

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="31"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="118"/>	Amendment No. (req. for Amendments *) <input type="text"/>
---	--	---	--

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

Description

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

BATS Exchange, Inc. proposes rule changes relating to Proprietary Trader and Proprietary Trader Principal registration categories, Securities Trader and Securities Trader Principal registration categories, and establishing the Series 57 Examination.

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="Anders"/>	Last Name * <input type="text" value="Franzon"/>
Title * <input type="text" value="SVP, Associate General Counsel"/>	
E-mail * <input type="text" value="afranzon@bats.com"/>	
Telephone * <input type="text" value="(913) 815-7154"/>	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="12/22/2015"/>	<input type="text" value="SVP, Associate General Counsel"/>
By <input type="text" value="Anders Franzon"/>	<input type="text"/>
(Name *)	



afranzon@bats.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² BATS Exchange, Inc. (“BATS” or the “Exchange”) proposes to retire the Proprietary Trader and Proprietary Trader Principal registration categories and to establish the Securities Trader and Securities Trader Principal registration categories. The Exchange is also amending its rules to establish the Series 57 examination as the appropriate qualification examination for Securities Traders and deleting the rule referring to the S501 continuing education program currently applicable to Proprietary Traders. The Exchange will announce the effective date of the proposed rule change in a circular distributed to Members. The Exchange has designated this proposal as “non-controversial” and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.³

(b) The Exchange does not believe that the proposed rule change would 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 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

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

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

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

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

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

(a) Purpose

The Exchange is proposing herein to replace the Series 56 with the Series 57 examination and to make various related changes to its registration rules. Specifically, in response to the FINRA Amendments (defined below), the Exchange is proposing to retire the Proprietary Trader⁴ registration categories from its own registration rules relating to securities trading activity. It is also therefore retiring its Proprietary Trader Principal⁵ registration category. To take the place of the retired registration categories, the Exchange is establishing new Securities Trader and Securities Trader Principal registration categories. This filing is based upon and in response to SR-FINRA-2015-017, which was recently approved by the Commission.⁶

⁴ Rule 2.5, Interpretation and Policy .01(f).

⁵ Rule 2.5, Interpretation and Policy .01(d).

⁶ See Securities Exchange Act Release No. 75783 (August 28, 2015), 80 FR 53369 (September 3, 2015) (approving SR-FINRA-2015-017) referred to herein as the "FINRA Amendments." According to the release, FINRA's expected effective date for the FINRA Amendments is January 4, 2016.

New Securities Trader Registration Category

Currently, under Exchange Rule 11.4(e), each person associated with a member who is included within the definition of an “Authorized Trader” in Rule 1.5(d) is required to register with the Exchange and to pass an appropriate qualification examination before such registration may become effective. The Exchange recognizes the following qualification examinations as acceptable for purposes of registration as an Authorized Trader: Series 7, Series 56, or one of several foreign securities examination modules.

Interpretation and Policy .01(f) of Exchange Rule 2.5 currently provides that a person may register with the Exchange as a Proprietary Trader if such person engages solely in proprietary trading, passes the Series 56 examination and is an associated person of a proprietary trading firm as defined in Interpretation and Policy .01(g) of Exchange Rule 2.5. Therefore, pursuant to Interpretation and Policy .01 to Exchange Rule 2.5, an individual meeting these criteria may register in the Proprietary Trader category after passing the Series 56 examination rather than as a General Securities Representative after passing the Series 7 examination or equivalent foreign securities examination module.

In consultation with FINRA and other exchanges, and in order to harmonize the requirements for individuals engaged in trading activities, the Exchange is now proposing to retire the Proprietary Trader registration category. Similarly, the Exchange is proposing to adopt a new Securities Trader registration category.

Under Exchange Rules, as revised, each person associated with a member who is included within the definition of Authorized Trader will be required to register as a Securities Trader unless they instead qualify based on the Series 7 examination or an equivalent foreign securities examination module. Therefore, representatives who

previously qualified for Proprietary Trader registration will be required to register as Securities Traders. Accordingly, the Exchange is proposing to modify paragraph (f) of Interpretation and Policy .01 to reflect the new Securities Trader qualification as a permissible registration for Authorized Traders of Members that engage solely in trading on the Exchange on either an agency or principal basis. In order to register as a Securities Trader, an applicant would be required to have passed the new Securities Trader qualification examination (Series 57) or a predecessor examination (i.e., the Series 56, as described below).

A person registered as a Proprietary Trader in the Central Registration Depository (CRD®) system on the effective date of the proposed rule change will be grandfathered as a Securities Trader without having to take any additional examinations and without having to take any other actions. In addition, individuals who were registered as Proprietary Traders in the CRD system prior to the effective date of the proposed rule change will be eligible to register as Securities Traders without having to take any additional examinations, provided that no more than two years have passed between the date they were last registered as a representative and the date they register as a Securities Trader.

Persons registered in the new category would be subject to the continuing education requirements of Interpretation and Policy .02(e) to Rule 2.5. The Exchange proposes to amend Interpretation and Policy .02(e) by removing the option for Series 56 registered persons to participate in the S501 Series 56 Proprietary Trader continuing education program in order to satisfy the Regulatory Element. The S501 Series 56 Proprietary Trader continuing education program is being phased out along with the

Series 56 Proprietary Trader qualification examination. As a result, effective January 4, 2016, the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons will cease to exist. In place of the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons, the Exchange proposes that Series 57 registered persons be required to take the S101 General Program for Series 7 and all other registered persons.

New Securities Trader Principal Registration Category.

Currently, under Interpretation and Policy .01(d), the Exchange requires each Member to register “Principals”⁷ with the Exchange. The Exchange requires the Series 24 examination to register as Principal. The Exchange will also accept the New York Stock Exchange Series 14 Compliance Official Examination in lieu of the Series 24 to satisfy the Principal examination requirement for any person designated as a Chief Compliance Officer. Further, in addition to the Series 24 or Series 14, in order to supervise the activities of General Securities Representatives a Principal generally must complete the Series 7 or an equivalent foreign examination module as a prerequisite to the Series 24 or Series 14. However, the Exchange currently permits the Series 56 as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of proprietary traders, as described above. Like the Proprietary Trader category discussed above, the Proprietary Trader Principal registration category is being retired. Accordingly, the Exchange proposes to

⁷ Pursuant to Interpretation and Policy .01(d) to Rule 2.5, a Principal is “any individual responsible for supervising the activities of a Member’s Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD.”

modify the references in the Rule regarding the prerequisite to the Series 24 or 14 for an individual that will supervise Series 57 qualified traders to correspond with the new Securities Trader exam. The Exchange proposes to establish the Securities Trader Principal category in Interpretation and Policy .01(d).

The Exchange has been working with other exchanges and FINRA to develop this new principal registration category and believes that it is an appropriate corollary to the new Securities Trader representative registration category. To qualify for registration as a Securities Trader Principal, an applicant must become qualified and registered as a Securities Trader under proposed Interpretation and Policy .01(c) and pass either the Series 24 or Series 14 examination. A person who is qualified and registered as a Securities Trader Principal would only be permitted to have supervisory responsibility over the activities of Securities Traders, unless such person were separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category. Conversely, the proposed rule change clarifies that each principal who will have supervisory responsibility over registered Securities Traders is required to become qualified and registered as a Securities Trader Principal.

A person registered as a General Securities Principal and as a Proprietary Trader Principal in the CRD system on the effective date of the proposed rule change will be eligible to register as a Securities Trader Principal without having to take any additional examinations. An individual who was registered as a General Securities Principal and as a Proprietary Trader Principal in the CRD system prior to the effective date of the proposed rule change will also be eligible to register as a Securities Trader Principal without having to take any additional examinations, provided that no more than two years

have passed between the date they were last registered as a principal and the date they register as a Securities Trader Principal. Members, however, will be required to affirmatively register persons transitioning to the proposed registration category as Securities Trader Principals on or after the effective date of the proposed rule change.

Other Changes

In order to accomplish the changes proposed above, the Exchange has proposed modifications throughout Interpretation and Policy .01 and .02 to Rule 2.5 as well as Rule 11.4(e) to eliminate references to Proprietary Trader, Proprietary Trader Principal, and Series 56 examination and to replace such references with Securities Trader, Securities Trader Principal and Series 57 examination. The Exchange also proposes to modify Rule 11.6, which sets forth the registration requirements applicable to Market Maker Authorized Traders, or MMATs, to cross-reference Interpretation and Policy .01 and .02. Although Rule 11.6 currently requires an MMAT to qualify by taking the Series 7 examination, the Exchange does not intend to impose different registration or continuing education requirements on MMATs than are required of Authorized Traders generally. In addition to these changes, the Exchange proposes to delete paragraph (h) to Interpretation .01, which currently states that: “Principals responsible for supervising the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module in addition to the Series 24.” The Exchange proposes to eliminate this provision as duplicative with existing language in Interpretation and Policy .01, including paragraph (d), which states that “[i]ndividuals that supervise the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module as a prerequisite to

the Series 24 or Series 14 and shall be referred to as General Securities Principals.” The Exchange also proposes to modify a reference in Interpretation and Policy .01(e) from “General Securities Representative Principal” to “General Securities Principal.” In addition, the Exchange proposes to eliminate the fees applicable to the Series 56 examination as well as the fees associated with the continuing education necessary to maintain registration after passing the Series 56 examination. Consistent with all other examinations recognized by the Exchange, FINRA will administer the Series 57 examination and the continuing education requirements related thereto, and the Exchange will not be separately charging and collecting any fees in order to take such examination or participate in applicable continuing education. Finally, in order to continue to align the Exchange’s rules with the rules of its affiliated exchanges, the Exchange proposes to adopt descriptive headings in Interpretation and Policy .02 to Rule 2.5 based on Interpretation and Policy .02 to Rule 2.5 of the rules of EDGA Exchange, Inc. and EDGX Exchange, Inc. and to modify the language, but not the substance, of Rule 11.4(e).

(b) Statutory Basis

The Exchange believes that proposed rule change is consistent with Section 6(b)(5) of the Act,⁸ which requires, among other things, that the Exchange’s rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that the requirements of the Securities Trader and Securities Trader Principal

⁸ 15 U.S.C. 78f(b)(5).

registration categories, as well as the new Securities Trader qualification examination, should help ensure that proprietary traders and the principals who supervise proprietary traders and proprietary trading are, and will continue to be, properly trained and qualified to perform their functions which should protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Implementation of the proposed changes to the Exchange's registration rules in coordination with the FINRA Amendments does not present any competitive issues, but rather is designed to provide less burdensome and more efficient regulatory compliance for members and enhance the ability of the Exchange to fairly and efficiently regulate members, which will further enhance competition. Additionally, the proposed rule change should not affect intramarket competition because all similarly situated representatives and principals will be required to complete the same qualification examinations and maintain the same registrations.

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)

The Exchange has designated this rule filing as "non-controversial" under Section

19(b)(3)(A) of the Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁰ 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.¹¹

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4¹² because the proposed rule change would not significantly affect the protection of investors or the public interest; rather, the proposed rule change to retire the Proprietary Trader and Proprietary Trader Principal registration categories and to adopt the Securities Trader and Securities Trader Principal registration categories will promote harmonization between the Exchange, FINRA and other exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. Additionally, the proposed rule change does not raise any new policy issues not previously considered by the Commission nor impose any significant burden on competition because it would result in less burdensome and more efficient regulatory compliance for common members. As described above, the Exchange notes that the proposed change is directly based on a proposed rule change submitted by

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4.

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² 17 CFR 240.19b-4(f)(6).

FINRA that was previously subject to public notice and comment and approved by the Commission.¹³ 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 Act¹⁴ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁵

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act¹⁶ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁷ Waiver of the 30-day operative delay will allow the Exchange to implement the proposed rule changes prior to January 4, 2016, which is the expected effective date for the FINRA Amendments. The Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest, as it will allow the Exchange to eliminate the Proprietary Trader and Proprietary Trader Principal registration categories and adopt the Securities Trader and Securities Trader Principal registration categories at the same time as FINRA and other exchanges.

At any time within sixty (60) days of the filing of such proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the

¹³ See FINRA Amendments, supra note 7.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6).

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

As noted above this filing is, in all material respects, based upon SR-FINRA-2015-017, which was recently approved by the Commission.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – 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-2015-118)

Self-Regulatory Organizations; BATS Exchange, Inc. Proposed Rule Changes Relating to Proprietary Trader and Proprietary Trader Principal Registration Categories, Securities Trader and Securities Trader Principal Registration Categories, and Establishing the Series 57 Examination

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 retire the Proprietary Trader and Proprietary Trader Principal registration categories and to establish the Securities Trader and Securities Trader Principal registration categories. The Exchange is also amending its

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).

rules to establish the Series 57 examination as the appropriate qualification examination for Securities Traders and deleting the rule referring to the S501 continuing education program currently applicable to Proprietary Traders. The Exchange will announce the effective date of the proposed rule change in a circular distributed to Members.

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 is proposing herein to replace the Series 56 with the Series 57 examination and to make various related changes to its registration rules. Specifically, in response to the FINRA Amendments (defined below), the Exchange is proposing to retire the Proprietary Trader⁵ registration categories from its own registration rules relating to securities trading activity. It is also therefore retiring its Proprietary Trader Principal⁶

⁵ Rule 2.5, Interpretation and Policy .01(f).

⁶ Rule 2.5, Interpretation and Policy .01(d).

registration category. To take the place of the retired registration categories, the Exchange is establishing new Securities Trader and Securities Trader Principal registration categories. This filing is based upon and in response to SR-FINRA-2015-017, which was recently approved by the Commission.⁷

New Securities Trader Registration Category

Currently, under Exchange Rule 11.4(e), each person associated with a member who is included within the definition of an “Authorized Trader” in Rule 1.5(d) is required to register with the Exchange and to pass an appropriate qualification examination before such registration may become effective. The Exchange recognizes the following qualification examinations as acceptable for purposes of registration as an Authorized Trader: Series 7, Series 56, or one of several foreign securities examination modules.

Interpretation and Policy .01(f) of Exchange Rule 2.5 currently provides that a person may register with the Exchange as a Proprietary Trader if such person engages solely in proprietary trading, passes the Series 56 examination and is an associated person of a proprietary trading firm as defined in Interpretation and Policy .01(g) of Exchange Rule 2.5. Therefore, pursuant to Interpretation and Policy .01 to Exchange Rule 2.5, an individual meeting these criteria may register in the Proprietary Trader category after passing the Series 56 examination rather than as a General Securities Representative after passing the Series 7 examination or equivalent foreign securities examination module.

⁷ See Securities Exchange Act Release No. 75783 (August 28, 2015), 80 FR 53369 (September 3, 2015) (approving SR-FINRA-2015-017) referred to herein as the “FINRA Amendments.” According to the release, FINRA’s expected effective date for the FINRA Amendments is January 4, 2016.

In consultation with FINRA and other exchanges, and in order to harmonize the requirements for individuals engaged in trading activities, the Exchange is now proposing to retire the Proprietary Trader registration category. Similarly, the Exchange is proposing to adopt a new Securities Trader registration category.

Under Exchange Rules, as revised, each person associated with a member who is included within the definition of Authorized Trader will be required to register as a Securities Trader unless they instead qualify based on the Series 7 examination or an equivalent foreign securities examination module. Therefore, representatives who previously qualified for Proprietary Trader registration will be required to register as Securities Traders. Accordingly, the Exchange is proposing to modify paragraph (f) of Interpretation and Policy .01 to reflect the new Securities Trader qualification as a permissible registration for Authorized Traders of Members that engage solely in trading on the Exchange on either an agency or principal basis. In order to register as a Securities Trader, an applicant would be required to have passed the new Securities Trader qualification examination (Series 57) or a predecessor examination (i.e., the Series 56, as described below).

A person registered as a Proprietary Trader in the Central Registration Depository (CRD®) system on the effective date of the proposed rule change will be grandfathered as a Securities Trader without having to take any additional examinations and without having to take any other actions. In addition, individuals who were registered as Proprietary Traders in the CRD system prior to the effective date of the proposed rule change will be eligible to register as Securities Traders without having to take any additional examinations, provided that no more than two years have passed between the

date they were last registered as a representative and the date they register as a Securities Trader.

Persons registered in the new category would be subject to the continuing education requirements of Interpretation and Policy .02(e) to Rule 2.5. The Exchange proposes to amend Interpretation and Policy .02(e) by removing the option for Series 56 registered persons to participate in the S501 Series 56 Proprietary Trader continuing education program in order to satisfy the Regulatory Element. The S501 Series 56 Proprietary Trader continuing education program is being phased out along with the Series 56 Proprietary Trader qualification examination. As a result, effective January 4, 2016, the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons will cease to exist. In place of the S501 Series 56 Proprietary Trader continuing education program for Series 56 registered persons, the Exchange proposes that Series 57 registered persons be required to take the S101 General Program for Series 7 and all other registered persons.

New Securities Trader Principal Registration Category.

Currently, under Interpretation and Policy .01(d), the Exchange requires each Member to register “Principals”⁸ with the Exchange. The Exchange requires the Series 24 examination to register as Principal. The Exchange will also accept the New York Stock Exchange Series 14 Compliance Official Examination in lieu of the Series 24 to satisfy the Principal examination requirement for any person designated as a Chief

⁸ Pursuant to Interpretation and Policy .01(d) to Rule 2.5, a Principal is “any individual responsible for supervising the activities of a Member’s Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD.”

Compliance Officer. Further, in addition to the Series 24 or Series 14, in order to supervise the activities of General Securities Representatives a Principal generally must complete the Series 7 or an equivalent foreign examination module as a prerequisite to the Series 24 or Series 14. However, the Exchange currently permits the Series 56 as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of proprietary traders, as described above. Like the Proprietary Trader category discussed above, the Proprietary Trader Principal registration category is being retired. Accordingly, the Exchange proposes to modify the references in the Rule regarding the prerequisite to the Series 24 or 14 for an individual that will supervise Series 57 qualified traders to correspond with the new Securities Trader exam. The Exchange proposes to establish the Securities Trader Principal category in Interpretation and Policy .01(d).

The Exchange has been working with other exchanges and FINRA to develop this new principal registration category and believes that it is an appropriate corollary to the new Securities Trader representative registration category. To qualify for registration as a Securities Trader Principal, an applicant must become qualified and registered as a Securities Trader under proposed Interpretation and Policy .01(c) and pass either the Series 24 or Series 14 examination. A person who is qualified and registered as a Securities Trader Principal would only be permitted to have supervisory responsibility over the activities of Securities Traders, unless such person were separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category. Conversely, the proposed rule change clarifies

that each principal who will have supervisory responsibility over registered Securities Traders is required to become qualified and registered as a Securities Trader Principal.

A person registered as a General Securities Principal and as a Proprietary Trader Principal in the CRD system on the effective date of the proposed rule change will be eligible to register as a Securities Trader Principal without having to take any additional examinations. An individual who was registered as a General Securities Principal and as a Proprietary Trader Principal in the CRD system prior to the effective date of the proposed rule change will also be eligible to register as a Securities Trader Principal without having to take any additional examinations, provided that no more than two years have passed between the date they were last registered as a principal and the date they register as a Securities Trader Principal. Members, however, will be required to affirmatively register persons transitioning to the proposed registration category as Securities Trader Principals on or after the effective date of the proposed rule change.

Other Changes

In order to accomplish the changes proposed above, the Exchange has proposed modifications throughout Interpretation and Policy .01 and .02 to Rule 2.5 as well as Rule 11.4(e) to eliminate references to Proprietary Trader, Proprietary Trader Principal, and Series 56 examination and to replace such references with Securities Trader, Securities Trader Principal and Series 57 examination. The Exchange also proposes to modify Rule 11.6, which sets forth the registration requirements applicable to Market Maker Authorized Traders, or MMATs, to cross-reference Interpretation and Policy .01 and .02. Although Rule 11.6 currently requires an MMAT to qualify by taking the Series 7 examination, the Exchange does not intend to impose different registration or continuing

education requirements on MMATs than are required of Authorized Traders generally. In addition to these changes, the Exchange proposes to delete paragraph (h) to Interpretation .01, which currently states that: “Principals responsible for supervising the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module in addition to the Series 24.” The Exchange proposes to eliminate this provision as duplicative with existing language in Interpretation and Policy .01, including paragraph (d), which states that “[i]ndividuals that supervise the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module as a prerequisite to the Series 24 or Series 14 and shall be referred to as General Securities Principals.” The Exchange also proposes to modify a reference in Interpretation and Policy .01(e) from “General Securities Representative Principal” to “General Securities Principal.” In addition, the Exchange proposes to eliminate the fees applicable to the Series 56 examination as well as the fees associated with the continuing education necessary to maintain registration after passing the Series 56 examination. Consistent with all other examinations recognized by the Exchange, FINRA will administer the Series 57 examination and the continuing education requirements related thereto, and the Exchange will not be separately charging and collecting any fees in order to take such examination or participate in applicable continuing education. Finally, in order to continue to align the Exchange’s rules with the rules of its affiliated exchanges, the Exchange proposes to adopt descriptive headings in Interpretation and Policy .02 to Rule 2.5 based on Interpretation and Policy .02 to Rule 2.5 of the rules of EDGA Exchange, Inc. and EDGX Exchange, Inc. and to modify the language, but not the substance, of Rule 11.4(e).

2. Statutory Basis

The Exchange believes that proposed rule change is consistent with Section 6(b)(5) of the Act,⁹ which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that the requirements of the Securities Trader and Securities Trader Principal registration categories, as well as the new Securities Trader qualification examination, should help ensure that proprietary traders and the principals who supervise proprietary traders and proprietary trading are, and will continue to be, properly trained and qualified to perform their functions which should protect investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Implementation of the proposed changes to the Exchange's registration rules in coordination with the FINRA Amendments does not present any competitive issues, but rather is designed to provide less burdensome and more efficient regulatory compliance for members and enhance the ability of the Exchange to fairly and efficiently regulate members, which will further enhance competition. Additionally, the proposed rule change should not affect intramarket competition because all similarly situated

⁹ 15 U.S.C. 78f(b)(5).

representatives and principals will be required to complete the same qualification examinations and maintain the same registrations.

(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

Because the foregoing proposed rule change does not: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and paragraph (f)(6) of Rule 19b-4 thereunder,¹¹ the Exchange has designated this rule filing as non-controversial. The Exchange 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.

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: (1) necessary or appropriate in the public interest; (2) for

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 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-2015-118 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-BATS-2015-118. 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-2015-118 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.¹²

Robert W. Errett
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).

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

CHAPTER II. MEMBERS OF THE EXCHANGE

* * * * *

Rule 2.5. Restrictions

(a) – (e) (No changes.)

.01 Proficiency Examinations:

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

(c) The Exchange requires the General Securities Representative Examination (“Series 7”) or an equivalent foreign examination module approved by the Exchange in qualifying persons seeking registration as general securities representatives, including as Authorized Traders on behalf of Members. For those persons seeking limited registration as [Proprietary]Securities Traders as described in paragraph (f) below, the Exchange requires the [Proprietary]Securities Traders Qualification Examination (“Series [56]57”). The Exchange uses the Uniform Application for Securities Industry Registration or Transfer (“Form U4”) as part of its procedure for registration and oversight of Member personnel.

(d) The Exchange requires each Member other than a sole proprietorship or a proprietary trading firm with 25 or fewer Authorized Traders (“Limited Size Proprietary Firm”) to register at least two Principals with the Exchange. A Limited Size Proprietary Firm is required to register at least one Principal with the Exchange. In addition, the Exchange may waive the two Principal requirement in situations that indicate conclusively that only one Principal associated with the Member should be required. For purposes of this paragraph (d), a “Principal” shall be any individual responsible for supervising the activities of a Member’s Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD. This paragraph (d) shall not apply to a Member that solely conducts business on the Exchange as an Options Member, however, Options Members must comply with the registration requirements set forth in Rule 17.2(g). Each Principal is required to successfully complete the General Securities Principal Examination (“Series 24”). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel.

The Exchange will accept the New York Stock Exchange Series 14 Compliance Official Examination in lieu of the Series 24 to satisfy the above requirement for any person designated as a Chief Compliance Officer. Individuals that supervise the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module as a prerequisite to the Series 24 or Series 14 and shall be referred to as General Securities Principals. The Exchange will [permit]require the Series [56]57 as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of Series 57 qualified Securities Traders[proprietary traders, as defined in paragraph (f) below]. These limited representative Principals shall be referred to as

[Proprietary]Securities Trader Principals. Each Principal with responsibility over securities trading activities on the Exchange shall become qualified and registered as a Securities Trader Principal.

(e) (No changes.)

(f) The Exchange [permits]recognizes the Series [56]57 [examination for proprietary traders]qualification for Authorized Traders that engage solely in [proprietary] trading on the Exchange, [subject to the following conditions] on either an agency or principal basis. [For the purposes of this Rule, an Authorized Trader of a Member shall be considered a proprietary trader if:

- (1) the Authorized Trader’s activities in the investment banking or securities business are limited solely to proprietary trading;
- (2) the Authorized Trader passes the Series 56; and
- (3) the Authorized Trader is an associated person of a proprietary trading firm as defined in paragraph (g) below.]

(g) For purposes of paragraphs (d) [and (f)] above, a “proprietary trading firm” shall mean a Member that trades its own capital, that does not have customers, and that is not a member of the Financial Industry Regulatory Authority. In addition, to qualify for this definition, the funds used by a proprietary trading firm must be exclusively firm funds, all trading must be in the firm’s accounts, and traders must be owners of, employees of, or contractors to the firm.

(h) [Principals responsible for supervising the activities of General Securities Representatives must successfully complete the Series 7 or an equivalent foreign examination module in addition to the Series 24.](Reserved.)

(i) The following sets forth the qualification requirements for each of the registration categories described above:

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
General Securities Representative	Series 7	Equivalent foreign examination module (Series 17 or Series 37/38)
[Proprietary]Securities Trader ^[1]	Series [56]57	N/A
General Securities Principal	Series 24	Compliance Official Examination (Series 14) ²
[Proprietary]Securities Trader Principal	Series 24	Compliance Official Examination (Series 14) ²

Financial/Operations Principal	Series 27	Other examination acceptable to designated examining authority ³
Options Principal ⁴	Series 4	General Securities Principal Examination (Series 24)

¹ [Proprietary traders that have completed the Series 7 should register as General Securities Representatives.](Reserved.)

² The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

³ An examination acceptable to the Member's designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (e).

⁴ Please refer to Rule 17.2(g) for a more detailed description of the requirements for registration as an Options Principal.

[(j) There shall be a \$195 examination fee for each individual who chooses to complete the Series 56 examination, which fee shall be collected by the administrator of the examination.]

.02 Continuing Education Requirements:

(a) Requirements

No Member shall permit any Authorized Trader, Principal, Financial/Operations Principal, or Options Principal (each a "Registered Representative") to continue to, and no Registered Representative shall continue to, perform duties as a Registered Representative on behalf of such Member, unless such person has complied with the continuing education requirements in this Rule. Each Registered Representative shall complete the Regulatory Element of the continuing education program on the occurrence of their second registration anniversary date and every three years thereafter or as otherwise prescribed by the Exchange. On each occasion, the Regulatory Element must be completed within 120 days after the person's registration anniversary date. A person's initial registration date, also known as the "base date," shall establish the cycle of anniversary dates for purposes of this Rule. The content of the Regulatory Element of the program shall be determined by the Exchange for each registration category of persons subject to the Rule. [A person qualified solely as a Proprietary Trader shall comply with the continuing education requirements appropriate for the Series 56.] All [other] Registered Representatives shall comply with the continuing education requirements applicable to their particular registration, as set forth in paragraph (e) below.

(b) Failure to Complete

(No changes to text.)

(c) Disciplinary Actions

(No changes to text.)

(d) Reassociation in a Registered Capacity

(No changes to text.)

(e) The following sets forth the Regulatory Elements appropriate for each registration category:

CATEGORY OF REGISTRATION	REGULATORY ELEMENT
General Securities Representative	S101 General Program
[Proprietary]Securities Trader	[S501 Series 56 Proprietary Trader Continuing Education]S101 General Program
General Securities [Representative] Principal	S201 Supervisor Program
[Proprietary]Securities Trader Principal	S201 Supervisor Program
Financial/Operations Principal	S201 Supervisor Program
Options Principal	S201 Supervisor Program

[(f) There shall be a session fee of \$60 for each individual who is required to complete the S501 Series 56 Proprietary Trader Continuing Education Program pursuant to this Rule, which fee shall be collected by the administrator of this Program.]

* * * * *

CHAPTER XI. TRADING RULES

* * * * *

Rule 11.4. Authorized Traders

(a)-(d) (No changes.)

(e) To be eligible for registration as an AT of a Member a person must successfully complete the General Securities Representative Examination (Series 7 [or equivalent foreign examination module approved by the Exchange])[or], the [Proprietary] Securities Traders Qualification Examination (Series [56]57), [as appropriate] or an equivalent foreign examination module approved by the Exchange as defined in Interpretation and Policy .01(i) to Rule 2.5, and any other training and/or certification programs as may be required by the Exchange.

* * * * *

Rule 11.6. Obligations of Market Maker Authorized Traders

(a) (No change.)

(b) (No change.)

(1) (No change.)

(2) To be eligible for registration as a MMAT, a person must successfully complete [the General Securities Representative Examination (Series 7)] proficiency examinations and continuing education requirements applicable to Authorized Traders, as set forth in Interpretation and Policies .01 and .02 to Rule 2.5, and any other training and/or certification programs as may be required by the Exchange.

(3)-(5) (No change.)

(c) (No change.)

* * * * *