

Required fields are shown with yellow backgrounds and asterisks.

Filing by BATS Exchange  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input 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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

**Description**

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

BATS Exchange, Inc proposed to amend the fees for the BATS One Market Data Product.

**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 \*  Last Name \*

Title \*

E-mail \*

Telephone \*  Fax

**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  By

(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 \***

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

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

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

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

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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 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> BATS Exchange, Inc. (“BZX” or the “Exchange”) proposes to amend the market data section of its fee schedule to: (i) establish a Digital Media Enterprise Fee for the BATS One Feed; and (ii) make a non-substantive change to the description of the BATS One Feed Enterprise fee. The proposed changes to the fee schedule are attached as Exhibit 5 and are available on the Exchange’s website at [www.batstrading.com](http://www.batstrading.com), at the Exchange’s principal office and at the Public Reference Room of the Commission.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

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

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

Chris Solgan  
Assistant General Counsel  
(646) 856-8723

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

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

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 the market data section of its fee schedule to:

(i) establish a Digital Media Enterprise Fee for the BATS One Feed; and (ii) make a non-substantive change to the description of the BATS One Feed Enterprise fee.<sup>3</sup>

The Commission recently approved a proposed rule change by the Exchange to establish a new market data product called the BATS One Feed<sup>4</sup> as well as published proposed rule changes to establish related fees.<sup>5</sup> The BATS One Feed is a data feed that disseminates, on a real-time basis, the aggregate best bid and offer (“BBO”) of all displayed orders for securities traded on BZX and its affiliated exchanges<sup>6</sup> and for which

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<sup>3</sup> The Exchange notes that the date of the fee schedule was amended to March 17, 2015 in a previously filed proposed rule change. See SR-BATS-2015-23 (filed March 17, 2015).

<sup>4</sup> See Securities Exchange Act Release No. 73918 (December 23, 2014), 79 FR 78920 (December 31, 2014) (File Nos. SR-EDGX-2014-25; SR-EDGA-2014-25; SR-BATS-2014-055; SR-BYX-2014-030) (Notice of Amendments No. 2 and Order Granting Accelerated Approval to Proposed Rule Changes, as Modified by Amendments Nos. 1 and 2, to Establish a New Market Data Product called the BATS One Feed) (“BATS One Approval Order”).

<sup>5</sup> See Securities Exchange Act Release Nos. 74282 (February 17, 2015), 80 FR 9487 (February 23, 2015) (SR-EDGX-2015-09); 74283 (February 18, 2015), 80 FR 9809 (February 24, 2015) (SR-EDGA-2015-09); 74284 (February 18, 2015), 80 FR 9792 (February 24, 2015) (SR-BYX-2015-09); and 74285 (February 18, 2015), 80 FR 9828 (February 24, 2015) (SR-BATS-2015-11) (“BATS One Fee Proposals”).

<sup>6</sup> BZX's affiliated exchanges are EDGA Exchange, Inc. (“EDGA”), EDGX Exchange, Inc. (“EDGX”), and BATS Y-Exchange, Inc. (“BYX”, together with EDGX, EDGA, and BZX, the “BATS Exchanges”). On January 23, 2014, BATS Global Markets, Inc. (“BGMI”), the former parent company of the Exchange and BYX, completed its business combination with Direct Edge Holdings LLC, the parent company of EDGA and EDGX. See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039). Upon completion of the business combination, DE

the BATS Exchanges report quotes under the Consolidated Tape Association (“CTA”) Plan or the Nasdaq/UTP Plan.<sup>7</sup> The BATS One Feed also contains the individual last sale information for the BATS Exchanges (collectively with the aggregate BBO, the “BATS One Summary Feed”). In addition, the BATS One Feed contains optional functionality which enables recipients to receive aggregated two-sided quotations from the BATS Exchanges for up to five (5) price levels (“BATS One Premium Feed”).

#### BATS One Digital Media Enterprise Fee

The Exchange proposes to amend its fee schedule to establish a Digital Media Enterprise Fee of \$15,000 per month for the BATS One Summary Feed and \$25,000 per month for the BATS One Premium Feed. As an alternative to User fees,<sup>8</sup> a recipient firm may purchase a monthly Digital Media Enterprise license to receive the BATS One Feed from an External Distributor<sup>9</sup> to distribute to an unlimited number of Professional and

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Holdings and BGMI each became intermediate holding companies, held under a single new holding company. The new holding company, formerly named “BATS Global Markets Holdings, Inc.,” changed its name to “BATS Global Markets, Inc.” and BGMI changed its name to “BATS Global Markets Holdings, Inc.”

<sup>7</sup> The Exchange understands that each of the BATS Exchanges will separately file substantially similar proposed rule changes with the Commission to implement fees for the BATS One Feed.

<sup>8</sup> The Exchange assesses a monthly fee for Professional Users of \$10.00 per User for receipt of the BATS One Summary Feed or \$15.00 per User who elects to also receive the BATS One Premium Feed. Non-Professional Users are assessed a monthly fee of \$0.25 per user for the BATS One Summary Feed or \$0.50 per user for the BATS One Premium Feed. External Distributors must count every Professional User and Non-Professional User to which they provide BATS One Feed data. See BATS One Fee Proposals, supra note 5.

<sup>9</sup> As defined in the Exchange’s fee schedule, an External Distributor of an Exchange Market Data product is a Distributor that receives the Exchange Market Data product and then distributes that data to a third party or one or more Users outside the Distributor’s own entity.

Non-Professional Users<sup>10</sup> for viewing via television, websites, and mobile devices for informational and non-trading purposes only without having to account for the extent of access to the data or the report the number of Users to the Exchange. The Digital Media Enterprise Fee would be in addition to the Data Consolidation Fee.<sup>11</sup>

Non-Substantive Change to the Description of the BATS One Enterprise Fee

The Exchange proposes a non-substantive change to the description of the BATS One Enterprise fee. The fee schedule currently states that, “[a]s an alternative to User fees, a recipient firm may purchase a monthly Enterprise Fee to receive the BATS One Feed from an External Distributor for an unlimited number of Professional and Non-Professional Users.” The Exchange proposes to amend this sentence in two ways. The first amendment is to state that a recipient firm may purchase a monthly Enterprise license, rather than Enterprise fee, as the term “license” is a more accurate description. The second is to specify that the recipient firm purchasing a monthly enterprise license

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<sup>10</sup> As defined in the Exchange’s fee schedule, a User of an Exchange Market Data product is a natural person, a proprietorship, corporation, partnership, or entity, or device (computer or other automated service), that is entitled to receive Exchange data. A Non-Professional User of an Exchange Market Data product is a natural person who is not: (i) registered or qualified in any capacity with the Commission, the Commodity Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association; (ii) engaged as an “investment adviser” as that term is defined in Section 201(11) of the Investment Advisers Act of 1940 (whether or not registered or qualified under that Act); or (iii) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt. A Professional User of an Exchange Market Data product is any User other than a Non-Professional User.

<sup>11</sup> The Data Consolidation Fee is \$1,000 per month and is designed to reflect the value of the aggregation and consolidation function the Exchange performs in creating the BATS One Feed. See BATS One Fee Proposals, supra note 5.

does so to distribute the BATS One Feed to an unlimited number of Professional and Non-Professional Users.

(b) Statutory Basis

BATS One Digital Media Enterprise Fee

The Exchange believes that the proposed Digital Media Enterprise Fee for the BATS One Feed is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and Section 6(b)(4) of the Act,<sup>13</sup> in particular, in that it provides for an equitable allocation of reasonable fees among recipients of the data and is not designed to permit unfair discrimination among customers, brokers, or dealers. The Exchange also believes that the proposed rule change is consistent with Section 11(A) of the Act<sup>14</sup> in that it supports (i) fair competition among brokers and dealers, among exchange markets, and between exchange markets and markets other than exchange markets and (ii) the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Furthermore, the proposed rule change is consistent with Rule 603 of Regulation NMS,<sup>15</sup> which provides that any national securities exchange that distributes information with respect to quotations for or transactions in an NMS stock do so on terms that are not unreasonably discriminatory. In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data products to the public. It was believed that this authority would expand the amount of data available to consumers, and

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<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(4).

<sup>14</sup> 15 U.S.C. 78k-1.

<sup>15</sup> See 17 CFR 242.603.

also spur innovation and competition for the provision of market data.

In addition, the proposed fee is equitable and not unfairly discriminatory because it will apply uniformly to market data vendors, television broadcasters, website and mobile service providers. The Exchange believes it is reasonable to establish a lower cost fee structure that is designed to facilitate broader media distribution of the BATS One Data Feed for informational purposes because it will benefit investors generally.

In establishing the Digital Media Enterprise Fee, the Exchange recognizes that there is demand for a more seamless and easier-to-administer data distribution mode that takes into account the expanded variety of media and communication devices that investors utilize today. The Exchange believes the Digital Media Enterprise Fee will be easy to administer because data recipients that purchase it would not be required to differentiate between Professional and Non-Professional Users, account for the extent of access to the data, or report the number of Users. This is a significant reduction on a recipient firm's administrative burdens and is a significant value to investors. For example, a television broadcaster could display the BATS One Feed data during market-related programming and on its website or allow viewers to view the data via their mobile devices, creating a more seamless distribution model that will allow investors more choice in how they receive and view market data, all without having to account for and/or measure who accesses the data and how often they do so.

The proposed Digital Media Enterprise Fee is equitable and reasonable because it will also enable recipient firms to more widely distribute data from the BATS One Feed to investors for informational purposes at a lower cost than is available today. For example, a recipient firm may purchase an Enterprise license in the amount of \$50,000



per month for the BATS One Summary Feed and \$100,000 per month for the BATS One Premium Feed to receive the BATS One Feed from an External Distributor for an unlimited number of Professional and Non-Professional Users, which is greater than the Digital Media Enterprise fee proposed herein. The Exchange also believes the amount of the Digital Enterprise is reasonable as compared to the existing Enterprise fees discussed above because the distribution of BATS One Feed data is limited to television, websites, and mobile devices for informational purposes only, while distribution of the BATS One Feed data pursuant to an Enterprise license contains no such limitation. The Exchange also believes that the proposed Digital Media Enterprise fee is equitable and reasonable because it is less than similar fees charged by other exchanges.<sup>16</sup>

The Exchange has taken into consideration its affiliated relationship with BYX, EDGA, and EDGX in proposing the Digital Media Enterprise fee to assure that vendors would be able to offer a similar product on the same terms as the Exchange from a cost perspective. While the BATS Exchanges are the exclusive distributors of the individual data feeds from which certain data elements may be taken to create the BATS One Feed, they are not the exclusive distributors of the aggregated and consolidated information that comprises the BATS One Feed. As discussed in in the BATS One Fee Proposal,<sup>17</sup> any entity may separately purchase the individual underlying products, and if they so choose, perform a similar aggregation and consolidation function that the Exchange performs in

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<sup>16</sup> The Nasdaq Stock Market offers proprietary data products for distribution over the internet and television under alternative fee schedules that are subject to maximum fee of \$50,000 per month. See Nasdaq Rule 7039(b). The NYSE charges a Digit Media Enterprise fee of \$40,000 per month for the NYSE Trade Digital Media product. See Securities Exchange Act Release No. 69272 (April 2, 2013), 78 FR 20983 (April 8, 2013) (SR-NYSE-2013-23).

<sup>17</sup> See BATS One Fee Proposals, supra note 5.

creating the BATS One Feed, and offer a data feed with the same information included in the BATS One Feed to sell and distribute it to its clients with no greater cost than the Exchange.

To enable such competition, the Exchange is offering the Digital Media Enterprise license for the BATS One Feed on terms that a subscriber of the underlying feeds could offer a competing product if it so chooses. The BATS One Feed is comprised of data included in EDGX Depth, EDGA Depth, BYX Depth, and BZX Depth.<sup>18</sup> Currently, an External Distributor could create a competing product to the BATS One Premium Feed<sup>19</sup> by purchasing each of these depth of book products from the individual BATS Exchanges and then performing its own aggregation and consolidation functions. The combined External Distributor fees for these individual data feeds of the BATS Exchanges is \$12,500 per month.<sup>20</sup> An External Distributor that seeks to create a competing product to the BATS One Summary Feed could instead subscribe to the following data feeds: EDGX Top, EDGX Last Sale, EDGA Top, EDGA Last Sale, BZX Top, BZX Last Sale, BYX Top, and BYX Last Sale,<sup>21</sup> and then perform their own aggregation and consolidation function. The combined External Distributor fees for these

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<sup>18</sup> See EDGA Rule 13.8, EDGX Rule 13.8, BZX Rule 11.22(a) and (c), and BYX Rule 11.22 (a) and (c) for a description of the depth of book feeds offered by each of the BATS Exchanges.

<sup>19</sup> Like the Exchange, an External Distributor would also be able to create a competing product to the BATS One Summary Feed from the data received via EDGX Depth, EDGA Depth, BYX Depth, and BZX Depth, without having to separately purchase the top and last sale feeds from each of the BATS Exchanges.

<sup>20</sup> The monthly External Distributor fee is \$2,500 per month for EDGX Depth, \$2,500 per month for EDGA Depth, \$2,500 for BYX Depth, and \$5,000 for BZX Depth.

<sup>21</sup> See supra note 4. See also BATS Rule 11.22(d) and (g).

individual data feeds of the BATS Exchanges is \$5,000 per month.<sup>22</sup> The Exchange proposes to charge a Digital Media Enterprise Fee (\$15,000 per month for the BATS One Summary Feed and \$25,000 per month for the BATS One Premium Feed, plus the \$1,000 per month Data Consolidation fee) that exceeds the combined External Distributor fees for each of the individual feeds listed above to ensure that vendors could compete with the Exchange by creating the same product as the BATS One Feed to sell to their clients at no greater cost than the Exchange.

The decision of the United States Court of Appeals for the District of Columbia Circuit in NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010), upheld the Commission's reliance upon the existence of competitive market mechanisms to set reasonable and equitably allocated fees for proprietary market data.

In fact, the legislative history indicates that the Congress intended that the market system 'evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed' and that the SEC wield its regulatory power 'in those situations where competition may not be sufficient,' such as in the creation of a 'consolidated transactional reporting system.'

Id. at 535 (quoting H.R. Rep. No. 94-229 at 92 (1975), as reprinted in 1975 U.S.C.C.A.N. 323). The court agreed with the Commission's conclusion that "Congress intended that 'competitive forces should dictate the services and practices that constitute the U.S. national market system for trading equity securities.'"<sup>23</sup>

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<sup>22</sup> The monthly External Distributor fee is \$1,250 per month for EDGX Top and EDGX Last Sale (as proposed herein), free for EDGA Top and EDGA Last Sale, \$1,250 for BYX Top and BYX Last Sale, and \$2,500 for BZX Top and BZX Last Sale. See BATS One Fee Proposals, supra note 5.

<sup>23</sup> NetCoalition, 615 F.3d at 535.

As explained below in the Exchange's Statement on Burden on Competition, the Exchange believes that there is substantial evidence of competition in the marketplace for data and that the Commission can rely upon such evidence in concluding that the fees established in this filing are the product of competition and therefore satisfy the relevant statutory standards.<sup>24</sup> In addition, the existence of alternatives to the BATS One Feed, including real-time consolidated data, free delayed consolidated data, and proprietary last sale data from other sources, as described below, further ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, when vendors and users can elect such alternatives.

As the NetCoalition decision noted, the Commission is not required to undertake a cost-of-service or ratemaking approach, and the Exchange incorporates by reference into this proposed rule change its affiliate's analysis of this topic in another rule filing.<sup>25</sup>

For these reasons, the Exchange believes that the proposed fees are reasonable, equitable, and not unfairly discriminatory.

#### Non-Substantive Change to the Description of the BATS One Enterprise Fee

The Exchange believes that the proposed change to the BATS One Enterprise Fee is consistent with Section 6(b) of the Act,<sup>26</sup> in general, and Section 6(b)(4) of the Act,<sup>27</sup> in particular, in that it provides for an equitable allocation of reasonable fees among

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<sup>24</sup> Section 916 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") amended paragraph (A) of Section 19(b)(3) of the Act, 15 U.S.C. 78s(b)(3), to make clear that all exchange fees for market data may be filed by exchanges on an immediately effective basis.

<sup>25</sup> See Securities Exchange Act Release No. 63291 (Nov. 9, 2010), 75 FR 70311 (November 17, 2010) (SR-NYSEArca-2010-97).

<sup>26</sup> 15 U.S.C. 78f.

<sup>27</sup> 15 U.S.C. 78f(b)(4).

recipients of the data and is not designed to permit unfair discrimination among customers, brokers, or dealers. The proposal to amend the description of the Enterprise fee within the fee schedule is equitable and reasonable because the changes are designed to clarify the fee schedule and avoid potential investor confusion. The proposed changes do not amend the amount or application of the BATS One Enterprise fee. The proposed changes are also non-discriminatory as they would apply to all recipient firms uniformly.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

BATS One Digital Media Enterprise Fee

The BATS One Feed Digital Media Enterprise fee will enhance competition because it provides investors with an alternative option for receiving market data and competes directly with similar market data products currently offered by the NYSE and Nasdaq.<sup>28</sup> The Exchange notes that there is already actual competition for products

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<sup>28</sup> See Nasdaq Basic, <http://www.nasdaqtrader.com/Trader.aspx?id=NASDAQbasic> (last visited May 29, 2014) (data feed offering the BBO and Last Sale information for all U.S. exchange-listed securities based on liquidity within the Nasdaq market center, as well as trades reported to the FINRA/Nasdaq Trade Reporting Facility ("TRF")); Nasdaq NLS Plus, <http://www.nasdaqtrader.com/Trader.aspx?id=NLSplus> (last visited July 8, 2014) (data feed providing last sale data as well as consolidated volume from the following Nasdaq OMX markets for U.S. exchange-listed securities: Nasdaq, FINRA/Nasdaq TRF, Nasdaq OMX BX, and Nasdaq OMX PSX); Securities Exchange Act Release No. 73553 (November 6, 2014), 79 FR 67491 (November 13, 2014) (SR-NYSE-2014-40) (Notice of Amendment No. 1 and Order Granting Accelerated Approval to a Proposed Rule Change, as Modified by Amendment No.1, To Establish the NYSE Best Quote & Trades ("BQT") Data Feed); <http://www.nyxdata.com/Data-Products/NYSE-Best-Quote-and-Trades> (last visited May 27, 2014) (data feed providing unified view of BBO and last sale

similar to the BATS One Feed. The NYSE offers BQT which provides BBO and last sale information for the NYSE, NYSE Arca Equities, Inc. and NYSE MKT LLC.<sup>29</sup>

Nasdaq offers Nasdaq Basic, a filed market data product, and through its affiliate, offers NLS Plus which provides a unified view of last sale information similar to the BATS One Feed.<sup>30</sup> The existence of these competing data products demonstrates that there is ample, existing competition for products such as the BATS One Feed and the fees associated by such products is constrained by competition.

In establishing the proposed fees, the Exchange considered the competitiveness of the market for proprietary data and all of the implications of that competition. The Exchange believes that it has considered all relevant factors in order to establish fair, reasonable, and not unreasonably discriminatory fees and an equitable allocation of fees among all Users. The existence of alternatives to the BATS One Feed, including the existing underlying feeds, consolidated data, and proprietary data from other sources, ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, when vendors and subscribers can elect these alternatives or choose not to purchase a specific proprietary data product if its cost to purchase is not justified by the returns any particular vendor or subscriber would achieve through the purchase.

Finally, although the BATS Exchanges are the exclusive distributors of the individual data feeds from which certain data elements would be taken to create the BATS One Feed, the Exchange is not the exclusive distributor of the aggregated and

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information for the NYSE, NYSE Arca, and NYSE MKT).

<sup>29</sup> Id.

<sup>30</sup> Id.

consolidated information that would compose the BATS One Feed. The Exchange has taken into consideration its affiliated relationship with BYX, EDGA, and EDGX in its design of the BATS One Feed to assure that vendors would be able to offer a similar product on the same terms as the Exchange from a cost perspective. While the BATS Exchanges are the exclusive distributors of the individual data feeds from which certain data elements may be taken to create the BATS One Feed, they are not the exclusive distributors of the aggregated and consolidated information that comprises the BATS One Feed. As discussed in in the BATS One Fee Proposal,<sup>31</sup> any entity may separately purchase the individual underlying products, and if they so choose, perform a similar aggregation and consolidation function that the Exchange performs in creating the BATS One Feed, and offer a data feed with the same information included in the BATS One Feed to sell and distribute it to its clients with no greater cost than the Exchange.

To enable such competition, the amount of the proposed Digital Media Enterprise license compared to the cost of the individual data feeds from the BATS Exchanges would enable a vendor to receive the underlying data feeds and offer a similar product on a competitive basis and with no greater cost than the Exchange. The amount of the proposed Digital Media Enterprise license, coupled with the Data Consolidation Fee, is not lower than the cost to a vendor of receiving the underlying data feeds to create a competing product. Therefore, the amount of the proposed Digital Media Enterprise license the Exchange would charge clients for the BATS One Feed compared to the cost of the individual data feeds from the BATS Exchanges would enable a vendor to receive the underlying data feeds and offer a similar product on a competitive basis and with no

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<sup>31</sup> See BATS One Fee Proposals, supra note 5.

greater cost than the Exchange.

Non-Substantive Change to the Description of the BATS One Enterprise Fee

The proposal to amend the description of the Enterprise fee within the fee schedule will not have any impact on completion. The proposed changes are designed to clarify the fee schedule and avoid potential investor confusion and do not amend the amount or application of the BATS One Enterprise fee.

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)

(a) This proposed rule change is filed pursuant to paragraph (A) of Section 19(b)(3) of the Act.

(b) This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>32</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>33</sup>

(c) Inapplicable.

(d) Inapplicable.

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

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<sup>32</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>33</sup> 17 CFR 240.19b-4(f)(2).



Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – 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-2015-24)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fees for the BATS One Market Data Product

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, BATS 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 the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend the market data section of its fee schedule to: (i) establish a Digital Media Enterprise Fee for the BATS One Feed; and (ii) make a non-substantive change to the description of the BATS One Feed Enterprise fee.

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

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

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

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

The text of the proposed rule change is available at the Exchange's website at [www.batstrading.com](http://www.batstrading.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to amend the market data section of its fee schedule to:

(i) establish a Digital Media Enterprise Fee for the BATS One Feed; and (ii) make a non-substantive change to the description of the BATS One Feed Enterprise fee.<sup>5</sup>

The Commission recently approved a proposed rule change by the Exchange to establish a new market data product called the BATS One Feed<sup>6</sup> as well as published

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<sup>5</sup> The Exchange notes that the date of the fee schedule was amended to March 17, 2015 in a previously filed proposed rule change. See SR-BATS-2015-23 (filed March 17, 2015).

<sup>6</sup> See Securities Exchange Act Release No. 73918 (December 23, 2014), 79 FR 78920 (December 31, 2014) (File Nos. SR-EDGX-2014-25; SR-EDGA-2014-25; SR-BATS-2014-055; SR-BYX-2014-030) (Notice of Amendments No. 2 and Order Granting Accelerated Approval to Proposed Rule Changes, as Modified by Amendments Nos. 1 and 2, to Establish a New Market Data Product called the BATS One Feed) ("BATS One Approval Order").

proposed rule changes to establish related fees.<sup>7</sup> The BATS One Feed is a data feed that disseminates, on a real-time basis, the aggregate best bid and offer (“BBO”) of all displayed orders for securities traded on BZX and its affiliated exchanges<sup>8</sup> and for which the BATS Exchanges report quotes under the Consolidated Tape Association (“CTA”) Plan or the Nasdaq/UTP Plan.<sup>9</sup> The BATS One Feed also contains the individual last sale information for the BATS Exchanges (collectively with the aggregate BBO, the “BATS One Summary Feed”). In addition, the BATS One Feed contains optional functionality which enables recipients to receive aggregated two-sided quotations from the BATS Exchanges for up to five (5) price levels (“BATS One Premium Feed”).

#### BATS One Digital Media Enterprise Fee

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<sup>7</sup> See Securities Exchange Act Release Nos. 74282 (February 17, 2015), 80 FR 9487 (February 23, 2015) (SR-EDGX-2015-09); 74283 (February 18, 2015), 80 FR 9809 (February 24, 2015) (SR-EDGA-2015-09); 74284 (February 18, 2015), 80 FR 9792 (February 24, 2015) (SR-BYX-2015-09); and 74285 (February 18, 2015), 80 FR 9828 (February 24, 2015) (SR-BATS-2015-11) (“BATS One Fee Proposals”).

<sup>8</sup> BZX’s affiliated exchanges are EDGA Exchange, Inc. (“EDGA”), EDGX Exchange, Inc. (“EDGX”), and BATS Y-Exchange, Inc. (“BYX”, together with EDGX, EDGA, and BZX, the “BATS Exchanges”). On January 23, 2014, BATS Global Markets, Inc. (“BGMI”), the former parent company of the Exchange and BYX, completed its business combination with Direct Edge Holdings LLC, the parent company of EDGA and EDGX. See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039). Upon completion of the business combination, DE Holdings and BGMI each became intermediate holding companies, held under a single new holding company. The new holding company, formerly named “BATS Global Markets Holdings, Inc.,” changed its name to “BATS Global Markets, Inc.” and BGMI changed its name to “BATS Global Markets Holdings, Inc.”

<sup>9</sup> The Exchange understands that each of the BATS Exchanges will separately file substantially similar proposed rule changes with the Commission to implement fees for the BATS One Feed.

The Exchange proposes to amend its fee schedule to establish a Digital Media Enterprise Fee of \$15,000 per month for the BATS One Summary Feed and \$25,000 per month for the BATS One Premium Feed. As an alternative to User fees,<sup>10</sup> a recipient firm may purchase a monthly Digital Media Enterprise license to receive the BATS One Feed from an External Distributor<sup>11</sup> to distribute to an unlimited number of Professional and Non-Professional Users<sup>12</sup> for viewing via television, websites, and mobile devices for informational and non-trading purposes only without having to account for the extent of access to the data or the report the number of Users to the Exchange. The Digital Media

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<sup>10</sup> The Exchange assesses a monthly fee for Professional Users of \$10.00 per User for receipt of the BATS One Summary Feed or \$15.00 per User who elects to also receive the BATS One Premium Feed. Non-Professional Users are assessed a monthly fee of \$0.25 per user for the BATS One Summary Feed or \$0.50 per user for the BATS One Premium Feed. External Distributors must count every Professional User and Non-Professional User to which they provide BATS One Feed data. See BATS One Fee Proposals, supra note 7.

<sup>11</sup> As defined in the Exchange's fee schedule, an External Distributor of an Exchange Market Data product is a Distributor that receives the Exchange Market Data product and then distributes that data to a third party or one or more Users outside the Distributor's own entity.

<sup>12</sup> As defined in the Exchange's fee schedule, a User of an Exchange Market Data product is a natural person, a proprietorship, corporation, partnership, or entity, or device (computer or other automated service), that is entitled to receive Exchange data. A Non-Professional User of an Exchange Market Data product is a natural person who is not: (i) registered or qualified in any capacity with the Commission, the Commodity Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association; (ii) engaged as an "investment adviser" as that term is defined in Section 201(11) of the Investment Advisers Act of 1940 (whether or not registered or qualified under that Act); or (iii) employed by a bank or other organization exempt from registration under federal or state securities laws to perform functions that would require registration or qualification if such functions were performed for an organization not so exempt. A Professional User of an Exchange Market Data product is any User other than a Non-Professional User.

Enterprise Fee would be in addition to the Data Consolidation Fee.<sup>13</sup>

Non-Substantive Change to the Description of the BATS One Enterprise Fee

The Exchange proposes a non-substantive change to the description of the BATS One Enterprise fee. The fee schedule currently states that, “[a]s an alternative to User fees, a recipient firm may purchase a monthly Enterprise Fee to receive the BATS One Feed from an External Distributor for an unlimited number of Professional and Non-Professional Users.” The Exchange proposes to amend this sentence in two ways. The first amendment is to state that a recipient firm may purchase a monthly Enterprise license, rather than Enterprise fee, as the term “license” is a more accurate description. The second is to specify that the recipient firm purchasing a monthly enterprise license does so to distribute the BATS One Feed to an unlimited number of Professional and Non-Professional Users.

2. Statutory Basis

BATS One Digital Media Enterprise Fee

The Exchange believes that the proposed Digital Media Enterprise Fee for the BATS One Feed is consistent with Section 6(b) of the Act,<sup>14</sup> in general, and Section 6(b)(4) of the Act,<sup>15</sup> in particular, in that it provides for an equitable allocation of reasonable fees among recipients of the data and is not designed to permit unfair

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<sup>13</sup> The Data Consolidation Fee is \$1,000 per month and is designed to reflect the value of the aggregation and consolidation function the Exchange performs in creating the BATS One Feed. See BATS One Fee Proposals, supra note 7.

<sup>14</sup> 15 U.S.C. 78f.

<sup>15</sup> 15 U.S.C. 78f(b)(4).

discrimination among customers, brokers, or dealers. The Exchange also believes that the proposed rule change is consistent with Section 11(A) of the Act<sup>16</sup> in that it supports (i) fair competition among brokers and dealers, among exchange markets, and between exchange markets and markets other than exchange markets and (ii) the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Furthermore, the proposed rule change is consistent with Rule 603 of Regulation NMS,<sup>17</sup> which provides that any national securities exchange that distributes information with respect to quotations for or transactions in an NMS stock do so on terms that are not unreasonably discriminatory. In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data products to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data.

In addition, the proposed fee is equitable and not unfairly discriminatory because it will apply uniformly to market data vendors, television broadcasters, website and mobile service providers. The Exchange believes it is reasonable to establish a lower cost fee structure that is designed to facilitate broader media distribution of the BATS One Data Feed for informational purposes because it will benefit investors generally.

In establishing the Digital Media Enterprise Fee, the Exchange recognizes that there is demand for a more seamless and easier-to-administer data distribution mode that

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<sup>16</sup> 15 U.S.C. 78k-1.

<sup>17</sup> See 17 CFR 242.603.

takes into account the expanded variety of media and communication devices that investors utilize today. The Exchange believes the Digital Media Enterprise Fee will be easy to administer because data recipients that purchase it would not be required to differentiate between Professional and Non-Professional Users, account for the extent of access to the data, or report the number of Users. This is a significant reduction on a recipient firm's administrative burdens and is a significant value to investors. For example, a television broadcaster could display the BATS One Feed data during market-related programming and on its website or allow viewers to view the data via their mobile devices, creating a more seamless distribution model that will allow investors more choice in how they receive and view market data, all without having to account for and/or measure who accesses the data and how often they do so.

The proposed Digital Media Enterprise Fee is equitable and reasonable because it will also enable recipient firms to more widely distribute data from the BATS One Feed to investors for informational purposes at a lower cost than is available today. For example, a recipient firm may purchase an Enterprise license in the amount of \$50,000 per month for the BATS One Summary Feed and \$100,000 per month for the BATS One Premium Feed to receive the BATS One Feed from an External Distributor for an unlimited number of Professional and Non-Professional Users, which is greater than the Digital Media Enterprise fee proposed herein. The Exchange also believes the amount of the Digital Enterprise fee is reasonable as compared to the existing Enterprise fees discussed above because the distribution of BATS One Feed data is limited to television, websites, and mobile devices for informational purposes only, while distribution of the BATS One Feed data pursuant to an Enterprise license contains no such limitation. The Exchange



also believes that the proposed Digital Media Enterprise fee is equitable and reasonable because it is less than similar fees charged by other exchanges.<sup>18</sup>

The Exchange has taken into consideration its affiliated relationship with BYX, EDGA, and EDGX in proposing the Digital Media Enterprise fee to assure that vendors would be able to offer a similar product on the same terms as the Exchange from a cost perspective. While the BATS Exchanges are the exclusive distributors of the individual data feeds from which certain data elements may be taken to create the BATS One Feed, they are not the exclusive distributors of the aggregated and consolidated information that comprises the BATS One Feed. As discussed in the BATS One Fee Proposal,<sup>19</sup> any entity may separately purchase the individual underlying products, and if they so choose, perform a similar aggregation and consolidation function that the Exchange performs in creating the BATS One Feed, and offer a data feed with the same information included in the BATS One Feed to sell and distribute it to its clients with no greater cost than the Exchange.

To enable such competition, the Exchange is offering the Digital Media Enterprise license for the BATS One Feed on terms that a subscriber of the underlying feeds could offer a competing product if it so chooses. The BATS One Feed is

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<sup>18</sup> The Nasdaq Stock Market offers proprietary data products for distribution over the internet and television under alternative fee schedules that are subject to maximum fee of \$50,000 per month. See Nasdaq Rule 7039(b). The NYSE charges a Digit Media Enterprise fee of \$40,000 per month for the NYSE Trade Digital Media product. See Securities Exchange Act Release No. 69272 (April 2, 2013), 78 FR 20983 (April 8, 2013) (SR-NYSE-2013-23).

<sup>19</sup> See BATS One Fee Proposals, supra note 7.

comprised of data included in EDGX Depth, EDGA Depth, BYX Depth, and BZX Depth.<sup>20</sup> Currently, an External Distributor could create a competing product to the BATS One Premium Feed<sup>21</sup> by purchasing each of these depth of book products from the individual BATS Exchanges and then performing its own aggregation and consolidation functions. The combined External Distributor fees for these individual data feeds of the BATS Exchanges is \$12,500 per month.<sup>22</sup> An External Distributor that seeks to create a competing product to the BATS One Summary Feed could instead subscribe to the following data feeds: EDGX Top, EDGX Last Sale, EDGA Top, EDGA Last Sale, BZX Top, BZX Last Sale, BYX Top, and BYX Last Sale,<sup>23</sup> and then perform their own aggregation and consolidation function. The combined External Distributor fees for these individual data feeds of the BATS Exchanges is \$5,000 per month.<sup>24</sup> The Exchange proposes to charge a Digital Media Enterprise Fee (\$15,000 per month for the BATS One Summary Feed and \$25,000 per month for the BATS One Premium Feed, plus the \$1,000

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<sup>20</sup> See EDGA Rule 13.8, EDGX Rule 13.8, BZX Rule 11.22(a) and (c), and BYX Rule 11.22 (a) and (c) for a description of the depth of book feeds offered by each of the BATS Exchanges.

<sup>21</sup> Like the Exchange, an External Distributor would also be able to create a competing product to the BATS One Summary Feed from the data received via EDGX Depth, EDGA Depth, BYX Depth, and BZX Depth, without having to separately purchase the top and last sale feeds from each of the BATS Exchanges.

<sup>22</sup> The monthly External Distributor fee is \$2,500 per month for EDGX Depth, \$2,500 per month for EDGA Depth, \$2,500 for BYX Depth, and \$5,000 for BZX Depth.

<sup>23</sup> See supra note 6. See also BATS Rule 11.22(d) and (g).

<sup>24</sup> The monthly External Distributor fee is \$1,250 per month for EDGX Top and EDGX Last Sale (as proposed herein), free for EDGA Top and EDGA Last Sale, \$1,250 for BYX Top and BYX Last Sale, and \$2,500 for BZX Top and BZX Last Sale. See BATS One Fee Proposals, supra note 7.

per month Data Consolidation fee) that exceeds the combined External Distributor fees for each of the individual feeds listed above to ensure that vendors could compete with the Exchange by creating the same product as the BATS One Feed to sell to their clients at no greater cost than the Exchange.

The decision of the United States Court of Appeals for the District of Columbia Circuit in NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010), upheld the Commission's reliance upon the existence of competitive market mechanisms to set reasonable and equitably allocated fees for proprietary market data.

In fact, the legislative history indicates that the Congress intended that the market system 'evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed' and that the SEC wield its regulatory power 'in those situations where competition may not be sufficient,' such as in the creation of a 'consolidated transactional reporting system.'

Id. at 535 (quoting H.R. Rep. No. 94-229 at 92 (1975), as reprinted in 1975 U.S.C.C.A.N. 323). The court agreed with the Commission's conclusion that "Congress intended that 'competitive forces should dictate the services and practices that constitute the U.S. national market system for trading equity securities.'"<sup>25</sup>

As explained below in the Exchange's Statement on Burden on Competition, the Exchange believes that there is substantial evidence of competition in the marketplace for data and that the Commission can rely upon such evidence in concluding that the fees established in this filing are the product of competition and therefore satisfy the relevant

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<sup>25</sup> NetCoalition, 615 F.3d at 535.

statutory standards.<sup>26</sup> In addition, the existence of alternatives to the BATS One Feed, including real-time consolidated data, free delayed consolidated data, and proprietary last sale data from other sources, as described below, further ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, when vendors and users can elect such alternatives.

As the NetCoalition decision noted, the Commission is not required to undertake a cost-of-service or ratemaking approach, and the Exchange incorporates by reference into this proposed rule change its affiliate's analysis of this topic in another rule filing.<sup>27</sup>

For these reasons, the Exchange believes that the proposed fees are reasonable, equitable, and not unfairly discriminatory.

#### Non-Substantive Change to the Description of the BATS One Enterprise Fee

The Exchange believes that the proposed change to the BATS One Enterprise Fee is consistent with Section 6(b) of the Act,<sup>28</sup> in general, and Section 6(b)(4) of the Act,<sup>29</sup> in particular, in that it provides for an equitable allocation of reasonable fees among recipients of the data and is not designed to permit unfair discrimination among customers, brokers, or dealers. The proposal to amend the description of the Enterprise fee within the fee schedule is equitable and reasonable because the changes are designed

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<sup>26</sup> Section 916 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") amended paragraph (A) of Section 19(b)(3) of the Act, 15 U.S.C. 78s(b)(3), to make clear that all exchange fees for market data may be filed by exchanges on an immediately effective basis.

<sup>27</sup> See Securities Exchange Act Release No. 63291 (Nov. 9, 2010), 75 FR 70311 (November 17, 2010) (SR-NYSEArca-2010-97).

<sup>28</sup> 15 U.S.C. 78f.

<sup>29</sup> 15 U.S.C. 78f(b)(4).

to clarify the fee schedule and avoid potential investor confusion. The proposed changes do not amend the amount or application of the BATS One Enterprise fee. The proposed changes are also non-discriminatory as they would apply to all recipient firms uniformly

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

BATS One Digital Media Enterprise Fee

The BATS One Feed Digital Media Enterprise fee will enhance competition because it provides investors with an alternative option for receiving market data and competes directly with similar market data products currently offered by the NYSE and Nasdaq.<sup>30</sup> The Exchange notes that there is already actual competition for products similar to the BATS One Feed. The NYSE offers BQT which provides BBO and last

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<sup>30</sup> See Nasdaq Basic, <http://www.nasdaqtrader.com/Trader.aspx?id=nasdaqbasic> (last visited May 29, 2014) (data feed offering the BBO and Last Sale information for all U.S. exchange-listed securities based on liquidity within the Nasdaq market center, as well as trades reported to the FINRA/Nasdaq Trade Reporting Facility ("TRF")); Nasdaq NLS Plus, <http://www.nasdaqtrader.com/Trader.aspx?id=NLSplus> (last visited July 8, 2014) (data feed providing last sale data as well as consolidated volume from the following Nasdaq OMX markets for U.S. exchange-listed securities: Nasdaq, FINRA/Nasdaq TRF, Nasdaq OMX BX, and Nasdaq OMX PSX); Securities Exchange Act Release No. 73553 (November 6, 2014), 79 FR 67491 (November 13, 2014) (SR-NYSE-2014-40) (Notice of Amendment No. 1 and Order Granting Accelerated Approval to a Proposed Rule Change, as Modified by Amendment No.1, To Establish the NYSE Best Quote & Trades ("BQT") Data Feed); <http://www.nyxdata.com/Data-Products/NYSE-Best-Quote-and-Trades> (last visited May 27, 2014) (data feed providing unified view of BBO and last sale information for the NYSE, NYSE Arca, and NYSE MKT).

sale information for the NYSE, NYSE Arca Equities, Inc. and NYSE MKT LLC.<sup>31</sup>

Nasdaq offers Nasdaq Basic, a filed market data product, and through its affiliate, offers NLS Plus which provides a unified view of last sale information similar to the BATS One Feed.<sup>32</sup> The existence of these competing data products demonstrates that there is ample, existing competition for products such as the BATS One Feed and the fees associated by such products is constrained by competition.

In establishing the proposed fees, the Exchange considered the competitiveness of the market for proprietary data and all of the implications of that competition. The Exchange believes that it has considered all relevant factors in order to establish fair, reasonable, and not unreasonably discriminatory fees and an equitable allocation of fees among all Users. The existence of alternatives to the BATS One Feed, including the existing underlying feeds, consolidated data, and proprietary data from other sources, ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, when vendors and subscribers can elect these alternatives or choose not to purchase a specific proprietary data product if its cost to purchase is not justified by the returns any particular vendor or subscriber would achieve through the purchase.

Finally, although the BATS Exchanges are the exclusive distributors of the individual data feeds from which certain data elements would be taken to create the BATS One Feed, the Exchange is not the exclusive distributor of the aggregated and consolidated information that would compose the BATS One Feed. The Exchange has

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<sup>31</sup> Id.

<sup>32</sup> Id.

taken into consideration its affiliated relationship with BYX, EDGA, and EDGX in its design of the BATS One Feed to assure that vendors would be able to offer a similar product on the same terms as the Exchange from a cost perspective. While the BATS Exchanges are the exclusive distributors of the individual data feeds from which certain data elements may be taken to create the BATS One Feed, they are not the exclusive distributors of the aggregated and consolidated information that comprises the BATS One Feed. As discussed in in the BATS One Fee Proposal,<sup>33</sup> any entity may separately purchase the individual underlying products, and if they so choose, perform a similar aggregation and consolidation function that the Exchange performs in creating the BATS One Feed, and offer a data feed with the same information included in the BATS One Feed to sell and distribute it to its clients with no greater cost than the Exchange.

To enable such competition, the amount of the proposed Digital Media Enterprise license compared to the cost of the individual data feeds from the BATS Exchanges would enable a vendor to receive the underlying data feeds and offer a similar product on a competitive basis and with no greater cost than the Exchange. The amount of the proposed Digital Media Enterprise license, coupled with the Data Consolidation Fee, is not lower than the cost to a vendor of receiving the underlying data feeds to create a competing product. Therefore, the amount of the proposed Digital Media Enterprise license the Exchange would charge clients for the BATS One Feed compared to the cost of the individual data feeds from the BATS Exchanges would enable a vendor to receive the underlying data feeds and offer a similar product on a competitive basis and with no

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<sup>33</sup> See BATS One Fee Proposals, supra note 7.

greater cost than the Exchange.

Non-Substantive Change to the Description of the BATS One Enterprise Fee

The proposal to amend the description of the Enterprise fee within the fee schedule will not have any impact on completion. The proposed changes are designed to clarify the fee schedule and avoid potential investor confusion and do not amend the amount or application of the BATS One Enterprise fee.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>34</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>35</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

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<sup>34</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>35</sup> 17 CFR 240.19b-4(f).



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](mailto:rule-comments@sec.gov). Please include File No. SR-BATS-2015-24 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-2015-24. 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-2015-24 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>36</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>36</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

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

**BATS Exchange, Inc. Fee Schedule – Effective March 17, 2015**

\* \* \* \* \*

Market Data Fees:

\* \* \* \* \*

BATS One Feed<sup>sm</sup>

Internal Distributor

(No change).

External Distributor\*\*\*\*

	BATS One Summary	BATS One Premium
Distribution Fee	\$5,000/month*	\$12,500/month
Professional User Fee**	\$10/month	\$15/month
Non-Professional User Fee**	\$0.25/month	\$0.50/month
Enterprise Fee***	\$50,000/month	\$100,000/month
<u>Digital Media Enterprise Fee****</u>	<u>\$15,000/month</u>	<u>\$25,000/month</u>

\* New External Distributor Credit. New External Distributors of the BATS One Summary Feed will not be charged an External Distributor Fee for their first three (3) months in order to allow them to enlist new Users to receive the BATS Summary One Feed.

\*\* Each External Distributor will be eligible to receive a credit against its monthly Distributor Fee for the BATS One Feed equal to the amount of its monthly User Fees up to a maximum of the External Distributor Fee for the BATS One Feed.

\*\*\* As an alternative to User fees, a recipient firm may purchase a monthly Enterprise [Fee] license to receive the BATS One Feed from an External Distributor for distribution to an unlimited number of Professional and Non-Professional Users. A recipient firm must pay a separate Enterprise Fee for each External Distributor that controls the display of the BATS One Feed if it wishes such User to be covered by the Enterprise Fee. The Enterprise Fee is in addition to the Distributor Fee.

\*\*\*\* Data Consolidation Fee. \$1,000/month

\*\*\*\*\* As an alternative to User fees, a recipient firm may purchase a monthly Digital Media Enterprise license to receive the BATS One Feed from an External Distributor for distribution to an unlimited number of Users for viewing via television, websites, and mobile devices for informational and non-trading purposes only.

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