

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="20"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="07"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by **BATS Exchange**
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		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<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)	

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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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

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

BATS Exchange, Inc. proposes to amend Rules 2.5(c)(4) and 11.5 to harmonize with EDGA and EDGX Rules, its membership requirements applicable to clearing agencies that clear transactions for members.

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 * <input type="text" value="Chris"/>	Last Name * <input type="text" value="Solgan"/>
Title * <input type="text" value="Regulatory Counsel"/>	
E-mail * <input type="text" value="csolgan@bats.com"/>	
Telephone * <input type="text" value="(646) 856-8723"/>	Fax <input type="text"/>

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 <input type="text" value="01/22/2015"/>	<input type="text" value="Regulatory Counsel"/>
By <input type="text" value="Chris Solgan"/>	<input type="text" value=""/>
(Name *)	

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) 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 Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend Rules 2.5(c)(4) and 11.15 to harmonize its membership requirements applicable to clearing agencies that clear transactions for Members³ of the Exchange with those set forth under EDGX Exchange, Inc. (“EDGX”) and EDGA Exchange, Inc. (“EDGA”) rules.⁴ 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.⁵

(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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange.” See Exchange Rule 1.5(n).

⁴ See EDGA Rules 2.5(c)(4) and 11.13; EDGX Rules 2.5(c)(4) and 11.13.

⁵ 17 CFR 240.19b-4(f)(6)(iii).

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.

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

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

Chris Solgan
Assistant General Counsel
(646) 856-8723

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

(a) Purpose

The Exchange proposes to amend Rules 2.5(c)(4) and 11.15 to harmonize its membership requirements applicable to clearing agencies that clear transactions for Members with those set forth under EDGX and EDGA rules.⁶ Earlier this year, the Exchange and its affiliate, BATS Y-Exchange, Inc. ("BYX"), received approval to effect a merger (the "Merger") of the Exchange's parent company, BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of EDGX and EDGA (together with BZX, BYX and EDGX, the "BGM Affiliated Exchanges").⁷ In the context of the Merger, the BGM Affiliated Exchanges are working to align certain rules, retaining only intended differences between the BGM Affiliated Exchanges. As part of this effort, the proposal set forth below harmonizes Exchange Rules 2.5 and 11.15 with EDGA and

⁶ See supra note 4.

⁷ See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

EDGX Rules 2.5 and 11.13 by no longer requiring that a Qualified Clearing Agency⁸ be a Member in order to clear other Member's transactions executed on the Exchange.⁹

In sum, Rule 2.5(a)(4) currently provides that a Member also be a member of a Qualified Clearing Agency or clear its transactions executed on the Exchange through another Member that is a member of a Qualified Clearing Agency. Rule 11.15(a) currently requires a Qualified Clearing Agency be a Member of the Exchange in order to clear transactions on behalf of another Member. EDGA and EDGX Rules 2.5(c)(4) and 11.13(a) do not require that: (i) a Qualified Clearing Agency be a member in order to clear other member's transactions executed on EDGA or EDGX; (ii) that a member be a member of a Qualified Clearing Agency; or (iii) that a member clear its transaction through a member of a Qualified Clearing Agency. Rather, EDGA and EDGX Rules simply require that a member clear transactions through a registered clearing agency using a continuous net settlement system. EDGA and EDGX Rules 11.13(a) further state that this requirement may be satisfied by direct participation, use of direct clearing services, or by entering into a correspondent clearing arrangement with another member that clears trades through such agency.

As amended, Rules 2.5(a)(4) and 11.15(a) would be substantially similar to EDGA and EDGX rules 2.5(c)(4) and 11.3(a). Like EDGA and EDGX Rules 2.5(c)(4), Exchange Rules 2.5(a)(4) would require that a Member clear transactions through a Qualified Clearing Agency using a continuous net settlement system. Like EDGA and

⁸ The term "Qualified Clearing Agency" is defined as "a clearing agency registered with the Commission pursuant to Section 17A of the Act that is deemed qualified by the Exchange." See Exchange Rule 1.5(u).

⁹ The Exchange understands that BYX is to file a proposed rule change with the Commission to adopt similar changes.

EDGX Rules 11.13(a), amended Exchange Rule 11.15(a) would state that this requirement may be satisfied by direct participation, use of direct clearing services, or by entering into a correspondent clearing arrangement with another member that clears trades through such agency. In addition, Exchange Rule 11.15(a) would no longer require a Qualified Clearing Agency be a Member in order to clear another Members' transactions executed on the Exchange.

The Exchange also proposes to add new subparagraph (b) to Rule 11.15 stating that notwithstanding subparagraph (a) of Rule 11.15, transactions may be settled "ex-clearing," provided that both parties to the transaction agree. Proposed subparagraph (b) to Rule 11.15 would be identical to EDGA and EDGX Rules 11.13(b). The Exchange also proposes to renumber the remaining subparagraphs of Rule 11.13 accordingly.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act¹⁰ and furthers the objectives of Section 6(b)(5) of the Act,¹¹ in that it is designed to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

The proposed rule change is identical to the existing rules of EDGA and EDGX.¹²

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² See supra note 4.

Requiring Qualified Clearing Agencies to be Members of the Exchange has unreasonably limited the ability of Members to clear trades through such agencies that are not Members when no such restriction is contained in the rules of EDGA or EDGX. The proposed rule change is, therefore, intended to align the Exchange's rules regarding Members clearing transaction through a Qualified Clearing Agency with that of EDGA and EDGX as well as BYX¹³ in order to provide consistent rules across the BGM Affiliated Exchanges.

Consistent rules, in turn, will simplify the membership requirements for clearing agencies that are also clear transactions for members of the other BGM Affiliated Exchanges. The proposed rule change would provide greater harmonization between the rules of the BGM Affiliated Exchanges of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. 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 proposed rule change would not impose any burden on competition. The Exchange believes that the proposed rule changes will not burden intramarket competition because all Members would be subject to the same requirements with regard to clearing transactions through non-Member registered clearing agencies. The proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization among the Exchange, BYX, EDGA and EDGX rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance

¹³ See supra note 9.

for common members of 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)¹⁴ of the Act and Rule 19b-4(f)(6)¹⁵ 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

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

five (5) business days prior to the date of filing.¹⁶

As described above, the Exchange notes that the proposed change is directly based on the rules of EDGA and EDGX.¹⁷ Based on the foregoing, the proposed rule change does 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 Act¹⁸ and paragraph (f)(6) 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.

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

This proposed rule change is based on EDGA Rules 2.5 and 11.13 and EDGX Rules 2.5 and 11.13.²⁰ The Exchange notes that EDGA and EDGX Rule 11.13(a) differs from Exchange Rule 11.15(a) in the following way. Exchange Rule 11.15(a) requires that:

[i]f a Member clears transactions through another Member that is a member of a Qualified Clearing Agency (“clearing member”), such clearing member shall affirm to the Exchange in writing, through letter of authorization, letter

¹⁶ 17 CFR 240.19b-4(f)(6)(iii).

¹⁷ See supra note 4.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 C.F.R. 240.19b-4(f)(6).

²⁰ See supra note 4.

of guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the Member designating it as its clearing firm. The rules of any such clearing agency shall govern with respect to the clearance and settlement of any transactions executed by the Member on the Exchange.

EDGA and EDGX Rules 11.13(a) does not include such a requirement.

In addition, Exchange Rules 2.5(c)(4) and 11.15(a) use the term “Qualified Clearing Agency” while EDGA and EDGX Rules 2.5(c)(4) and 11.13(a) use the term “registered clearing agency.” The Exchange believes the use of different terms is immaterial and does not result in differing applications of the Exchange or EDGA and EDGX rules.

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BATS-2015-07)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rules 2.5(c)(4) and 11.5 to Harmonize with EDGA and EDGX Rules, its Membership Requirements Applicable to Clearing Agencies that Clear Transactions for Members

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, BATS Exchange, Inc. (the “Exchange” or “BATS”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange filed a proposal to amend Rules 2.5(c)(4) and 11.15 to harmonize its membership requirements applicable to clearing agencies that clear transactions for Members⁵ of the Exchange with those set forth under EDGX Exchange, Inc. (“EDGX”)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ The term “Member” is defined as “any registered broker or dealer that has been

and EDGA Exchange, Inc. (“EDGA”) rules.⁶

The text of the proposed rule change is available at the Exchange’s website at www.batstrading.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rules 2.5(c)(4) and 11.15 to harmonize its membership requirements applicable to clearing agencies that clear transactions for Members with those set forth under EDGX and EDGA rules.⁷ Earlier this year, the Exchange and its affiliate, BATS Y-Exchange, Inc. (“BYX”), received approval to effect

admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange.” See Exchange Rule 1.5(n).

⁶ See EDGA Rules 2.5(c)(4) and 11.13; EDGX Rules 2.5(c)(4) and 11.13.

⁷ See supra note 6.

a merger (the “Merger”) of the Exchange’s parent company, BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of EDGX and EDGA (together with BZX, BYX and EDGX, the “BGM Affiliated Exchanges”).⁸ In the context of the Merger, the BGM Affiliated Exchanges are working to align certain rules, retaining only intended differences between the BGM Affiliated Exchanges. As part of this effort, the proposal set forth below harmonizes Exchange Rules 2.5 and 11.15 with EDGA and EDGX Rules 2.5 and 11.13 by no longer requiring that a Qualified Clearing Agency⁹ be a Member in order to clear other Member’s transactions executed on the Exchange.¹⁰

In sum, Rule 2.5(a)(4) currently provides that a Member also be a member of a Qualified Clearing Agency or clear its transactions executed on the Exchange through another Member that is a member of a Qualified Clearing Agency. Rule 11.15(a) currently requires a Qualified Clearing Agency be a Member of the Exchange in order to clear transactions on behalf of another Member. EDGA and EDGX Rules 2.5(c)(4) and 11.13(a) do not require that: (i) a Qualified Clearing Agency be a member in order to clear other member’s transactions executed on EDGA or EDGX; (ii) that a member be a member of a Qualified Clearing Agency; or (iii) that a member clear its transaction through a member of a Qualified Clearing Agency. Rather, EDGA and EDGX Rules simply require that a member clear transactions through a registered clearing agency

⁸ See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

⁹ The term “Qualified Clearing Agency” is defined as “a clearing agency registered with the Commission pursuant to Section 17A of the Act that is deemed qualified by the Exchange.” See Exchange Rule 1.5(u).

¹⁰ The Exchange understands that BYX is to file a proposed rule change with the Commission to adopt similar changes.

using a continuous net settlement system. EDGA and EDGX Rules 11.13(a) further state that this requirement may be satisfied by direct participation, use of direct clearing services, or by entering into a correspondent clearing arrangement with another member that clears trades through such agency.

As amended, Rules 2.5(a)(4) and 11.15(a) would be substantially similar to EDGA and EDGX rules 2.5(c)(4) and 11.3(a). Like EDGA and EDGX Rules 2.5(c)(4), Exchange Rules 2.5(a)(4) would require that a Member clear transactions through a Qualified Clearing Agency using a continuous net settlement system. Like EDGA and EDGX Rules 11.13(a), amended Exchange Rule 11.15(a) would state that this requirement may be satisfied by direct participation, use of direct clearing services, or by entering into a correspondent clearing arrangement with another member that clears trades through such agency. In addition, Exchange Rule 11.15(a) would no longer require a Qualified Clearing Agency be a Member in order to clear another Members' transactions executed on the Exchange.

The Exchange also proposes to add new subparagraph (b) to Rule 11.15 stating that notwithstanding subparagraph (a) of Rule 11.15, transactions may be settled "ex-clearing," provided that both parties to the transaction agree. Proposed subparagraph (b) to Rule 11.15 would be identical to EDGA and EDGX Rules 11.13(b). The Exchange also proposes to renumber the remaining subparagraphs of Rule 11.13 accordingly.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section

6(b) of the Act¹¹ and furthers the objectives of Section 6(b)(5) of the Act,¹² in that it is designed to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

The proposed rule change is identical to the existing rules of EDGA and EDGX.¹³ Requiring Qualified Clearing Agencies to be Members of the Exchange has unreasonably limited the ability of Members to clear trades through such agencies that are not Members when no such restriction is contained in the rules of EDGA or EDGX. The proposed rule change is, therefore, intended to align the Exchange's rules regarding Members clearing transaction through a Qualified Clearing Agency with that of EDGA and EDGX as well as BYX¹⁴ in order to provide consistent rules across the BGM Affiliated Exchanges. Consistent rules, in turn, will simplify the membership requirements for clearing agencies that are also clear transactions for members of the other BGM Affiliated Exchanges. The proposed rule change would provide greater harmonization between the rules of the BGM Affiliated Exchanges of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ See supra note 6.

¹⁴ See supra note 10.

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 proposed rule change would not impose any burden on competition. The Exchange believes that the proposed rule changes will not burden intramarket competition because all Members would be subject to the same requirements with regard to clearing transactions through non-Member registered clearing agencies. The proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization among the Exchange, BYX, EDGA and EDGX rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members of 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 Act¹⁵ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁶

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

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 C.F.R. 240.19b-4.

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
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-2015-07 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-BATS-2015-07. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the

Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BATS-2015-07 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.¹⁷

Kevin M. O'Neill
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new language is underlined; proposed deletions are in [brackets].

CHAPTER II. MEMBERS OF THE EXCHANGE

* * * * *

Rule 2.5. Restrictions

(a)-(b) (No changes.)

(c) No registered broker or dealer shall be admitted as, or be entitled to continue as, a Member if such broker or dealer:

(1)-(3) (No changes.)

(4) [is not a member of a Qualified Clearing Agency, or]does not clear transactions executed on the Exchange through [another Member that is a member of]a Qualified Clearing Agency using a continuous net settlement system;

(5)-(7) (No changes.)

(d)-(e) (No changes.)

Interpretations and Policies

.01-.04 (No changes.)

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CHAPTER XI. TRADING RULES

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Rule 11.15. Clearance and Settlement; Anonymity

(a) [Each Member must either (1) be a member of]All transactions through the facilities of the Exchange shall be cleared and settled through a Qualified Clearing Agency using a continuous net settlement system. This requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a correspondent clearing arrangement with[, or (2) clear transactions executed on the Exchange through] another Member that [is a member of]clears trades through a Qualified Clearing Agency. If a Member clears transactions through another Member that is a member of a Qualified Clearing Agency (“clearing member”), such clearing member shall affirm to the Exchange in writing, through letter of authorization, letter of

guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the Member designating it as its clearing firm. The rules of any such clearing agency shall govern with respect to the clearance and settlement of any transactions executed by the Member on the Exchange.

(b) Notwithstanding paragraph (a), transactions may be settled “ex-clearing” provided that both parties to the transaction agree.

[(b)](c) (No changes to text.)

[(c)](d) The transaction reports produced by the System will indicate the details of transactions executed in the System but shall not reveal contra party identities. Except as set forth in paragraph [(d)](e) below, transactions executed in the System will also be cleared and settled anonymously.

[(d)](e) (No changes to text.)

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