working to migrate EDGX and EDGA onto the BATS technology

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

platform, and align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. As a result of these efforts, the Exchange proposes to amend to amend Rule 2.12 to remove references to “Direct Edge ECN LLC” and “DE Route” to reflect that BATS Trading, Inc. will be the Exchange’s sole routing broker-dealer as of January 12, 2015. Thereafter, BATS Trading will serve as the sole inbound routing broker-dealer for the Exchange. The Exchange does not propose to amend the requirements of the rule.

DE Route and BATS Trading provide Members of the Exchange, EDGA, EDGX and BZX with optional routing services to other market centers. Thus, in certain circumstances, DE Route and BATS Trading provides inbound routing from EDGA, EDGX, or BZX to the Exchange. Exchange Rule 2.12 governs this inbound routing of orders by DE Route and BATS Trading to the Exchange in DE Route’s and BATS Trading’s capacity as a facility of the Exchange. The Exchange proposes to amend Rule 2.12 to remove all references to DE Route as BATS Trading will be the sole inbound routing service for the Exchange upon migration of EDGA and EDGX onto the BATS technology platform. The Exchange does not propose to amend the requirements of this rule. Therefore, the conditions and limitations set forth in Exchange Rule 2.12(a) will continue to require that:

- The Exchange enter into (a) a plan pursuant to Rule 17d-2 under the Act with a non-affiliated self-regulatory organization (“SRO”) to relieve the Exchange of regulatory responsibilities for BATS Trading with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and (b) a

regulatory services contract (“Regulatory Contract”) with a non-affiliated SRO to perform regulatory responsibilities for BATS Trading for unique Exchange rules.

- The Regulatory Contract require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively “Exceptions”) in which BATS Trading is identified as a participant that has potentially violated Exchange or Commission rules, and requires that the non-affiliated SRO provide a report, at least quarterly, to the Exchange quantifying all Exceptions in which BATS Trading is identified as a participant that has potentially violated Exchange or Commission rules.
- The Exchange, on behalf of holding company indirectly owning the Exchange, establish and maintain procedures and internal controls reasonably designed to ensure that BATS Trading does not develop or implement changes to its system based on non-public information obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly situated Members of the Exchange.
- The Exchange furnish to BATS Trading only the same information and on the same terms as the Exchange makes available in the normal course of business to other users.<sup>6</sup>

In addition, provided the conditions in Exchange Rule 2.12 are complied with, and provided further that BATS Trading operates as an outbound router on behalf of BZX on the same terms and conditions as it does for the Exchange, and in accordance

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<sup>6</sup> See Exchange Rule 2.12(a)(2).

with the rules of BZX, BATS Trading may provide inbound routing services to the Exchange from BZX. BATS Trading provides members of the BGM Affiliated Exchanges (including BZX) with optional routing services to other market centers, which may include routing from a BGM Affiliated Exchange to the Exchange. Therefore, the Exchange proposes to remove reference to BZX as BATS Trading will be required under Exchange Rule 2.12 to operate as an outbound router on behalf of each BATS Exchange on the same terms and conditions as it does for the Exchange, and in accordance with the rules of each BATS Exchange, BATS Trading may provide inbound routing services to the Exchange from each BATS Exchange. The Exchange believes that Rule 2.12 will continue to adequately manage the potential for conflicts of interest that could arise from BATS Trading routing orders to the Exchange.

#### Implementation Date

The Exchange intends to implement the proposed rule change on or about January 12, 2015, which is the anticipated date upon which the migration of the EDGA and EDGX to the BATS technology platform will be complete and BATS Trading, Inc. will act as the BGM Affiliated Exchange's sole routing broker-dealer.

#### 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act<sup>7</sup> and further the objectives of Section 6(b)(5) of the Act<sup>8</sup> 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

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

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)<sup>9</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange does not propose to amend the requirements of the rule and the proposed rule change is intended only to reflect that BATS Trading will be the Exchange's sole routing broker-dealer upon migration of the EDGA and EDGX to the BATS technology platform. A consistent technology offering through the use of a single routing broker-dealer by each of the BGM Affiliated Exchange will, in turn, simplify the technology implementation, changes and maintenance by users of the Exchange that are also participants on EDGA, EDGX, and BZX. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market 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

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<sup>9</sup> 15 U.S.C. 78k-1(a)(1).



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 Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>10</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>11</sup>

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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 C.F.R. 240.19b-4.

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-BYX-2014-041 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-2014-041. 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-2014-041 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to  
delegated authority.<sup>12</sup>

Kevin M. O'Neill  
Deputy Secretary

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

## Exhibit 5

## Rules of BATS Y-Exchange, Inc.

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## CHAPTER II. MEMBERS OF THE EXCHANGE

\* \* \* \* \*

## Rule 2.12. BATS Trading, Inc. [and DE Route] as Inbound Router[s]

For so long as the Exchange is [(i)] affiliated with BATS Exchange, Inc., EDGA Exchange, Inc. or EDGX Exchange, Inc., (each, a “BATS Exchange”), and BATS Trading, Inc. in its capacity as a facility of each BATS Exchange[, Inc.] is utilized for the routing of orders from each BATS Exchange[, Inc.] to the Exchange, [and (ii)] affiliated with EDGA Exchange, Inc. or EDGX Exchange, Inc. (each, a “DE Exchange”), and Direct Edge ECN LLC (“DE Route”) in its capacity as a facility of each DE Exchange is utilized for the routing of orders from a DE Exchange to the Exchange,] (such function of BATS Trading, Inc. [or DE Route] is referred to as the “Inbound Router”), the Exchange undertakes as follows:

(1) The Exchange shall (A) enter into a plan pursuant to Rule 17d-2 under the Exchange Act with a non-affiliated self-regulatory organization (“SRO”) to relieve the Exchange of regulatory responsibilities for BATS Trading, Inc. [and DE Route] with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and (B) enter into a regulatory services contract with a non-affiliated SRO to perform regulatory responsibilities for BATS Trading, Inc. [and DE Route] for unique Exchange rules.

(2) The regulatory services contract in paragraph 2.12(a)(1) shall require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively “Exceptions”) in which BATS Trading, Inc. [or DE Route] is identified as a participant that has potentially violated Exchange or SEC Rules, and shall require that the non-affiliated SRO provide a report, at least quarterly, to the Exchange quantifying all Exceptions in which BATS Trading, Inc. [or DE Route] is identified as a participant that has potentially violated Exchange or SEC Rules.

(3) The Exchange, on behalf of the holding company indirectly owning the Exchange[, and] and BATS Trading, Inc., [and DE Route,] shall establish and maintain procedures and internal controls reasonably designed to ensure that [neither] BATS Trading, Inc. [nor DE Route] does not develop[s] or implement[s] changes to its system on the basis of non-public information regarding planned changes to Exchange systems, obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly situated Users of the Exchange in connection with the provision of inbound order routing to the Exchange.

(4) BATS Exchange, Inc. may furnish to BATS Trading, Inc. [or DE Route] the same information on the same terms that BATS Y-Exchange, Inc. makes available in the normal course of business to any other User.

Provided the above conditions are complied with, and provided further that [(i)] BATS Trading, Inc. operates as an outbound router on behalf of each BATS Exchange[, Inc.] on the same terms and conditions as it does for the Exchange, and in accordance with the Rules of each BATS Exchange[, Inc., and (ii) DE Route operates as an outbound router on behalf of each DE Exchange in accordance with the rules of each DE Exchange,] BATS Trading, Inc. may provide inbound routing services to the Exchange from each BATS Exchange[, Inc., and DE Route may provide inbound routing services to the Exchange from each DE Exchange].

\* \* \* \* \*

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> BATS Y-Exchange, Inc. (the “Exchange” or “BYX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend Rule 2.12 to remove references to “Direct Edge ECN LLC” and “DE Route.” The Exchange does not propose to amend the requirements of this rule. The Exchange has designated the proposed rule change as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>3</sup>

(b) The Exchange does not believe that the proposed rule change will have any direct or significant indirect effect on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Exchange submits the proposed rule change pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Exchange’s Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change and, therefore, the Exchange’s internal procedures with respect to the proposed change are complete.

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

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

Eric Swanson  
Executive Vice President and  
General Counsel  
(913) 815-7000

Chris Solgan  
Regulatory Counsel  
(201) 942-8321

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").<sup>4</sup> As a result, the Exchange amended Rule 2.12 to reflect that DE Route, the affiliated EDGA and EDGX routing broker dealer, would also act as the inbound router for routing orders from EDGA and EDGX to the Exchange. In the context of the Merger, the BGM Affiliated Exchanges are working to migrate EDGX and EDGA onto the BATS technology platform, and align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. As a result of these efforts, the Exchange proposes to amend to amend Rule 2.12 to remove references to "Direct Edge ECN LLC" and "DE Route" to reflect that BATS Trading, Inc. will be the Exchange's sole routing broker-dealer as of January 12, 2015. Thereafter, BATS Trading will serve as the sole

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<sup>4</sup> See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

inbound routing broker-dealer for the Exchange. The Exchange does not propose to amend the requirements of the rule.

DE Route and BATS Trading provide Members of the Exchange, EDGA, EDGX and BZX with optional routing services to other market centers. Thus, in certain circumstances, DE Route and BATS Trading provides inbound routing from EDGA, EDGX, or BZX to the Exchange. Exchange Rule 2.12 governs this inbound routing of orders by DE Route and BATS Trading to the Exchange in DE Route's and BATS Trading's capacity as a facility of the Exchange. The Exchange proposes to amend Rule 2.12 to remove all references to DE Route as BATS Trading will be the sole inbound routing service for the Exchange upon migration of EDGA and EDGX onto the BATS technology platform. The Exchange does not propose to amend the requirements of this rule. Therefore, the conditions and limitations set forth in Exchange Rule 2.12(a) will continue to require that:

- The Exchange enter into (a) a plan pursuant to Rule 17d-2 under the Act with a non-affiliated self-regulatory organization ("SRO") to relieve the Exchange of regulatory responsibilities for BATS Trading with respect to rules that are common rules between the Exchange and the non-affiliated SRO, and (b) a regulatory services contract ("Regulatory Contract") with a non-affiliated SRO to perform regulatory responsibilities for BATS Trading for unique Exchange rules.
- The Regulatory Contract require the Exchange to provide the non-affiliated SRO with information, in an easily accessible manner, regarding all exception reports, alerts, complaints, trading errors, cancellations, investigations, and enforcement matters (collectively "Exceptions") in which BATS Trading is identified as a



participant that has potentially violated Exchange or Commission rules, and requires that the non-affiliated SRO provide a report, at least quarterly, to the Exchange quantifying all Exceptions in which BATS Trading is identified as a participant that has potentially violated Exchange or Commission rules.

- The Exchange, on behalf of holding company indirectly owning the Exchange, establish and maintain procedures and internal controls reasonably designed to ensure that BATS Trading does not develop or implement changes to its system based on non-public information obtained as a result of its affiliation with the Exchange, until such information is available generally to similarly situated Members of the Exchange.
- The Exchange furnish to BATS Trading only the same information and on the same terms as the Exchange makes available in the normal course of business to other users.<sup>5</sup>

In addition, provided the conditions in Exchange Rule 2.12 are complied with, and provided further that BATS Trading operates as an outbound router on behalf of BZX on the same terms and conditions as it does for the Exchange, and in accordance with the rules of BZX, BATS Trading may provide inbound routing services to the Exchange from BZX. BATS Trading provides members of the BGM Affiliated Exchanges (including BZX) with optional routing services to other market centers, which may include routing from a BGM Affiliated Exchange to the Exchange. Therefore, the Exchange proposes to remove reference to BZX as BATS Trading will be required under Exchange Rule 2.12 to operate as an outbound router on behalf of each BATS Exchange

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<sup>5</sup> See Exchange Rule 2.12(a)(2).

on the same terms and conditions as it does for the Exchange, and in accordance with the rules of each BATS Exchange, BATS Trading may provide inbound routing services to the Exchange from each BATS Exchange. The Exchange believes that Rule 2.12 will continue to adequately manage the potential for conflicts of interest that could arise from BATS Trading routing orders to the Exchange.

Implementation Date

The Exchange intends to implement the proposed rule change on or about January 12, 2015, which is the anticipated date upon which the migration of the EDGA and EDGX to the BATS technology platform will be complete and BATS Trading, Inc. will act as the BGM Affiliated Exchange's sole routing broker-dealer.

(b) Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act<sup>6</sup> and further the objectives of Section 6(b)(5) of the Act<sup>7</sup> 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)<sup>8</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange does not propose to amend the requirements of the rule and the

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>8</sup> 15 U.S.C. 78k-1(a)(1).

proposed rule change is intended only to reflect that BATS Trading will be the Exchange's sole routing broker-dealer upon migration of the EDGA and EDGX to the BATS technology platform. A consistent technology offering through the use of a single routing broker-dealer by each of the BGM Affiliated Exchange will, in turn, simplify the technology implementation, changes and maintenance by users of the Exchange that are also participants on EDGA, EDGX, and BZX. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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) or Section 19(b)(7)(D)

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and Rule 19b-4(f)(6)<sup>10</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission 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 of the proposed rule change, or such shorter time as designated by the Commission. 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 (5) business days prior to the date of filing.<sup>11</sup>

The Exchange does not propose to amend the requirements of the rule and the proposed rule change is intended only to reflect that BATS Trading will serve as the Exchange's sole routing broker-dealer upon migration of the EDGA and EDGX to the BATS technology platform. Based on the foregoing, the proposed rule change does not present any unique issues not previously considered by the Commission, and the

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

Exchange has accordingly designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>12</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>13</sup>

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the 30-day operative delay would provide permit the Exchange to implement the proposed rule change on January 12, 2015, which is the anticipated upon which the migration of the EDGA and EDGX to the BATS technology platform will be complete and BATS Trading will serve as Exchange's sole routing broker-dealer. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow BATS Trading to act as the BGM Affiliated Exchange's sole routing broker-dealer upon migration of EDGX and EDGA to the BATS technology platform, thereby simplifying the technology integration for Members of the Exchange that are also participants on EDGA, EDGX, and BZX. Since completion of the Merger, both Members and the BGM Affiliated Exchange have Members have made numerous systems changes in preparation for the technology migration occurring on January 12, 2015. The Exchange has issued frequent updates to Members informing them the BGM Affiliated Exchange technology migration changes as well as its anticipated time line so that Members may make the requisite system changes. In addition, the Exchange has conducted multiple testing opportunities for Members to ensure both the Member's and Exchange system will operate in accordance with the proposed rule change on January 12, 2015. Waiver of the operative delay is, therefore,

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 C.F.R. 240.19b-4(f)(6).

consistent with the protection of investors and the public interest because it will enable to the Exchange to implement the proposed rule change in January 12, 2015.

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.

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

Not applicable.

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

(a) – (e) Not applicable.

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

(a) – (e) Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of the proposed rule change.