

Required fields are shown with yellow backgrounds and asterisks.

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 checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <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 related to fees as they apply to 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 * Chris	Last Name * Solgan
Title * Assistant General Counsel	
E-mail * csolgan@bats.com	
Telephone * (646) 856-8723	Fax

Signature

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

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

(Title *)

Date 04/07/2016	Assistant General Counsel
By Chris Solgan	
(Name *)	



csolgan@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

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

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

1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule applicable to Members³ and non-Members of the Exchange pursuant to BZX Rules 15.1(a) and (c). The changes to the fee schedule pursuant to this proposal are effective upon filing.

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 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

Chris Solgan

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Member is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

EVP, General Counsel
(913) 815-7000

Assistant General Counsel
(913) 815-7121

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

(a) Purpose

The Exchange proposes to modify its fee schedule applicable to the Exchange's options platform ("BZX Options") to: (i) replace references to "NBMM" (i.e., Non-Bats Market Maker) with the term "Away MM" (i.e. Away Market Maker); (ii) adopt a new Quoting Incentive Program Tier under footnote 5; (iii) amend the criteria necessary to meet the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 under footnote 2; and (iv) amend the criteria necessary to meet the Away Market Maker Penny Pilot Add Volume Tier 2 under footnote 10.

Replace References to "NBMM" with "Away MM"

In February 2016, the Exchange amended its fee schedule to rename the defined term "Non-BATS Market Maker" as "Away Market Maker" to be consistent with terminology used on the options fee schedule of the Exchange's affiliate, Bats EDGX Exchange, Inc.⁴ In light of that change, the Exchange now proposes to replace references to "NBMM" (i.e., Non-Bats Market Maker) with the term "Away MM" (i.e. Away Market Maker) under footnotes 2, 4, 8 and 10 in order to use consistent terminology through the fee schedule. With this change, the Exchange does not propose to amend the criteria necessary to meet the tier or the amount of the rebate provided.

⁴ See Securities Exchange Act Release No. 77307 (March 7, 2016), 81 FR 12996 (March 11, 2016) (Notice of Filing and Immediate Effectiveness of SR-BATS-2016-25).

Quoting Incentive Program (“QIP”) Tier 3

The Exchange currently offers two QIP tiers which provide an additional rebate per contract for an order that adds liquidity to the BZX Options Book⁵ in options classes in which a Member is a Market Maker registered on BZX Options pursuant to Rule 22.2. The Market Maker must be registered with BZX Options in an average of 20% or more of the associated options series in a class in order to qualify for QIP rebates for that class. Under QIP Tier 1, a Market Maker will receive an additional rebate of \$0.02 per contract where that Market Maker has an ADV⁶ equal to or greater than 0.30% of average TCV.⁷ Under QIP Tier 2, a Market Maker will receive an additional rebate of \$0.04 per contract where that Market Maker has an ADV equal to or greater than 1.00% of average TCV. The Exchange now proposes to add QIP Tier 3 under which a Market Maker may receive an additional rebate of \$0.06 per contract where the Member has an ADV equal to or greater than 2.5% of average TCV.

Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3

The Exchange proposes to amend the criteria necessary to meet and receive the rebate associated with the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 under footnote 2, which currently provides Members with a rebate of \$0.46 per contract for Firm,⁸ Broker Dealer,⁹ and Joint Back Office¹⁰ orders that add

⁵ See Exchange Rule 16.1(a)(9).

⁶ As defined in the Exchange’s fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

⁷ Id.

⁸ Id.

liquidity in Penny Pilot Securities¹¹ where the Member has an: (i) ADAV¹² in Firm, Broker-Dealer, or Joint Back Office orders in Penny Pilot Securities (yielding Fee Code PF¹³) equal to or greater than 0.25% of average TCV; and (ii) ADV equal to or greater than 1.50% of average TCV. Specifically, the Exchange proposes to amend the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 to now require that the Member have an ADAV in Away Market Maker¹⁴ orders, in addition to Firm, Broker-Dealer, or Joint Back Office orders equal to or greater than 0.80%, rather than 0.25%, of average TCV. While the rebate would continue to be available only to Firm, Broker-Dealer, or Joint Back Office orders in Penny Pilot Securities, the requirement that the Member have an ADAV equal to or greater than 0.80% of average TCV would no longer be limited to orders in Penny Pilot Securities. The tier would continue to require that Members also have an ADV equal to or greater than 1.50% of average TCV.

Away Market Maker Penny Pilot Add Volume Tier 2

The Exchange proposes to amend the criteria necessary to meet and receive the rebate associated with the Away Market Maker Penny Pilot Add Volume Tier 2 under footnote 10, which currently provides a Member that acts as an Away Market Maker a

⁹ As defined in the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

¹⁰ Id.

¹¹ Id.

¹² Id.

¹³ Fee code PF is yielding to Firm, Broker-Dealer, and Joint Back Office orders that add liquidity in Penny Pilot Securities. See the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

¹⁴ As defined in the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

rebate of \$0.46 per contract for Away Market Maker orders that add liquidity in a Penny Pilot Security where the Member has an: (i) ADAV in Firm, Broker-Dealer, and/or Joint Back Office orders in Penny Pilot Securities (yielding Fee Code PF) equal to or greater than 0.25% of average TCV; and (ii) ADV equal to or greater than 1.50% of average TCV. Specifically, the Exchange proposes to amend the Away Market Maker Penny Pilot Add Volume Tier 2 to now require that the Member have an ADAV in Away Market Maker¹⁵ orders, in addition to Firm, Broker-Dealer, or Joint Back Office orders equal to or greater than 0.80%, rather than 0.25%, of average TCV. While the rebate would continue to be available only to Firm, Broker-Dealer, or Joint Back Office orders in Penny Pilot Securities, the requirement that the Member have an ADAV equal to or greater than 0.80% of average TCV would no longer be limited to orders in Penny Pilot Securities. The Exchange notes that this change is similar to that proposed for the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 discussed above. The tier would continue to require that Members also have an ADV equal to or greater than 1.50% of average TCV.

Implementation Date

The Exchange proposes to implement these amendments to its fee schedule immediately.¹⁶

(b) Statutory Basis

¹⁵ As defined in the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

¹⁶ The Exchange initially filed the proposed change on April 1, 2016 (SR-BatsBZX-2016-05). On April 7, 2016, the Exchange withdrew SR-BatsBZX-2016-05 and submitted this filing).

The Exchange believes that the proposed rule change 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 of the Act.¹⁷ Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,¹⁸ in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive.

Volume-based rebates such as those currently maintained on the Exchange have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes.

Specifically, the Exchange believes the changes to the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 and Away Market Maker Penny Pilot Add Volume Tier 2 are reasonable, fair and equitable and non-discriminatory, for the reasons set forth above with respect to volume-based pricing generally, because such change will apply equally to all participants, and because the change will incentivize such

¹⁷ 15 U.S.C. 78f.

¹⁸ 15 U.S.C. 78f(b)(4).

participants to further contribute to market quality on the Exchange. Moreover, the proposed changes will provide Members with an increased incentive to add liquidity in Away Market Maker orders, which the Exchange not only believes will enhance market quality for all market participants, but will also encourage increased participation of other orders wanting to interact with such Away Market Maker orders, further to the benefit of all market participants. The Exchange also believes that the proposed changes to the tiers remain consistent with pricing previously offered by the Exchange as well as competitors of the Exchange and does not represent a significant departure from the Exchange's general pricing structure.

The Exchange believes that its proposal to add a new QIP Tier 3 under footnote 5 is reasonable, fair and equitable and non-discriminatory, for the reasons set forth above with respect to volume-based pricing generally. In addition, the Exchange believes the amount of the proposed rebate offered under QIP Tier 3 is equitable and reasonable because of the increased criteria required to satisfy QIP Tier 3 compared to the rebates offered and the criteria required by QIP Tiers 1 and 2. The Exchange also notes that although registration as a Market Maker is required to qualify for QIP, such registration is available to all Members on an equal basis. The Exchange also believes that the proposed tier is reasonable, fair and equitable, and non-discriminatory because it, like the QIP generally, is aimed to incentivize active market making on the Exchange.

Lastly, the Exchange believes that replacing references to "NBMM" with "Away MM" is reasonable, fair and equitable and non-discriminatory because it is non-substantive designed to make the fee schedule as clear and easily understandable as possible. The proposed changes would enable the Exchange to use consistent

terminology throughout the fee schedule. With this change, the Exchange does not propose to amend the criteria necessary to meet the tier or the amount of the rebate provided.

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

The Exchange believes the proposed amendments to its fee schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange has designed the proposed amendments to its fee schedule in order to enhance its ability to compete with other exchanges. Rather, the proposal as a whole is a competitive proposal that is seeking to further the growth of the Exchange. Also, the Exchange believes that the increase to certain thresholds necessary to meet tiers offered by the Exchange contributes to rather than burdens competition, as such changes are intended to incentivize participants to increase their participation on the Exchange. Similarly, the introduction of a new QIP Tier is intended to provide incentives to Market Makers to encourage them to enter orders to the Exchange, and thus is again intended to enhance competition.

Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes to the Exchange's tiered pricing structure burdens competition, but instead, enhances competition as it is intended to increase the competitiveness of the Exchange. Also, the Exchange believes

that the price changes contribute to, rather than burden competition, as such changes are broadly intended to incentivize participants to increase their participation on the Exchange, which will increase the liquidity and market quality on the Exchange, which will then further enhance the Exchange's ability to compete with other exchanges.

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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁹ and Rule 19b-4(f)(2) thereunder,²⁰ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to the Exchange's Members and non-members, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁰ 17 CFR 240.19b-4(f)(2).

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

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-2016-06)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the Fee Schedule Applicable to the Exchange's Options Platform

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 BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend the fee schedule applicable to Members⁵ and non-Members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

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 modify its fee schedule applicable to the Exchange's options platform ("BZX Options") to: (i) replace references to "NBMM" (i.e., Non-Bats Market Maker) with the term "Away MM" (i.e. Away Market Maker); (ii) adopt a new Quoting Incentive Program Tier under footnote 5; (iii) amend the criteria necessary to meet the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 under footnote 2; and (iv) amend the criteria necessary to meet the Away Market Maker Penny Pilot Add Volume Tier 2 under footnote 10.

Replace References to "NBMM" with "Away MM"

In February 2016, the Exchange amended its fee schedule to rename the defined term "Non-BATS Market Maker" as "Away Market Maker" to be consistent with terminology used on the options fee schedule of the Exchange's affiliate, Bats EDGX

Exchange, Inc.⁶ In light of that change, the Exchange now proposes to replace references to “NBMM” (i.e., Non-Bats Market Maker) with the term “Away MM” (i.e. Away Market Maker) under footnotes 2, 4, 8 and 10 in order to use consistent terminology through the fee schedule. With this change, the Exchange does not propose to amend the criteria necessary to meet the tier or the amount of the rebate provided.

Quoting Incentive Program (“QIP”) Tier 3

The Exchange currently offers two QIP tiers which provide an additional rebate per contract for an order that adds liquidity to the BZX Options Book⁷ in options classes in which a Member is a Market Maker registered on BZX Options pursuant to Rule 22.2. The Market Maker must be registered with BZX Options in an average of 20% or more of the associated options series in a class in order to qualify for QIP rebates for that class. Under QIP Tier 1, a Market Maker will receive an additional rebate of \$0.02 per contract where that Market Maker has an ADV⁸ equal to or greater than 0.30% of average TCV.⁹ Under QIP Tier 2, a Market Maker will receive an additional rebate of \$0.04 per contract where that Market Maker has an ADV equal to or greater than 1.00% of average TCV. The Exchange now proposes to add QIP Tier 3 under which a Market Maker may receive an additional rebate of \$0.06 per contract where the Member has an ADV equal to or greater than 2.5% of average TCV.

⁶ See Securities Exchange Act Release No. 77307 (March 7, 2016), 81 FR 12996 (March 11, 2016) (Notice of Filing and Immediate Effectiveness of SR-BATS-2016-25).

⁷ See Exchange Rule 16.1(a)(9).

⁸ As defined in the Exchange’s fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

⁹ Id.

Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3

The Exchange proposes to amend the criteria necessary to meet and receive the rebate associated with the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 under footnote 2, which currently provides Members with a rebate of \$0.46 per contract for Firm,¹⁰ Broker Dealer,¹¹ and Joint Back Office¹² orders that add liquidity in Penny Pilot Securities¹³ where the Member has an: (i) ADAV¹⁴ in Firm, Broker-Dealer, or Joint Back Office orders in Penny Pilot Securities (yielding Fee Code PF¹⁵) equal to or greater than 0.25% of average TCV; and (ii) ADV equal to or greater than 1.50% of average TCV. Specifically, the Exchange proposes to amend the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 to now require that the Member have an ADAV in Away Market Maker¹⁶ orders, in addition to Firm, Broker-Dealer, or Joint Back Office orders equal to or greater than 0.80%, rather than 0.25%, of average TCV. While the rebate would continue to be available only to Firm, Broker-Dealer, or Joint Back Office orders in Penny Pilot Securities, the requirement that the Member have an ADAV equal to or greater than 0.80% of average TCV would no

¹⁰ Id.

¹¹ As defined in the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

¹² Id.

¹³ Id.

¹⁴ Id.

¹⁵ Fee code PF is yielding to Firm, Broker-Dealer, and Joint Back Office orders that add liquidity in Penny Pilot Securities. See the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

¹⁶ As defined in the Exchange's fee schedule available at http://www.batsoptions.com/support/fee_schedule/bzx/.

longer be limited to orders in Penny Pilot Securities. The tier would continue to require that Members also have an ADV equal to or greater than 1.50% of average TCV.

Away Market Maker Penny Pilot Add Volume Tier 2

The Exchange proposes to amend the criteria necessary to meet and receive the rebate associated with the Away Market Maker Penny Pilot Add Volume Tier 2 under footnote 10, which currently provides a Member that acts as an Away Market Maker a rebate of \$0.46 per contract for Away Market Maker orders that add liquidity in a Penny Pilot Security where the Member has an: (i) ADAV in Firm, Broker-Dealer, and/or Joint Back Office orders in Penny Pilot Securities (yielding Fee Code PF) equal to or greater than 0.25% of average TCV; and (ii) ADV equal to or greater than 1.50% of average TCV. Specifically, the Exchange proposes to amend the Away Market Maker Penny Pilot Add Volume Tier 2 to now require that the Member have an ADAV in Away Market Maker¹⁷ orders, in addition to Firm, Broker-Dealer, or Joint Back Office orders equal to or greater than 0.80%, rather than 0.25%, of average TCV. While the rebate would continue to be available only to Firm, Broker-Dealer, or Joint Back Office orders in Penny Pilot Securities, the requirement that the Member have an ADAV equal to or greater than 0.80% of average TCV would no longer be limited to orders in Penny Pilot Securities. The Exchange notes that this change is similar to that proposed for the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 discussed above. The tier would continue to require that Members also have an ADV equal to or greater than 1.50% of average TCV.

¹⁷ As defined in the Exchange's fee schedule [available at http://www.batsoptions.com/support/fee_schedule/bzx/](http://www.batsoptions.com/support/fee_schedule/bzx/).

Implementation Date

The Exchange proposes to implement these amendments to its fee schedule immediately.¹⁸

2. Statutory Basis

The Exchange believes that the proposed rule change 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 of the Act.¹⁹ Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,²⁰ in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive.

Volume-based rebates such as those currently maintained on the Exchange have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume

¹⁸ The Exchange initially filed the proposed change on April 1, 2016 (SR-BatsBZX-2016-05). On April 7, 2016, the Exchange withdrew SR-BatsBZX-2016-05 and submitted this filing.

¹⁹ 15 U.S.C. 78f.

²⁰ 15 U.S.C. 78f(b)(4).

discovery processes.

Specifically, the Exchange believes the changes to the Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tier 3 and Away Market Maker Penny Pilot Add Volume Tier 2 are reasonable, fair and equitable and non-discriminatory, for the reasons set forth above with respect to volume-based pricing generally, because such change will apply equally to all participants, and because the change will incentivize such participants to further contribute to market quality on the Exchange. Moreover, the proposed changes will provide Members with an increased incentive to add liquidity in Away Market Maker orders, which the Exchange not only believes will enhance market quality for all market participants, but will also encourage increased participation of other orders wanting to interact with such Away Market Maker orders, further to the benefit of all market participants. The Exchange also believes that the proposed changes to the tiers remain consistent with pricing previously offered by the Exchange as well as competitors of the Exchange and does not represent a significant departure from the Exchange's general pricing structure.

The Exchange believes that its proposal to add a new QIP Tier 3 under footnote 5 is reasonable, fair and equitable and non-discriminatory, for the reasons set forth above with respect to volume-based pricing generally. In addition, the Exchange believes the amount of the proposed rebate offered under QIP Tier 3 is equitable and reasonable because of the increased criteria required to satisfy QIP Tier 3 compared to the rebates offered and the criteria required by QIP Tiers 1 and 2. The Exchange also notes that although registration as a Market Maker is required to qualify for QIP, such registration is available to all Members on an equal basis. The Exchange also believes that the

proposed tier is reasonable, fair and equitable, and non-discriminatory because it, like the QIP generally, is aimed to incentivize active market making on the Exchange.

Lastly, the Exchange believes that replacing references to “NBMM” with “Away MM” is reasonable, fair and equitable and non-discriminatory because it is non-substantive designed to make the fee schedule as clear and easily understandable as possible. The proposed changes would enable the Exchange to use consistent terminology throughout the fee schedule. With this change, the Exchange does not propose to amend the criteria necessary to meet the tier or the amount of the rebate provided.

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

The Exchange believes the proposed amendments to its fee schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange has designed the proposed amendments to its fee schedule in order to enhance its ability to compete with other exchanges. Rather, the proposal as a whole is a competitive proposal that is seeking to further the growth of the Exchange. Also, the Exchange believes that the increase to certain thresholds necessary to meet tiers offered by the Exchange contributes to rather than burdens competition, as such changes are intended to incentivize participants to increase their participation on the Exchange. Similarly, the introduction of a new QIP Tier is intended to provide incentives to Market Makers to encourage them to enter orders to the Exchange, and thus is again intended to enhance competition.

Additionally, Members may opt to disfavor the Exchange’s pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that

the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes to the Exchange's tiered pricing structure burdens competition, but instead, enhances competition as it is intended to increase the competitiveness of the Exchange. Also, the Exchange believes that the price changes contribute to, rather than burden competition, as such changes are broadly intended to incentivize participants to increase their participation on the Exchange, which will increase the liquidity and market quality on the Exchange, which will then further enhance the Exchange's ability to compete with other 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²¹ and paragraph (f) of Rule 19b-4 thereunder.²² At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f).

furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

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-BatsBZX-2016-06 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-2016-06. 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-2016-06 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.²³

Robert W. Errett
Deputy Secretary

²³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Bats BZX Options Exchange Fee Schedule

Effective April [1]7, 2016

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Footnotes:

¹ (No change).

² **Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Tiers**

Applicable to the following fee codes: PF.

Tier	Rebate per contract for a Firm/BD/JBO order to Add for Penny Pilot Securities	Required Criteria
Tier 1-Tier 2	(No change).	
Tier 3	(No change).	(1) Member has an ADAV in <u>Away MM/Firm/BD/JBO orders</u> [in Penny Pilot Securities (yielding Fee Code PF)] equal to or greater than [0.25]0.80% of average TCV (2) Member has an ADV equal to or greater than 1.50% of average TCV
Step-Up Tier	(No change).	(1) Member has an Options Step-Up Add TCV in Non-Customer orders from March 2015 baseline equal to or greater than 0.15% (2) Member has an ADAV in [NBMM] <u>Away MM/Firm/BD/JBO orders</u> equal to or greater than 0.30% of average TCV

³ (No change).

⁴ **NBBO Setter Tiers**

Applicable to the following fee codes: PA, PF, PM, PN, NA, NF, NM and NN.

Tier	Additional rebate per contract for a Non-Customer order to Add	Required Criteria
NBBO Setter Tier 1- NBBO Setter Tier 2	(No change).	
NBBO Setter Tier 3	(No change).	(1) Member has an Options Step-Up Add TCV in Non-Customer orders from March 2015 baseline equal to or greater than 0.15% (2) Member has an ADAV in [NBMM] <u>Away MM/Firm/BD/JBO</u> orders equal to or greater than 0.30% of average TCV (3) Any order establishing a new NBBO

* * * * *

⁵ Quoting Incentive Program (“QIP”) Tiers

Applicable to the following fee codes: PM and NM.

(No change).

Tier	Additional rebate per contract to Add	Required Criteria
QIP Tier 1- QIP Tier 2	(No change).	
<u>QIP Tier 3</u>	<u>(\$0.06)</u>	<u>Member has an ADV equal to or greater than 2.5% of average TCV</u>

⁶⁻⁷ (No change).**⁸ Firm, Broker Dealer, and Joint Back Office Non-Penny Pilot Add Volume Tiers**

Applicable to fee code NF.

Tier	Rebate per contract for a Firm/BD/JBO order to Add for Non-Penny Pilot Securities	Required Criteria

Tier 1-Tier 2	(No change).	
Step-Up Tier	(No change).	(1) Member has an Options Step-Up Add TCV in Non-Customer orders from March 2015 baseline equal to or greater than 0.15% (2) Member has an ADAV in [NBMM]Away MM/Firm/BD/JBO orders equal to or greater than 0.30% of average TCV

⁹ (No change).

¹⁰ **Away Market Maker Penny Pilot Add Volume Tiers**

Applicable to fee code PN.

Tier	Rebate per contract for an Away Market Maker order to Add for Penny Pilot Securities	Required Criteria
Tier 1	(No change).	
Tier 2	(No change).	(1) Member has an ADAV in <u>Away MM/Firm/BD/JBO</u> orders [in Penny Pilot Securities (yielding Fee Code PF)] equal to or greater than [0.25]0.80% of average TCV (2) Member has an ADV equal to or greater than 1.50% of average TCV
Step-Up Tier	(No change).	(1) Member has an Options Step-Up Add TCV in Non-Customer orders from March 2015 baseline equal to or greater than 0.15% (2) Member has an ADAV in [NBMM]Away MM/Firm/BD/JBO orders equal to or greater than 0.30% of average TCV

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