

## OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 20

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

File No.\* SR - 2015 - \* 46

Amendment No. (req. for Amendments \*)

Filing by BATS Y-Exchange, Inc.

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
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) \*

☐

Section 806(e)(2) \*

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Section 3C(b)(2) \*

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Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



### Description

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

BATS Y-Exchange, Inc. proposes a rule change to amend Rule 11.13, Order Execution and Routing.

### 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 \* Chris Last Name \* Solgan  
 Title \* Assistant General Counsel  
 E-mail \* csolgan@bats.com  
 Telephone \* (646) 856-8723 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 11/09/2015

By Chris Solgan

(Name \*)

Assistant General Counsel

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

csolgan@bats.com

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549	
For complete Form 19b-4 instructions please refer to the EFFT website.	
<div>Form 19b-4 Information *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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)
<div>Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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)
<div>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 4 - Marked Copies</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Partial Amendment</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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 Y-Exchange, Inc. (“BYX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend Rule 11.13, Order Execution and Routing, to adopt a new routing option to be known as ALLB. 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.<sup>3</sup> The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.<sup>4</sup>

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Exchange submits the proposed rule change pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will

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

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

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

<sup>4</sup> Id.

advise the Exchange's Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change and, therefore, the Exchange's internal procedures with respect to the proposed change are complete.

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

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

Chris Solgan  
Assistant General Counsel  
(646) 856-8723

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

(a) Purpose

The Exchange proposes to amend Rule 11.13, Order Execution and Routing, to adopt a new routing option to be known as ALLB. As proposed, ALLB would be a routing option under which the order checks the System<sup>5</sup> for available shares and is then sent to the EDGX Exchange, Inc. ("EDGX"), BATS Exchange, Inc. ("BZX"), and the EDGA Exchange, Inc. ("EDGA" collectively with the Exchange, EDGX, and BZX, the "BGM Affiliated Exchanges"). Specifically, an order subject to the ALLB routing option would execute first against contra-side displayed and non-displayed liquidity on the BATS Book<sup>6</sup> at the National Best Bid or Offer ("NBBO") or better. Any remainder, would then be routed to EDGX, BZX, and/or EDGA in accordance with the System

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<sup>5</sup> The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(aa).

<sup>6</sup> The term "BATS Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(e).

routing table.<sup>7</sup> If shares remain unexecuted after routing, they are posted to the BATS Book, unless otherwise instructed by the User.<sup>8</sup> In such case, the User may instruct the Exchange to cancel the remaining shares. ALLB is designed to comply with Rule 611 and all other provisions of Regulation NMS.<sup>9</sup>

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>11</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change promotes just and equitable principles of trade because it would provide Users with greater flexibility in routing orders consistent with Regulation NMS without developing complicated order routing strategies on their own. The Exchange believes that the proposed routing option will also accomplish those ends by providing market participants with an additional voluntary routing option that will enable them to easily access liquidity available on all of the national securities exchanges

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<sup>7</sup> The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.13(b)(3).

<sup>8</sup> The term “User” is defined as “any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.” See Exchange Rule 1.5(cc).

<sup>9</sup> 17 CFR 242.611.

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

operated by BGM Affiliated Exchanges. The Exchange expects the routing strategy will benefit firms that do not employ routing or trading strategies under which the firm itself would rapidly access liquidity provided on the multiple venues. ALLB would not provide any advantage to Users when routing to the EDGA, EDGX, or BZX as compared to other methods of routing or connectivity available to Users by the Exchange.

Lastly, the Exchange also notes that routing options enabling the routing of orders between affiliated exchanges is not unique and that the ALLB routing option is similar to routing options offered by other exchange groups that permit routing between affiliates. Specifically, the Nasdaq Stock Market LLC (“Nasdaq”), the Nasdaq OMX BX (“BX”), Nasdaq OMX PSX (“PSX”) offer routing options that enable an order, whether sent to Nasdaq, BX, or PSX, to check the Nasdaq, BX, and PSX books for liquidity before optionally posting to the Nasdaq, BX, or PSX book.<sup>12</sup> In addition, BZX previously offered a variation of a Destination Specific Order<sup>13</sup> which routed to and executed by its affiliate, BYX, known as the B2B routing.<sup>14</sup> Therefore, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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<sup>12</sup> See Securities Exchange Act Release Nos. 63900 (February 14, 2011), 76 FR 9397 (February 17, 2011) (SR-Nasdaq-2011-026); 65470 (October 3, 2011), 76 FR 62489 (October 7, 2011) (SR-BX-2011-048); and 65469 (October 3, 2011), 76 FR 62486 (October 7, 2011) (SR-Phlx-2011-108) (Notices of Filing and Immediate Effectiveness to adopt the CART, BCRT, and PCRT routing options on Nasdaq, BX, and PSX respectively). See also Nasdaq Rule 4758(a)(1)(A)(xi); BX Rule 4758(a)(1)(A)(vii); and PSX Rule 3315(a)(1)(A)(vii).

<sup>13</sup> See Exchange Rule 13(b)(3)(E).

<sup>14</sup> See Securities Exchange Act Release No. 63146 (October 21, 2010), 75 FR 66170 (October 27, 2010) (SR-BATS-2010-030). The Exchange notes it offered similar routing capabilities to BZX. See Securities Exchange Act Release No. 63299 (November 10, 2010), 75 FR 70325 (November 17, 2010) (SR-BYX-2010-005).

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. The Exchange provides routing services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service bureaus. In such an environment, system enhancements such as the changes proposed in this rule filing do not burden competition, because they can succeed in attracting order flow to the Exchange only if they offer investors higher quality and better value than services offered by others. Encouraging competitors to provide higher quality and better value is the essence of a well-functioning competitive marketplace.

Lastly, ALLB would not provide any advantage to Users when routing to the EDGA, EDGX, or BZX as compared to other methods of routing or connectivity available to Users by the Exchange. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No comments were solicited or received 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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>15</sup> of the Act and Rule 19b-4(f)(6)<sup>16</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for thirty (30) days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.<sup>17</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>18</sup> because the proposed rule change based on similar routing options offered by the Nasdaq, BX, and PSX that were previously published by the Commission and subject to public notice and comment.<sup>19</sup> The Exchange notes that the Nasdaq, BX, and PSX routing options route to BX, PSX, and Nasdaq (in that order). Meanwhile, under the proposed ALLB routing option, the order would be routed to EDGX, BZX, and/or EDGA in accordance with the System routing table, and not in any defined sequence under the rule. In addition, like the proposed ALLB routing option, the

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6).

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

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

<sup>19</sup> See supra note 12.



BX routing option first checks the local book for liquidity before being routed.<sup>20</sup> On the other hand, the PSX routing option first routes to BX and the Nasdaq routing option first routes to BX then PSX before checking the local book for liquidity.<sup>21</sup> The Exchange believes these differences do not significantly affect investors because they provide: (i) the Exchange's routing broker-dealer with increased flexibility in complying with its best execution obligations with regard to each individual order (e.g., enabling it to route first to the BGM Affiliate Exchange displaying the largest contra-side liquidity or to the one that has historically provided the best fill rates); and (ii) timely access to liquidity on the Exchange without the delay of the order being routing to specific destinations in a predetermined sequence prior to checking the local book for liquidity. Therefore, the proposal does not propose any new or unique issues or functionality that has not already been considered by the Commission. Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>22</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>23</sup>

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 Act<sup>24</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>25</sup> Waiver of the operative delay is consistent

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<sup>20</sup> See BX Rule 4758(a)(1)(A)(vii).

<sup>21</sup> See PSX Rule 3315(a)(1)(A)(vii); Nasdaq Rule 4758(a)(1)(A)(xi).

<sup>22</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>23</sup> 17 CFR 240.19b-4(f)(6).

<sup>24</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>25</sup> 17 CFR 240.19b-4(f)(6).

with the protection of investors and the public interest because it will allow the Exchange to immediately compete with Nasdaq, BX, and PSX who currently offer a similar routing option that enables market participants to access liquidity on each of these exchanges through the use of a single routing option. Therefore, the Exchange requests that the Commission waive the 30 day operative delay.

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 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

The proposed ALLB routing option is based on the CART routing option available on Nasdaq under Rule 4758(a)(1)(A)(xi), BCRT routing option available on BX under Rule 4758(a)(1)(A)(vii), and the PCRT routing option available on PSX under Rule 3315(a)(1)(A)(vii). The Exchange notes that the Nasdaq, BX, and PSX routing options route to BX, PSX, and Nasdaq (in that order). Meanwhile, under the proposed ALLB routing option, the order would be routed to EDGX, BZX, and/or EDGA in accordance with the System routing table, and not in any defined sequence under the rule. In addition, like the proposed ALLB routing option, the BX routing option first checks the local book for liquidity before being routed. On the other hand, the PSX routing option first routes to BX and the Nasdaq routing option first routes to BX then PSX before checking the local book for liquidity.

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-BYX-2015-46)

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.13, Order Execution and Routing

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

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

The Exchange filed a proposal to amend Rule 11.13, Order Execution and Routing, to adopt a new routing option to be known as ALLB.

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

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

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

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

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

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 Rule 11.13, Order Execution and Routing, to adopt a new routing option to be known as ALLB. As proposed, ALLB would be a routing option under which the order checks the System<sup>5</sup> for available shares and is then sent to the EDGX Exchange, Inc. ("EDGX"), BATS Exchange, Inc. ("BZX"), and the EDGA Exchange, Inc. ("EDGA" collectively with the Exchange, EDGX, and BZX, the "BGM Affiliated Exchanges"). Specifically, an order subject to the ALLB routing option would execute first against contra-side displayed and non-displayed liquidity on the BATS Book<sup>6</sup> at the National Best Bid or Offer ("NBBO") or better. Any remainder,

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<sup>5</sup> The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(aa).

<sup>6</sup> The term "BATS Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(e).

would then be routed to EDGX, BZX, and/or EDGA in accordance with the System routing table.<sup>7</sup> If shares remain unexecuted after routing, they are posted to the BATS Book, unless otherwise instructed by the User.<sup>8</sup> In such case, the User may instruct the Exchange to cancel the remaining shares. ALLB is designed to comply with Rule 611 and all other provisions of Regulation NMS.<sup>9</sup>

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>11</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change promotes just and equitable principles of trade because it would provide Users with greater flexibility in routing orders consistent with Regulation NMS without developing complicated order routing strategies on their own. The Exchange believes that the proposed routing option will also accomplish those ends

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<sup>7</sup> The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.13(b)(3).

<sup>8</sup> The term “User” is defined as “any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.” See Exchange Rule 1.5(cc).

<sup>9</sup> 17 CFR 242.611.

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(5).

by providing market participants with an additional voluntary routing option that will enable them to easily access liquidity available on all of the national securities exchanges operated by BGM Affiliated Exchanges. The Exchange expects the routing strategy will benefit firms that do not employ routing or trading strategies under which the firm itself would rapidly access liquidity provided on the multiple venues. ALLB would not provide any advantage to Users when routing to the EDGA, EDGX, or BZX as compared to other methods of routing or connectivity available to Users by the Exchange.

Lastly, the Exchange also notes that routing options enabling the routing of orders between affiliated exchanges is not unique and that the ALLB routing option is similar to routing options offered by other exchange groups that permit routing between affiliates. Specifically, the Nasdaq Stock Market LLC (“Nasdaq”), the Nasdaq OMX BX (“BX”), Nasdaq OMX PSX (“PSX”) offer routing options that enable an order, whether sent to Nasdaq, BX, or PSX, to check the Nasdaq, BX, and PSX books for liquidity before optionally posting to the Nasdaq, BX, or PSX book.<sup>12</sup> In addition, BZX previously offered a variation of a Destination Specific Order<sup>13</sup> which routed to and executed by its affiliate, BYX, known as the B2B routing.<sup>14</sup> Therefore, the Exchange believes the proposal removes

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<sup>12</sup> See Securities Exchange Act Release Nos. 63900 (February 14, 2011), 76 FR 9397 (February 17, 2011) (SR-Nasdaq-2011-026); 65470 (October 3, 2011), 76 FR 62489 (October 7, 2011) (SR-BX-2011-048); and 65469 (October 3, 2011), 76 FR 62486 (October 7, 2011) (SR-Phlx-2011-108) (Notices of Filing and Immediate Effectiveness to adopt the CART, BCRT, and PCRT routing options on Nasdaq, BX, and PSX respectively). See also Nasdaq Rule 4758(a)(1)(A)(xi); BX Rule 4758(a)(1)(A)(vii); and PSX Rule 3315(a)(1)(A)(vii).

<sup>13</sup> See Exchange Rule 13(b)(3)(E).

<sup>14</sup> See Securities Exchange Act Release No. 63146 (October 21, 2010), 75 FR 66170 (October 27, 2010) (SR-BATS-2010-030). The Exchange notes it offered similar

impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects 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 result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange provides routing services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service bureaus. In such an environment, system enhancements such as the changes proposed in this rule filing do not burden competition, because they can succeed in attracting order flow to the Exchange only if they offer investors higher quality and better value than services offered by others. Encouraging competitors to provide higher quality and better value is the essence of a well-functioning competitive marketplace.

Lastly, ALLB would not provide any advantage to Users when routing to the EDGA, EDGX, or BZX as compared to other methods of routing or connectivity available to Users by the Exchange. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

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routing capabilities to BZX. See Securities Exchange Act Release No. 63299 (November 10, 2010), 75 FR 70325 (November 17, 2010) (SR-BYX-2010-005).



No comments were solicited or received 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 Act<sup>15</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>16</sup> 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 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

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

<sup>16</sup> 17 CFR 240.19b-4.

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](mailto:rule-comments@sec.gov). Please include File No. SR-BYX-2015-46 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-BYX-2015-46. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information

that you wish to make available publicly. All submissions should refer to File No. SR-BYX-2015-46 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>17</sup>

Robert W. Errett  
Deputy Secretary

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

## EXHIBIT 5

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

## Rule 11.13. Order Execution and Routing

Subject to the restrictions under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution and routed in accordance with this Rule 11.13.

(a) (No change).

(b)(1) – (2) (No change).

(3)(A) – (L) (No change).

(M) [Reserved.]ALLB. ALLB is a routing option under which an order checks the System for available shares and is then sent to BATS Exchange, Inc., EDGA Exchange, Inc., and/or EDGX Exchange, Inc. in accordance with the System routing table. If shares remain unexecuted after routing, they are posted on the BATS Book, unless otherwise instructed by the User.

(N) - (Q) (No change).

(4) – (5) (No change).

(c) – (e) (No change).

*Interpretations and Policies*

(No change).