

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 02	Amendment No. (req. for Amendments *)
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Filing by Bats BZX 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) * <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 \*).

The Exchange proposes rule changes in connection with the Equity Options Platform.

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


**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 03/24/2016	SVP, Associate General Counsel
By Anders Franzon	<input type="text"/>
(Name *)	



afranzon@bats.com

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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

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

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

1. Text of the Proposed Rule Change

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> Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to authorize the Exchange’s equity options platform (“BZX Options”) to make a modification to Rule 21.15, Data Dissemination, in connection with the operation BZX Options, as described below. In connection with this change the Exchange also proposes to adopt definitions of “Priority Customer” and “Priority Customer Order” in Rule 16.1. Finally, the Exchange also proposes a related change to Rule 20.6. 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>

(a) 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

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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).

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

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

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

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

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

(a) Purpose

The Exchange is proposing to modify Rule 21.15, Data Dissemination, which sets forth information regarding quotations and data feeds provided by BZX Options. Specifically, the Exchange proposes to adopt new paragraph (c) to provide information regarding the existence of Priority Customer interest on the BZX order book ("BZX Book"). In connection with this change the Exchange also proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1. Finally, the Exchange also proposes a related change to Rule 20.6.

As proposed, the Exchange will make available to all market participants through the Options Price Reporting Authority ("OPRA") an indication that there is Priority Customer interest included in the best bid or offer ("BBO") disseminated by the Exchange. Further, the Exchange will identify Priority Customer orders and trades as such on messages disseminated by the Exchange through its Multicast PITCH data feed. The proposed rule is similar to and based on Rule 21.15(c) of the Exchange's affiliated options exchange, the options platform operated by Bats EDGX Exchange, Inc. ("EDGX Options").

The Exchange notes that EDGX Options Rule 21.15(c) is identical to the proposed rule with the exception that EDGX Options Rule 21.15(c) currently refers to Customers, which term also includes broker-dealers and Public Customers, rather than Priority Customers as proposed by the Exchange. The Exchange notes that simultaneous with this proposal, Bats EDGX Exchange, Inc. is filing a proposal to modify Rule 21.15 to change the reference in such rule to “Priority Customer” and to adopt definitions of “Priority Customer” and “Priority Customer Order.”<sup>4</sup>

In addition to the change described above, the Exchange proposes to adopt definitions of “Priority Customer” and “Priority Customer Order” in Rule 16.1 and to use such defined terms in proposed Rule 21.15(c). As proposed, a Priority Customer would mean any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional.<sup>5</sup> In turn, a Priority Customer Order would mean an order for the account of a Priority Customer. The proposed definitions are similar to and based on the definitions of the same terms set forth in MIAX Rule 100. The Exchange proposes to adopt these new definitions in new paragraph (a)(45) and to re-number existing paragraphs (a)(45) through (a)(47) as paragraphs (a)(46) through (a)(48). In addition, because the defined term “Public Customer Order” is not currently utilized in Exchange Rules, the Exchange proposes to delete this definition, which is currently contained in paragraph (a)(48).

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<sup>4</sup> See SR-BatsEDGX-2016-03, *available at*: [http://www.batstrading.com/regulation/rule\\_filings/edgx/](http://www.batstrading.com/regulation/rule_filings/edgx/).

<sup>5</sup> Pursuant to Rule 16.1(a)(45) (proposed to be re-numbered as 16.1(a)(46)), the Exchange defines a “Professional” as any person or entity that (A) is not a broker or dealer in securities, and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

The Exchange proposes to adopt the definition of Priority Customer to exclude both broker-dealers and Professionals. This change is consistent with the Exchange's fee schedule, which already excludes Professionals from the definition of the term Customer for purposes of pricing on the Exchange.<sup>6</sup>

In addition to the proposed changes described above, the Exchange also proposes to modify Rule 20.6(a)(1) to use the defined term of "Professional" rather than the term "Professional Customer," which is not defined in Rule 16.1.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>7</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act<sup>8</sup> because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 will allow the

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<sup>6</sup> See the BZX Options fee schedule available at: [http://www.batsoptions.com/support/fee\\_schedule/bzx](http://www.batsoptions.com/support/fee_schedule/bzx). As defined on the fee schedule, a "Customer" is synonymous with the proposed term Priority Customer in the Exchange's Rules as the definition excludes both broker dealers and Professionals as defined in BZX Rule 16.1.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

Exchange to provide information that is provided by other options exchanges.<sup>9</sup>

Equivalent information from the Exchange will enable market participants to participate on the Exchange in the same way that they participate on other options exchanges. In particular, the indication that Priority Customer interest exists on the BZX Book might increase the likelihood of executions for such orders. As set forth above, proposed Exchange Rule 21.15(c) is based on EDGX Rule 21.15(c) and will be identical to such rule following a modification by EDGX Options to instead use the term Priority Customer rather than Customer. Further, the definitions of Priority Customer and Priority Customer Order are similar to and based on the definitions of the same terms set forth in MIAX Rule 100.

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 proposed rule change does not introduce any burden on competition, but rather, would allow the Exchange to provide information provided by other option exchanges regarding the existence of customer interest on the order book.<sup>10</sup> Similarly, the proposed definitions of Priority Customer and Priority Customer Order would align the Exchange's rules more closely with those of other options exchanges.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule

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<sup>9</sup> See EDGX Rule 21.15; see also MIAX Rule 506(c); Securities Exchange Act Release No. 62399 (June 28, 2010), 75 FR 38587 (July 2, 2010) (SR-ISE-2010-34) (Order Approving Proposed Rule Change to Fees for the ISE Order Feed) (describing that information is contained on individual limit orders indicating whether such orders are customer orders).

<sup>10</sup> See id.

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 Act<sup>11</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>12</sup> 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) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as designated by the Commission.<sup>13</sup>

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. The Exchange notes that the proposal will allow its Rule 21.15 to mirror EDGX Options Rule

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4.

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).



21.15, as amended.<sup>14</sup> The Exchange also again notes that the proposed definitions of Priority Customer and Priority Customer Order are similar to and based on MIAX Rule 100. Accordingly, the proposed change is similar to existing rules of other options exchanges and does not raise any new policy issues. Because this filing is based on rules currently in place at another options exchange and does not present any new or novel issues that have not been previously considered by the Commission, the Exchange has designated this rule filing as non-controversial under 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 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>17</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>18</sup> The proposal will allow the Exchange to provide information regarding BZX Options that is similar to information provided by other options exchanges.<sup>19</sup> Thus, waiver of the 30-day operative delay will allow the Exchange to more effectively compete with other options exchanges. Waiver of the operative delay is consistent with the protection of investors and the public interest for the reasons described above.

At any time within 60 days of the filing of the proposed rule change, the

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<sup>14</sup> See supra, note 4 and accompanying text.

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

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

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

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

<sup>19</sup> See supra, note 9.

Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

Proposed Exchange Rule 21.15(c) is identical to EDGX Options Rule 21.15(c), as amended.<sup>20</sup>

The Exchange notes that its proposed definition of Priority Customer is similar to the definition of Priority Customer set forth in MIAX Rule 100 and the proposed definition of Priority Customer Order is identical to the definition of Priority Customer Order set forth in MIAX Rule 100. The Exchange notes that instead of using a description of Professionals as MIAX does in the Priority Customer definition under Rule 100 (i.e., a party that does not place more than 390 orders in listed options per day on average during a calendar month for its own), the Exchange has proposed to use the defined term Professional.

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.

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<sup>20</sup> See supra, note 4 and accompanying text.

Exhibit 2–4: Not applicable.

Exhibit 5: Text of Proposed Rule Change

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BatsBZX-2016-02)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Changes in Connection with the Operation of the Exchange's Equity Options Platform

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 BZX Exchange, Inc. (the "Exchange" or "BZX") 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 21.15, Data Dissemination, in connection with the operation BZX Options, as described below. In connection with this change the Exchange also proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1. Finally, the Exchange also proposes a related

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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).

change to Rule 20.6.

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

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

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

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

1. Purpose

The Exchange is proposing to modify Rule 21.15, Data Dissemination, which sets forth information regarding quotations and data feeds provided by BZX Options. Specifically, the Exchange proposes to adopt new paragraph (c) to provide information regarding the existence of Priority Customer interest on the BZX order book ("BZX Book"). In connection with this change the Exchange also proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1. Finally, the Exchange also proposes a related change to Rule 20.6.

As proposed, the Exchange will make available to all market participants through the Options Price Reporting Authority ("OPRA") an indication that there is Priority Customer interest included in the best bid or offer ("BBO") disseminated by the

Exchange. Further, the Exchange will identify Priority Customer orders and trades as such on messages disseminated by the Exchange through its Multicast PITCH data feed. The proposed rule is similar to and based on Rule 21.15(c) of the Exchange's affiliated options exchange, the options platform operated by Bats EDGX Exchange, Inc. ("EDGX Options").

The Exchange notes that EDGX Options Rule 21.15(c) is identical to the proposed rule with the exception that EDGX Options Rule 21.15(c) currently refers to Customers, which term also includes broker-dealers and Public Customers, rather than Priority Customers as proposed by the Exchange. The Exchange notes that simultaneous with this proposal, Bats EDGX Exchange, Inc. is filing a proposal to modify Rule 21.15 to change the reference in such rule to "Priority Customer" and to adopt definitions of "Priority Customer" and "Priority Customer Order."<sup>5</sup>

In addition to the change described above, the Exchange proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1 and to use such defined terms in proposed Rule 21.15(c). As proposed, a Priority Customer would mean any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional.<sup>6</sup> In turn, a Priority Customer Order would mean an order for the account of a Priority Customer. The proposed definitions are similar to and based on the

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<sup>5</sup> See SR-BatsEDGX-2016-03, *available at*: [http://www.batstrading.com/regulation/rule\\_filings/edgx/](http://www.batstrading.com/regulation/rule_filings/edgx/).

<sup>6</sup> Pursuant to Rule 16.1(a)(45) (proposed to be re-numbered as 16.1(a)(46)), the Exchange defines a "Professional" as any person or entity that (A) is not a broker or dealer in securities, and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

definitions of the same terms set forth in MIAX Rule 100. The Exchange proposes to adopt these new definitions in new paragraph (a)(45) and to re-number existing paragraphs (a)(45) through (a)(47) as paragraphs (a)(46) through (a)(48). In addition, because the defined term “Public Customer Order” is not currently utilized in Exchange Rules, the Exchange proposes to delete this definition, which is currently contained in paragraph (a)(48).

The Exchange proposes to adopt the definition of Priority Customer to exclude both broker-dealers and Professionals. This change is consistent with the Exchange’s fee schedule, which already excludes Professionals from the definition of the term Customer for purposes of pricing on the Exchange.<sup>7</sup>

In addition to the proposed changes described above, the Exchange also proposes to modify Rule 20.6(a)(1) to use the defined term of “Professional” rather than the term “Professional Customer,” which is not defined in Rule 16.1.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act<sup>9</sup> because it is

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<sup>7</sup> See the BZX Options fee schedule available at: [http://www.batsoptions.com/support/fee\\_schedule/bzx](http://www.batsoptions.com/support/fee_schedule/bzx). As defined on the fee schedule, a “Customer” is synonymous with the proposed term Priority Customer in the Exchange’s Rules as the definition excludes both broker dealers and Professionals as defined in BZX Rule 16.1.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 will allow the Exchange to provide information that is provided by other options exchanges.<sup>10</sup> Equivalent information from the Exchange will enable market participants to participate on the Exchange in the same way that they participate on other options exchanges. In particular, the indication that Priority Customer interest exists on the BZX Book might increase the likelihood of executions for such orders. As set forth above, proposed Exchange Rule 21.15(c) is based on EDGX Rule 21.15(c) and will be identical to such rule following a modification by EDGX Options to instead use the term Priority Customer rather than Customer. Further, the definitions of Priority Customer and Priority Customer Order are similar to and based on the definitions of the same terms set forth in MIAX Rule 100.

(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 proposed rule change does not introduce any burden on competition, but

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<sup>10</sup> See EDGX Rule 21.15; see also MIAX Rule 506(c); Securities Exchange Act Release No. 62399 (June 28, 2010), 75 FR 38587 (July 2, 2010) (SR-ISE-2010-34) (Order Approving Proposed Rule Change to Fees for the ISE Order Feed) (describing that information is contained on individual limit orders indicating whether such orders are customer orders).



rather, would allow the Exchange to provide information provided by other option exchanges regarding the existence of customer interest on the order book.<sup>11</sup> Similarly, the proposed definitions of Priority Customer and Priority Customer Order would align the Exchange's rules more closely with those of other options exchanges.

(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 Act<sup>12</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>13</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.

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<sup>11</sup> See id.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4.

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](mailto:rule-comments@sec.gov). Please include File No. SR-BatsBZX-2016-02 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-BatsBZX-2016-02. 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-BatsBZX-2016-02 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>14</sup>

Robert W. Errett  
Deputy Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

### **Rules of Bats BZX Exchange, Inc.**

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#### **CHAPTER XVI. GENERAL PROVISIONS – BZX OPTIONS**

##### Rule 16.1. Definitions

(a) (No change.)

(1)-(44) (No change.)

(45) The term “Priority Customer” means any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. The term “Priority Customer Order” means an order for the account of a Priority Customer.

[(45)](46) The term “Professional” means any person or entity that: (A) is not a broker or dealer in securities[,]; and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Options Members.

[(46)](47) The term “Protected Quotation” has the meaning provided in Rule 27.1.

[(47)](48) The term “Public Customer” means a person that is not a broker or dealer in securities.

[(48) The term “Public Customer Order” means an order for the account of a Public Customer.]

(49)-(63) (No change.)

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#### **CHAPTER XX. REGULATION OF TRADING ON BZX OPTIONS**

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##### Rule 20.6. Nullification and Adjustment of Options Transactions including Obvious Errors

(No change.)

(a) Definitions.

(1) *Customer*. For purposes of this Rule, a Customer shall not include any broker-dealer or Professional[ Customer].

(2)-(4) (No change.)

(b)-(1) (No change.)

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## CHAPTER XXI. TRADING SYSTEMS

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### Rule 21.15. Data Dissemination

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

(c) Notification of Priority Customer Interest on the Book.

(1) The Exchange will make available to all market participants through OPRA an indication that there is Priority Customer interest included in the BBO disseminated by the Exchange.

(2) The Exchange will identify Priority Customer Orders and trades as such on messages disseminated by the Exchange through its Multicast PITCH data feed.

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