

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="37"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2016"/> - * <input type="text" value="07"/>
		Amendment No. (req. for Amendments *) <input type="text"/>

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

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

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

BATS Exchange, Inc. proposes rule change to amend Chapter XXI of BZX Options to further align the rules with those of EDGX Options.

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 *

Add Remove View

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

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

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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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

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹, and Rule 19b-4 thereunder,² BATS Exchange, Inc. (the “Exchange” or “BATS”) is filing with the Securities and Exchange Commission (“Commission”) a proposal for the BATS Options Market (“BATS Options” or “BZX Options”) to amend various rules contained in Chapter XXI in order to further improve such rules and to align such rules with the rules applicable to the Exchange’s affiliated options platform operated by EDGX Exchange, Inc. (“EDGX Options”). The Exchange has designated this proposal as a non-controversial filing and requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) under the Act.³ If such waiver is granted by the Commission, the Exchange shall implement this rule proposal immediately.

The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable

(c) Not applicable

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Id.

action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

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

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

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

(a) Purpose

The Exchange proposes to amend various BZX Options Rules contained in Chapter XXI in order to further improve such rules and to align such rules with the rules applicable to EDGX Options, the Exchange's affiliated options platform. EDGX Options recently launched after receiving approval in August of 2015.⁴ In connection with the creation of EDGX Options as well as in connection with rule clarifications filed by the Exchange with respect to the Exchange's equity securities trading platform ("BZX Equities"),⁵ the Exchange has identified various BZX Options rules that could be improved or clarified. In addition, to the extent possible, the Exchange wishes to maintain identical rules with its affiliated trading platforms in order to avoid potential confusion by participants on the Exchange and such affiliated trading platforms. Each of the changes proposed below is consistent with these objectives and is intended to clarify

⁴ See Securities Exchange Act Release No. 75650 (August 7, 2015), 80 FR 48600 (August 13, 2015) (SR-EDGX-2015-18).

⁵ See Securities Exchange Act Release No. 74738 (April 16, 2015), 80 FR 22600 (April 22, 2015) (SR-BATS-2015-09).

and to include additional specificity regarding the current functionality of the Exchange's System,⁶ including the descriptions of BZX Options order types and order instructions, as further described below. None of the changes proposed below represents a proposed change to the operation of BZX Options.

Proposed Changes to Terminology

The Exchange proposes the following terminology changes that are applicable to one or more rules within Chapter XXI applicable to BZX Options:

- The Exchange proposes to re-name “BATS Only Orders”, which are not routable away from the Exchange, as “Book Only Orders.”
- The Exchange proposes to re-name “BATS Post Only Orders”, which do not remove liquidity from the Exchange, as “Post Only Orders.”
- The Exchange proposes to refer to other “options exchanges” rather than other “trading centers.”
- The Exchange proposes to refer to “contracts” rather than “shares.”

Proposed Changes to Order Type Modifiers and Routing Instructions

Rule 21.1 sets forth numerous definitions applicable to the operation of the BZX Options System, primarily the order types and order type modifiers accepted by BZX Options. Rule 21.9 describes the process for routing orders away from BZX Options. The Exchange proposes the following changes to Rules 21.1 and 21.9:

⁶ Exchange Rule 16.1(59) defines “System” as “the automated trading system used by BATS Options for the trading of options contracts.”

- Attributable and Non-Attributable Orders. The Exchange proposes to state in Rule 21.1(a)(3) that the Exchange's data feed can be used to display orders with or without attribution. The Exchange also proposes to state in Rule 21.1(c) that the default treatment on BZX Options is that an order is a Non-Attributable Order unless the User directs otherwise. This is the opposite of EDGX Options and represents an example of a difference between the rules of BZX Options and EDGX Options that the Exchange currently intends to maintain. Finally, the Exchange proposes to make minor formatting and structural changes to conform to EDGX Options Rule 21.1(c). These changes will conform BZX Options Rules 21.1(a)(3) and 21.1(c) to EDGX Options Rules 21.1(a)(3) and 21.1(c).
- Price Improving Orders. The Exchange proposes to remove duplicative language from the definition of Price Improving Orders in Rule 21.1(d)(6). First, because all orders are displayed on BZX Options, the Exchange proposes to remove reference to orders "that are available for display." Second, because the display-price sliding process described in Rule 21.1(h) describes the process by which orders are displayed at the applicable minimum price variation and the description of Price Improving Orders cross-references Rule 21.1(h), the Exchange proposes to remove language stating that Price Improving orders are "rounded to the minimum price variation." These changes will conform BZX Options Rule 21.1(d)(6) to EDGX Options Rule 21.1(d)(6).
- Destination Specific Orders, Directed ISOs and Parallel T. Both Destination Specific Orders and Directed ISOs, described in Rule 21.1(d)(7) and 21.1(d)(12), respectively, are routing instructions rather than order types or order type

modifiers. Accordingly, to conform BZX Options Rules to the structure of Exchange Rules 11.9 and 11.13, applicable to BZX Equities, as well as EDGX Options Rules 21.1 and 21.9, the Exchange proposes to re-locate these rules in Rules 21.9(a)(2)(C) and 21.9(a)(2)(D), applicable to routing away from BZX Options. The Exchange also proposes to re-number the remainder of Rule 21.1(d) and to modify cross-references contained in other portions of Chapter XXI in connection with this change. These changes will conform BZX Options Rule 21.1(d) to EDGX Options Rule 21.1(d).

As noted above, the Exchange proposes to re-locate the descriptions of Destination Specific Orders and Directed ISOs to Rule 21.9, which governs routing from BZX Options. The Exchange also proposes stylistic changes to conform the descriptions of these routing strategies with other routing strategies described in Rule 21.9(a)(2). Further, the Exchange proposes to eliminate reference to an obsolete routing option, Parallel T, which is set forth in Rule 21.9(a)(2)(D) and is not offered on BZX Options (or EDGX Options).⁷ Finally, the Exchange proposes to eliminate current Rule 21.9(a)(2)(E), which is simply a cross-reference reflecting the fact that these routing strategies used to be contained within Rule 21.1; to move the Parallel D routing strategy to Rule 21.9(a)(2)(A), which is simply a paragraph that had been reserved for future use

⁷ The Exchange notes that it adopted rules describing the Parallel T routing strategy along with several other routing strategies based the routing rules for BZX Equities. However, the Exchange never implemented or offered the Parallel T routing strategy for BZX Options. See Securities Exchange Act Release No. 63090 (October 13, 2010), 75 FR 64387 (October 19, 2010) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. To Amend BATS Rule 21.9, Entitled "Order Routing").

due to the prior elimination of a routing strategy; and to re-number all other routing strategies accordingly. These changes will conform BZX Options Rule 21.9(a)(2) to EDGX Options Rule 21.9(a)(2).

- Routable Orders with Time in Force of Immediate-or-Cancel or Fill-or-Kill. The Exchange proposes to modify Rule 21.1(f)(2) to update the description of the Time in Force (“TIF”) of Immediate Or Cancel (“IOC”) to make clear that orders with a TIF of IOC are routable even though such TIF indicates an instruction to execute an order immediately in whole or in part and/or cancel it back. Under current rules, the TIF of IOC indicates that an order is to be executed in whole or in part as soon as such order is received and the portion not executed is to be cancelled. The Exchange proposes to expand upon the description of IOC to specify that an order with such TIF may be routed away from the Exchange but that in no event will an order with such TIF be posted to the BATS Options Book. The Exchange notes that IOC orders routed away from the Exchange are in turn routed as IOC orders. The Exchange also notes that current Rule 21.9 already includes reference to routable IOCs, and the proposed modifications to the rule text are intended to add further specificity that IOCs are routable.

In addition to the change described above, the Exchange proposes to make clear in Rule 21.1(f)(5) that an order with a TIF of FOK is not eligible for routing. Although orders with a TIF of FOK are generally treated the same as IOCs, the Exchange does not permit routing of orders with a FOK because the Exchange is unable to ensure the instruction of FOK (i.e., execution of an order in its entirety) through the routing process.

Finally, in connection with these changes, the Exchange also proposes to modify current Rule 21.9(a)(1) to add the cancellation of an unfilled balance of an order as one possible outcome after an order has been routed away. Rule 21.9(a)(1) currently describes other variations of how the Exchange handles an order after it has been routed away, but does not specifically state that it may be cancelled after the routing process, which would be the case with an order submitted to the Exchange with a TIF of IOC. The Exchange also proposes to re-number the remainder of Rule 21.9(a)(1) accordingly and to eliminate current Rule 21.9(a)(1)(D), which is duplicative to Rule 21.9(a)(1)(C). Finally, the Exchange proposes to number certain un-numbered text at the end of Rule 21.9(a)(1) as Rule 21.9(a)(1)(E). These changes will conform BZX Options Rules 21.9(f) and 21.9(a)(1) to EDGX Options Rules 21.9(f) and 21.9(a)(1).

Proposed Changes to Priority Rule and Related Routing Rule

The Exchange proposes two changes applicable to the priority of orders on BZX Options.

- First, the Exchange proposes to adopt new paragraph (d) to Rule 21.8, which recognizes existing match trade prevention rules that optionally prevent the execution of orders from the same User (i.e., based on the User's "Unique Identifier", as set forth in Rule 21.1(g)) by stating that in such a case the System will not permit such orders to execute against one another regardless of priority ranking. Proposed BZX Options Rule 21.8(d) is based on and identical to EDGX Options Rule 21.8(k).

- Second, the Exchange proposes to modify existing paragraph (b) of Rule 21.9 to clarify the Exchange's rule regarding the priority of routed orders. Paragraph (b) currently sets forth the proposition that a routed order does not retain priority on the Exchange while it is being routed to other markets. The Exchange believes that its proposed clarification to paragraph (b) is appropriate because it more clearly states that a routed order is not ranked and maintained in the BATS Options Book pursuant to Rule 21.8, and therefore is not available to execute against incoming orders. These changes will conform BZX Options Rule 21.8(b) to EDGX Options Rule 21.8(b).

Proposed Changes to Other Rules Within Chapter XXI

In addition to the changes proposed above, the Exchange proposes to make the following changes:

- Rephrasing language within Rule 21.2 to avoid use of the phrase "BATS Options options."
- Adding reference to the price adjust process, as defined in Rule 21.1(i), to Rule 21.6(f) and Rule 21.9(a)(1)(B) where there are currently already references to the display-price sliding process.
- Adding the term intra-day to Rule 21.10 when referring to anonymous transaction reports because participants do learn the identity of contra-parties in connection with the clearance and settlement of transactions.
- Adding a new paragraph (a) to Rule 21.15 based on EDGX Options Rule 21.15(a). The new paragraph simply reflects the regulations already applicable to the Exchange by stating that the Exchange will disseminate to quotation vendors

the highest bid and the lowest offer, and the aggregate quotation size associated therewith that is available, in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act. In accordance with this change, the Exchange proposes to re-name the rule as “Data Dissemination.” The Exchange also proposes to add a new paragraph title within the Rule, “Exchange Data Products”, to describe the existing rule text, and to re-number the existing rule text of Rule 21.15.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act⁹ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The proposed rule changes are generally intended to better align certain Exchange rules with the rules of EDGX Options (as well as BZX Equities) in order to provide a consistent description of functionality across the Exchange and its affiliates. Consistent descriptions of functionality between the Exchange and EDGX Options will reduce complexity and help to avoid potential confusion by Users of the Exchange that are also participants on EDGX Options. The proposed rule changes do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX Options already. The Exchange notes that the proposed rule text is

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

based on applicable EDGX Options Rules; the proposed language of the Exchange's Rules differs only to extent necessary to conform to existing Exchange rule text. The Exchange believes the proposed changes will increase the understanding of the Exchange's operations for all Members of the Exchange. Where possible, the Exchange has mirrored EDGX Options rules verbatim, because consistent rules will simplify the regulatory requirements and increase the understanding of the Exchange's operations for Members of the Exchange that are also participants on EDGX Options. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposal will provide consistent descriptions of functionality between the BZX Options and EDGX Options, thereby reducing complexity and providing improvements to rules to avoid potential confusion by Users of the Exchange that are also participants on EDGX Options. As noted elsewhere in the proposal, the Exchange is not proposing any substantive changes to the System. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁰ and paragraph (f)(6) thereunder.¹¹ The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest; (2) will not impose any significant burden on competition; and (3) will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission.¹²

The Exchange believes that the proposed rule change is particularly appropriate for filing on an immediately effective basis under paragraph (f)(6) of Rule 19b-4. As described above, the rule changes proposed herein are based on the rules of EDGX

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4.

¹² 17 CFR 240.19b-4(f)(6)(iii).

Options (as well as BZX Equities) and the proposal does not raise any new policy issues. Because this filing is based on a rule currently in place for EDGX Options and does not present any new or novel issues that have not been previously considered by the Commission, the Exchange believes this proposal is properly filed pursuant to paragraph (f)(6) of Rule 19b-4.¹³

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the noted operative delay so that the Exchange may, as soon as possible, implement the changes proposed by this filing. Such waiver would benefit investors and market participants by providing immediate clarity to the rules described above and conformity to the rules of EDGX Options. The Exchange notes that the proposal will provide consistent descriptions of functionality between the BZX Options and EDGX Options, thereby reducing complexity and providing improvements to rules to avoid potential confusion by Users of the Exchange that are also participants on EDGX Options. Further, as noted above, no changes to the System have been proposed but rather the Exchange has proposed improvements to its rules, many of which are purely stylistic. In turn, allowing the Exchange to adopt these improvements to its rules without an operative delay is consistent with the protection of investors and the public interest.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that

¹³ 17 CFR 240.19b-4(f)(6).

subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

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

The proposed rule change is based on and is substantially similar in all material respects to EDGX Rules with the exception of Rule 21.1(c), which sets forth an opposite default such that all orders are Attributable Orders unless a User indicates otherwise in contrast to the default on BZX Options that all orders are Non-Attributable Orders unless a User indicates otherwise.

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: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibits 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BATS-2016-07)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Chapter XXI of BZX Options to Further Align the Rules with those of EDGX Options

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

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

The Exchange filed a proposal for the BATS Options Market (“BATS Options” or “BZX Options”) to amend various rules contained in Chapter XXI in order to further improve such rules and to align such rules with the rules applicable to the Exchange’s affiliated options platform operated by EDGX Exchange, Inc. (“EDGX Options”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

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

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

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

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

1. Purpose

The Exchange proposes to amend various BZX Options Rules contained in Chapter XXI in order to further improve such rules and to align such rules with the rules applicable to EDGX Options, the Exchange's affiliated options platform. EDGX Options recently launched after receiving approval in August of 2015.⁵ In connection with the creation of EDGX Options as well as in connection with rule clarifications filed by the Exchange with respect to the Exchange's equity securities trading platform ("BZX Equities"),⁶ the Exchange has identified various BZX Options rules that could be improved or clarified. In addition, to the extent possible, the Exchange wishes to

⁵ See Securities Exchange Act Release No. 75650 (August 7, 2015), 80 FR 48600 (August 13, 2015) (SR-EDGX-2015-18).

⁶ See Securities Exchange Act Release No. 74738 (April 16, 2015), 80 FR 22600 (April 22, 2015) (SR-BATS-2015-09).

maintain identical rules with its affiliated trading platforms in order to avoid potential confusion by participants on the Exchange and such affiliated trading platforms. Each of the changes proposed below is consistent with these objectives and is intended to clarify and to include additional specificity regarding the current functionality of the Exchange's System,⁷ including the descriptions of BZX Options order types and order instructions, as further described below. None of the changes proposed below represents a proposed change to the operation of BZX Options.

Proposed Changes to Terminology

The Exchange proposes the following terminology changes that are applicable to one or more rules within Chapter XXI applicable to BZX Options:

- The Exchange proposes to re-name "BATS Only Orders", which are not routable away from the Exchange, as "Book Only Orders."
- The Exchange proposes to re-name "BATS Post Only Orders", which do not remove liquidity from the Exchange, as "Post Only Orders."
- The Exchange proposes to refer to other "options exchanges" rather than other "trading centers."
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Proposed Changes to Order Type Modifiers and Routing Instructions

⁷ Exchange Rule 16.1(59) defines "System" as "the automated trading system used by BATS Options for the trading of options contracts."

Rule 21.1 sets forth numerous definitions applicable to the operation of the BZX Options System, primarily the order types and order type modifiers accepted by BZX Options. Rule 21.9 describes the process for routing orders away from BZX Options. The Exchange proposes the following changes to Rules 21.1 and 21.9:

- Attributable and Non-Attributable Orders. The Exchange proposes to state in Rule 21.1(a)(3) that the Exchange's data feed can be used to display orders with or without attribution. The Exchange also proposes to state in Rule 21.1(c) that the default treatment on BZX Options is that an order is a Non-Attributable Order unless the User directs otherwise. This is the opposite of EDGX Options and represents an example of a difference between the rules of BZX Options and EDGX Options that the Exchange currently intends to maintain. Finally, the Exchange proposes to make minor formatting and structural changes to conform to EDGX Options Rule 21.1(c). These changes will conform BZX Options Rules 21.1(a)(3) and 21.1(c) to EDGX Options Rules 21.1(a)(3) and 21.1(c).
- Price Improving Orders. The Exchange proposes to remove duplicative language from the definition of Price Improving Orders in Rule 21.1(d)(6). First, because all orders are displayed on BZX Options, the Exchange proposes to remove reference to orders "that are available for display." Second, because the display-price sliding process described in Rule 21.1(h) describes the process by which orders are displayed at the applicable minimum price variation and the description of Price Improving Orders cross-references Rule 21.1(h), the Exchange proposes to remove language stating that Price Improving orders are "rounded to the

minimum price variation.” These changes will conform BZX Options Rule 21.1(d)(6) to EDGX Options Rule 21.1(d)(6).

- Destination Specific Orders, Directed ISOs and Parallel T. Both Destination Specific Orders and Directed ISOs, described in Rule 21.1(d)(7) and 21.1(d)(12), respectively, are routing instructions rather than order types or order type modifiers. Accordingly, to conform BZX Options Rules to the structure of Exchange Rules 11.9 and 11.13, applicable to BZX Equities, as well as EDGX Options Rules 21.1 and 21.9, the Exchange proposes to re-locate these rules in Rules 21.9(a)(2)(C) and 21.9(a)(2)(D), applicable to routing away from BZX Options. The Exchange also proposes to re-number the remainder of Rule 21.1(d) and to modify cross-references contained in other portions of Chapter XXI in connection with this change. These changes will conform BZX Options Rule 21.1(d) to EDGX Options Rule 21.1(d).

As noted above, the Exchange proposes to re-locate the descriptions of Destination Specific Orders and Directed ISOs to Rule 21.9, which governs routing from BZX Options. The Exchange also proposes stylistic changes to conform the descriptions of these routing strategies with other routing strategies described in Rule 21.9(a)(2). Further, the Exchange proposes to eliminate reference to an obsolete routing option, Parallel T, which is set forth in Rule 21.9(a)(2)(D) and is not offered on BZX Options (or EDGX Options).⁸ Finally,

⁸ The Exchange notes that it adopted rules describing the Parallel T routing strategy along with several other routing strategies based the routing rules for BZX Equities. However, the Exchange never implemented or offered the Parallel T

the Exchange proposes to eliminate current Rule 21.9(a)(2)(E), which is simply a cross-reference reflecting the fact that these routing strategies used to be contained within Rule 21.1; to move the Parallel D routing strategy to Rule 21.9(a)(2)(A), which is simply a paragraph that had been reserved for future use due to the prior elimination of a routing strategy; and to re-number all other routing strategies accordingly. These changes will conform BZX Options Rule 21.9(a)(2) to EDGX Options Rule 21.9(a)(2).

- Routable Orders with Time in Force of Immediate-or-Cancel or Fill-or-Kill. The Exchange proposes to modify Rule 21.1(f)(2) to update the description of the Time in Force (“TIF”) of Immediate Or Cancel (“IOC”) to make clear that orders with a TIF of IOC are routable even though such TIF indicates an instruction to execute an order immediately in whole or in part and/or cancel it back. Under current rules, the TIF of IOC indicates that an order is to be executed in whole or in part as soon as such order is received and the portion not executed is to be cancelled. The Exchange proposes to expand upon the description of IOC to specify that an order with such TIF may be routed away from the Exchange but that in no event will an order with such TIF be posted to the BATS Options Book. The Exchange notes that IOC orders routed away from the Exchange are in turn routed as IOC orders. The Exchange also notes that current Rule 21.9 already

routing strategy for BZX Options. See Securities Exchange Act Release No. 63090 (October 13, 2010), 75 FR 64387 (October 19, 2010) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. To Amend BATS Rule 21.9, Entitled “Order Routing”).

includes reference to routable IOCs, and the proposed modifications to the rule text are intended to add further specificity that IOCs are routable.

In addition to the change described above, the Exchange proposes to make clear in Rule 21.1(f)(5) that an order with a TIF of FOK is not eligible for routing. Although orders with a TIF of FOK are generally treated the same as IOCs, the Exchange does not permit routing of orders with a FOK because the Exchange is unable to ensure the instruction of FOK (i.e., execution of an order in its entirety) through the routing process.

Finally, in connection with these changes, the Exchange also proposes to modify current Rule 21.9(a)(1) to add the cancellation of an unfilled balance of an order as one possible outcome after an order has been routed away. Rule 21.9(a)(1) currently describes other variations of how the Exchange handles an order after it has been routed away, but does not specifically state that it may be cancelled after the routing process, which would be the case with an order submitted to the Exchange with a TIF of IOC. The Exchange also proposes to re-number the remainder of Rule 21.9(a)(1) accordingly and to eliminate current Rule 21.9(a)(1)(D), which is duplicative to Rule 21.9(a)(1)(C). Finally, the Exchange proposes to number certain un-numbered text at the end of Rule 21.9(a)(1) as Rule 21.9(a)(1)(E). These changes will conform BZX Options Rules 21.9(f) and 21.9(a)(1) to EDGX Options Rules 21.9(f) and 21.9(a)(1).

Proposed Changes to Priority Rule and Related Routing Rule

The Exchange proposes two changes applicable to the priority of orders on BZX Options.

- First, the Exchange proposes to adopt new paragraph (d) to Rule 21.8, which recognizes existing match trade prevention rules that optionally prevent the execution of orders from the same User (i.e., based on the User's "Unique Identifier", as set forth in Rule 21.1(g)) by stating that in such a case the System will not permit such orders to execute against one another regardless of priority ranking. Proposed BZX Options Rule 21.8(d) is based on and identical to EDGX Options Rule 21.8(k).
- Second, the Exchange proposes to modify existing paragraph (b) of Rule 21.9 to clarify the Exchange's rule regarding the priority of routed orders. Paragraph (b) currently sets forth the proposition that a routed order does not retain priority on the Exchange while it is being routed to other markets. The Exchange believes that its proposed clarification to paragraph (b) is appropriate because it more clearly states that a routed order is not ranked and maintained in the BATS Options Book pursuant to Rule 21.8, and therefore is not available to execute against incoming orders. These changes will conform BZX Options Rule 21.8(b) to EDGX Options Rule 21.8(b).

Proposed Changes to Other Rules Within Chapter XXI

In addition to the changes proposed above, the Exchange proposes to make the following changes:

- Rephrasing language within Rule 21.2 to avoid use of the phrase “BATS Options options.”
- Adding reference to the price adjust process, as defined in Rule 21.1(i), to Rule 21.6(f) and Rule 21.9(a)(1)(B) where there are currently already references to the display-price sliding process.
- Adding the term intra-day to Rule 21.10 when referring to anonymous transaction reports because participants do learn the identity of contra-parties in connection with the clearance and settlement of transactions.

Adding a new paragraph (a) to Rule 21.15 based on EDGX Options Rule 21.15(a). The new paragraph simply reflects the regulations already applicable to the Exchange by stating that the Exchange will disseminate to quotation vendors the highest bid and the lowest offer, and the aggregate quotation size associated therewith that is available, in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act. In accordance with this change, the Exchange proposes to re-name the rule as “Data Dissemination.” The Exchange also proposes to add a new paragraph title within the Rule, “Exchange Data Products”, to describe the existing rule text, and to re-number the existing rule text of Rule 21.15.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The proposed rule changes are generally intended to better align certain Exchange rules with the rules of EDGX Options (as well as BZX Equities) in order to provide a consistent description of functionality across the Exchange and its affiliates. Consistent descriptions of functionality between the Exchange and EDGX Options will reduce complexity and help to avoid potential confusion by Users of the Exchange that are also participants on EDGX Options. The proposed rule changes do not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on BZX Options already. The Exchange notes that the proposed rule text is based on applicable EDGX Options Rules; the proposed language of the Exchange's Rules differs only to extent necessary to conform to existing Exchange rule text. The Exchange believes the proposed changes will increase the understanding of the Exchange's operations for all Members of the Exchange. Where possible, the Exchange has mirrored EDGX Options rules verbatim, because consistent rules will simplify the regulatory requirements and increase the understanding of the Exchange's operations for Members of the Exchange that are also participants on EDGX Options. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange does not believe that the proposed rule change will impose any

burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposal will provide consistent descriptions of functionality between the BZX Options and EDGX Options, thereby reducing complexity and providing improvements to rules to avoid potential confusion by Users of the Exchange that are also participants on EDGX Options. As noted elsewhere in the proposal, the Exchange is not proposing any substantive changes to the System. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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 Act¹¹ and paragraph (f)(6) of Rule 19b-4 thereunder,¹² the Exchange has designated this rule filing as non-controversial. The

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4.

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 concerning the foregoing, including whether the proposal is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-2016-07 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-BATS-2016-07. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BATS-2016-07 and should be submitted on or before [_____21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Robert W. Errett
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).

Note: Proposed new language is underlined. Proposed deletions are enclosed in [brackets].

Rules of BATS Exchange, Inc.

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CHAPTER XXI. TRADING SYSTEMS

Rule 21.1. Definitions

(No change.)

(a) (No changes.)

(1)-(2) (No changes.)

(3) a data feed(s) that can be used to display with or without attribution to Options Members' MPIDs Displayed Orders on both the bid and offer side of the market for price levels then within BATS Options using the minimum price variation applicable to that security

(b) (No changes.)

(c) The term "Order" shall mean a single order submitted to the System by a User and shall include both Attributable and Non-Attributable Orders, as defined below. The System shall treat all Orders as Non-Attributable Orders unless a User has entered instructions to treat such Orders as Attributable Orders.[:]

(1) "Attributable Orders[,]" [which] are orders that are designated for display (price and size) including the User's market participant identifier ("MPID");

(2) "Non-Attributable Orders[,]" [which] are orders that are designated for display (price and size) on an anonymous basis by the Exchange.

(d) The term "Order Type" shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) – (2) (No changes.)

(3) "Minimum Quantity Orders" are orders that require that a specified minimum quantity of contracts be obtained, or the order is cancelled. Minimum Quantity Orders will only execute against multiple, aggregated orders if such execution would occur simultaneously. The Exchange will only honor a specified minimum quantity on a [BATS]Book Only Order entered with a time-in-force designation of Immediate or Cancel and will disregard a minimum quantity on any other order.

(4)-(5) (No changes.)

(6) “Price Improving Orders” are orders to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders may be entered in increments as small as (1) one cent. Price Improving Orders [that are available for display] shall be displayed at the minimum price variation in that security and shall be rounded up for sell orders and rounded down for buy orders. Unless a User has entered instructions not to do so, Price Improving Orders will be [rounded to the minimum price variation and] subject to the display-price sliding process as set forth in paragraph (h) below.

[(7)] “Destination Specific Orders” are market or limit orders that instruct the System to route the order to a specified away trading center, after exposing the order to the BATS Options Book. Destination Specific Orders that are not executed in full after routing away are processed by the Exchange as described in Rules 21.8 (Order Display and Book Processing) and 21.9 (Order Routing).]

[(8)](7) “[BATS] Book Only Orders” are orders that are to be ranked and executed on the Exchange pursuant to Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another [trading center] options exchange. A [BATS] Book Only Order will be subject to the display-price sliding process unless a User has entered instructions not to use the display-price sliding process as set forth in paragraph (h) below.

[(9)](8) “[BATS] Post Only Orders” are orders that are to be ranked and executed on the Exchange pursuant to Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another [trading center] options exchange except that the order will not remove liquidity from the BATS Options Book, other than as described below. A [BATS] Post Only Order subject to the display-price sliding process under paragraph (h) below will execute against an order resting on the BATS Options Book if the value of price improvement associated with such execution equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the order posted to the BATS Options Book and subsequently provided liquidity. A [BATS] Post Only Order will be subject to the display-price sliding process unless a User has entered instructions not to use the display-price sliding process as set forth in paragraph (h) below.

[(10)](9) “Partial Post Only at Limit Orders” are orders that are to be ranked and executed on the Exchange pursuant to Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another [trading center] options exchange except that the order will only remove liquidity from the BATS Options Book under the following circumstances:

(A)-(B) (No changes.)

(No changes.)

[(11)](10) “Intermarket Sweep Orders” or “ISO” are orders that shall have the meaning provided in Rule 27.1 (Definitions). Such orders may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (*i.e.*, may trade through such quotations). The Exchange relies on the marking of an order by a User as an ISO order when handling such order, and thus, it is the entering Member’s responsibility, not the Exchange’s responsibility, to comply with the requirements relating to ISOs. ISOs are not eligible for routing pursuant to Rule 21.9 (Order Routing).

[(12) “Directed Intermarket Sweep Orders” or “Directed ISOs” are ISOs entered by a User that bypass the System and are immediately routed by the Exchange to another options exchange specified by the User for execution. It is the entering Member’s responsibility, not the Exchange’s responsibility, to comply with the requirements relating to Intermarket Sweep Orders.]

[(13)](11) Stop Order. A Stop Order is an order that becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the consolidated last sale in the option occurs at, or above, the specified stop price. A Stop Order to sell is elected when the consolidated last sale in the option occurs at, or below, the specified stop price.

[(14)](12) Stop Limit Order. A Stop Limit Order is an order that becomes a limit order when the stop price is elected. A Stop Limit Order to buy is elected when the consolidated last sale in the option occurs at, or above, the specified stop price. A Stop Limit Order to sell becomes a sell limit order when the consolidated last sale in the option occurs at, or below, the specified stop price

(e) (No changes.)

(f) The term “Time in Force” shall mean the period of time that the System will hold an order for potential execution, and shall include:

(1) (No changes.)

(2) “Immediate Or Cancel” or “IOC” shall mean, for an order so designated, a limit order that is to be executed in whole or in part as soon as such order is received[, and the]. The portion not so executed immediately on the Exchange or another options exchange is cancelled and is not posted to the BATS Options Book. IOC limit orders that are not designated as Book Only Orders and that cannot be executed in accordance with Rule 21.8 on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 21.9.

(3)-(4) (No changes.)

(5) “Fill-or-Kill” [(or “FOK”)]. A limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled. A limit order designated as FOK is not eligible for routing away pursuant to Rule 21.9.

(g) (No changes.)

(h) Display-Price Sliding.

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

(4) Any [BATS] Post Only Order subject to the display-price sliding process described in this paragraph (h) that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed as set forth in Rule 21.1(d)[(9)](8) or cancelled. Any Partial Post Only at Limit Order subject to the display-price sliding process described in this paragraph (h) that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed as set forth in Rule 21.1(d)[(10)](9) or cancelled. Any [BATS] Post Only Order or Partial Post Only at Limit Order that locks or crosses a Protected Quotation displayed by an external market upon entry will be subject to the display-price sliding process described in this paragraph (h). In the event the NBBO changes such that a [BATS] Post Only Order subject to display-price sliding would be ranked at a price at which it could remove displayed liquidity from the BATS Options Book, the order will be cancelled.

(i) Price Adjust.

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

(4) Any [BATS] Post Only Order that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be adjusted pursuant to the Price Adjust process described in this paragraph (i). Any Partial Post Only at Limit Order that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed as set forth in Rule 21.1(d)[(10)](9) or adjusted pursuant to the Price Adjust process described in this paragraph (i).

(j) (No changes.)

Rule 21.2. Days and Hours of Business

(a) (No changes.)

(b) Except as set forth in paragraph (a) above or in unusual conditions as may be determined by the Exchange, hours during which transactions in options on individual stocks may be made on BATS Options shall correspond to the normal business days and hours for

business set forth in the rules of the primary market trading the securities underlying options traded on BATS Options[options].

(c) (No changes.)

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Rule 21.6. Entry of Orders

(No changes.)

(a)-(e) (No changes.)

(f) Any order entered with a price that would lock or cross a Protected Quotation of another options exchange that is not eligible for either routing[or], the display-price sliding process as defined in paragraph (h) of Rule 21.1 (Definitions), or the Price Adjust Process as defined in paragraph (i) of Rule 21.1 will be cancelled.

* * * * *

Rule 21.8. Order Display and Book Processing

(No changes.)

(a)-(c) (No changes.)

(d) Match Trade Prevention. Pursuant to Rule 21.1(g), Users may direct that orders entered into the System not execute against orders entered under the same Unique Identifier. In such a case, the System will not permit such orders to execute against one another, regardless of priority ranking.

Rule 21.9. Order Routing

(a) General. For System securities, the order routing process shall be available to Users from 9:30 a.m. Eastern Time until market close, and shall route orders as follows. Users can designate orders as either available for routing or not available for routing. Orders designated as not available for routing shall follow the book processing rules set forth in Rule 21.8 (Order Display and Book Processing) above.

(1) *Routing to Away [Trading Centers]Options Exchanges.* Orders designated as available for routing will first check the BATS Options Book for available contracts for execution pursuant to Rule 21.8 (Order Display and Book Processing). After checking the BATS Options Book for available contracts, the System will designate orders as IOCs and will cause such orders to be routed to one or more options exchanges for potential execution, per the entering User's instructions. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, the System will process the balance of such order as follows. Depending

on parameters set by the User when the incoming order was originally entered, the System will either:

(A) cancel the unfilled balance of the order back to the User;

(B) [if a limit order,] post the unfilled balance of the order to the BATS Options Book, subject to the display-price sliding process as defined in [paragraph] Rule 21.1(h) [of] or price adjust process as defined in Rule 21.1(i), if applicable;

[(B)](C) repeat the process described above by executing against the BATS Options Book and/or routing to other options exchanges until the original, incoming order is executed in its entirety;

[(C)](D) repeat the process described above by executing against the BATS Options Book and/or routing to other options exchanges until the original, incoming order is executed in its entirety, or, if not executed in its entirety and a limit order, post the unfilled balance of the order on the BATS Options Book if the order's limit price is reached; or

(D) repeat the process described above by executing against the BATS Options Book and/or routing to other options exchanges, provided that the System will check the BATS Options Book for liquidity at the order's limit price only one time, then route orders at that limit price to other options exchanges, and then cancel any unfilled balance of the order back to the User.]

(E) [Notwithstanding the foregoing,] to the extent the System is unable to access a Protected Quotation and there are no other accessible Protected Quotations at the NBBO, the System will cancel the order back to the User, provided, however, that this provision will not apply to Protected Quotations published by an options exchange against which the Exchange has declared self-help pursuant to Rule 27.2(b)(1).

(2) *Routing Options.* The System provides a variety of routing options. Routing options may be combined with all available order types and times-in-force, with the exception of order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible markets. The term "System routing table" refers to the proprietary process for determining the specific options exchanges to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(A) [(Reserved.)]

[(B)] Parallel D. Parallel D is a routing option under which an order checks the System for available [shares]contracts and then is sent to destinations on the System routing table. The System may route to multiple destinations at a single price level simultaneously through Parallel D routing.

[(C)](B) Parallel 2D. Parallel 2D is a routing option under which an order checks the System for available [shares]contracts and then is sent to destinations on the System routing table. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel 2D routing.

(C) Destination Specific. Destination Specific is a routing option under which an order checks the System for available contracts and then is sent to a specified away options exchange.

(D) [Parallel T. Parallel T is a routing option under which an order checks the System for available displayed shares and then is sent to destinations on the System routing table. Pursuant to Parallel T, orders route only to Protected Quotations and only for displayed size. The System may route to multiple destinations and at multiple price levels simultaneously through Parallel T routing.]Directed ISO. Directed ISO is a routing option under which an ISO entered by a User bypasses the System and is sent by the System to another options exchange specified by the User. It is the entering Member's responsibility, not the Exchange's responsibility, to comply with the requirements relating to Intermarket Sweep Orders.

[(E) "Destination Specific Orders" and "Directed ISOs" are routed orders described in Rule 21.1.]

(3) Re-Route Instructions. Unless otherwise specified, the Re-Route instructions set forth below may be combined with any of the System routing options specified in paragraph (a)(2) above.

(A) Aggressive. To the extent the unfilled balance of a routable order has been posted to the BATS Options Book pursuant to paragraph (a)(2) above, should the order subsequently be locked or crossed by another accessible [Trading Center]options exchange, the System shall route the order to the locking or crossing [Trading Center]options exchange if the User has selected the Aggressive Re-Route instruction.

(B) Super Aggressive. To the extent the unfilled balance of a routable order has been posted to the BATS Options Book pursuant to paragraph (a)(1) above, should the order subsequently be locked or crossed by another accessible [Trading Center]options exchange, the System shall route the order to the locking or crossing [Trading Center]options exchange if the User has selected the Super Aggressive Re-Route instruction.

(b) Priority of Routed Orders. Orders [sent]that have been routed by the System to other options exchanges [do not retain time priority with respect to other orders in the System and the System shall continue to execute other orders while routed orders are away at another options exchange]are not ranked and maintained in the BATS Options Book pursuant to Rule 21.8, and therefore are not available to execute against incoming orders. Once routed by the System, an order becomes subject to the rules and procedures of the destination options exchange including, but not limited to, order cancellation. If a routed order is subsequently returned, in whole or in part, that order, or its remainder, shall receive a new time stamp reflecting the time of its return to the System.

(c)-(e) (No changes.)

(f) Market Access. In addition to the Exchange Rules regarding routing to away [trading centers]options exchanges, BATS Trading, as defined in Rule 2.11, has, pursuant to Rule 15c3-5 under the Act, implemented certain tests designed to mitigate the financial and regulatory risks associated with providing the Exchange's Members with access to such away [trading centers]options exchanges. Pursuant to the policies and procedures developed by BATS Trading to comply with Rule 15c3-5, if an order or series of orders are deemed to be erroneous or duplicative, would cause the entering Member's credit exposure to exceed a preset credit threshold, or are non-compliant with applicable pre-trade regulatory requirements (as defined in Rule 15c3-5), BATS Trading will reject such orders prior to routing and/or seek to cancel any orders that have been route.

Rule 21.10. Anonymity

(a) The intra-day transaction reports produced by the System will indicate the details of the transactions, and shall not reveal contra party identities.

(b)-(c) (No changes.)

* * * * *

Rule 21.15. Data [Products]Dissemination

(a) Dissemination of Quotations. The Exchange will disseminate to quotation vendors the highest bid and the lowest offer, and the aggregate quotation size associated therewith that is available, in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act.

(b) Exchange Data Products. The Exchange offers the following data products free of charge, except as otherwise noted in the Fee Schedule:

[(a)](1) Multicast PITCH. Multicast PITCH is an uncompressed data feed that offers depth of book quotations and execution information based on options orders entered into the System.

[(b)](2) DROP. DROP is an uncompressed data feed that offers information regarding the options trading activity of a specific Member. DROP is only available to the Member to whom the specific data relates and those recipients expressly authorized by the Member.

[(c)](3) Historical Data. Historical Data is a data product that offers historical options data.

* * * * *