

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 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"/>
--	--

Description

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

The Exchange proposed a rule change to Rule 14.3 regarding the requirements for the listing of securities that are issued by the Exchange or any of its affiliates.

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 04/13/2016	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 *

Add Remove View

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 *

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, 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

Add Remove View

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

Add Remove View

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 BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to make a series of changes to paragraph (e) of Exchange Rule 14.3 regarding the requirements for the listing of securities that are issued by the Exchange or any of its affiliates. 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.³

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

The persons on the Exchange staff prepared to respond to questions and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6)(iii).

comments on the proposed rule change are:

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

Chris Solgan
Assistant General Counsel
(646) 856-8723

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

(a) Purpose

The Exchange is proposing to make a series of changes to paragraph (e) of Exchange Rule 14.3 regarding the reporting requirements on the Exchange should the Exchange or BZX Affiliate⁴ list a security on the Exchange (the “Affiliate Security”). These changes are: (i) expanding the definition of Affiliate Security under Exchange Rule 14.3(e)(1)(B); (ii) specifying that the Exchange shall also prepare a report describing the Exchange’s monitoring of the trading of an Affiliate Security; and (iii) making a series of organizational changes.

Exchange Rule 14.3(e)(1)(B) currently defines Affiliate Security as “any security issued by a BZX Affiliate, with the exception of Portfolio Depository Receipts as defined in Rule 14.11(b) and Index Fund Shares as defined in Rule 14.11(c).” The Exchange proposes to expand the definition of Affiliate Security to include any Exchange-listed option on any security issued by a BZX Affiliate.

⁴ Exchange Rule 14.3(e)(1)(A) defines “BZX Affiliate” as “the Exchange and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Exchange, where “control” means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.” The Exchange does not propose to amend the definition of BZX Affiliate.

In the event that a BZX Affiliate seeks to list an Affiliate Security, paragraph (e)(2) of Rule 14.3 requires that prior to the initial listing of the Affiliate Security on the Exchange, Exchange personnel shall determine that such security satisfies the Exchange's rules for listing, and such finding must be approved by the Regulatory Oversight Committee of the Exchange's Board of Directors. The Exchange proposes to renumber this paragraph as (e)(2)(A) and rename paragraph (2) as "Affiliate Securities Listed on the Exchange." The Exchange does not propose any additional changes to this section of Rule 14.3.

Current Rule 14.3(e)(3) states that throughout the continued listing of the Affiliate Security on the Exchange, the Exchange will prepare a quarterly report for the Regulatory Oversight Committee of the Exchange's Board of Directors. Current sub-paragraph (i) of the Rule 14.3(e)(3) requires that the report describe the Exchange's monitoring of the Affiliate Security's compliance with the Exchange's listing standards, including, as described in current sub-paragraph (i)(a), the Affiliate Security's compliance with the Exchange's minimum share price requirement, and, as described under current sub-paragraph (i)(b) the Affiliate Security's compliance with each of the quantitative continued listing requirements.

The Exchange proposes to renumber paragraph (3)(A) of Rule 14.3(e) as paragraph (2)(B) and reformat this section of the rule as follows. Paragraph (2)(B) would state that throughout the continued listing of the Affiliate Security on the Exchange, the Exchange will prepare a quarterly report for the Regulatory Oversight Committee of the Exchange's Board of Directors describing the Exchange's monitoring of the Affiliate Security's compliance with the Exchange's listing standards. Paragraph

(2)(B)(i) would require that the report include a description of the Affiliate Security's compliance with the Exchange's minimum share price requirement and paragraph

(2)(B)(ii) would require that the report include a description of the Affiliate Security's compliance with each of the quantitative continued listing requirements. The Exchange does not propose any substantive changes to this section of the rule.

Current sub-paragraph (ii) of Rule 14.3(e)(3)(A) states that the report shall also describe the Exchange's monitoring of the trading of the Affiliate Security, including summaries of all related surveillance alerts, complaints, regulatory referrals, trades cancelled or adjusted pursuant to Rule 11.17, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure the Affiliate Security's compliance with the Exchange's listing and trading rules. The Exchange proposes to relocate current sub-paragraph (3)(A)(ii) under new sub-paragraph (3) to Rule 14.3(e). The Exchange proposes to include additional language specifying that the Exchange shall prepare a quarterly report on the Affiliate Security for the Regulatory Oversight Committee of the Exchange's Board of Directors that describes the activity described in the sub-paragraph. The Exchange proposes to include additional language that these requirements will be applicable throughout the trading of the Affiliate Security on the Exchange. Current sub-paragraph (3)(B) of Rule 14.3(e) also states that to the extent the Exchange uses Exchange staff to conduct surveillance of trading activity on the Exchange, the Exchange is required to engage an independent third party once a year to review and prepare a report regarding surveillance of the Affiliate Security and promptly forward to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission a copy of the report prepared by the independent third

party. The Exchange proposes to eliminate the requirements of current sub-paragraph (3)(B) based on the fact that this requirement is not applicable on other national securities exchanges with similar rules regarding the listing or trading of an affiliate security.⁵ The Exchange does not propose any additional substantive changes to these sections of the rule.

Current Rule 14.3(e)(3)(A) also requires that the Exchange to promptly furnish a copy of the quarterly report required by current paragraph (e)(3)(A) to the Commission. The Exchange proposes to renumber this paragraph as (e)(4) and revise it to state that a copy of the reports required by proposed renumbered sub-paragraphs (2) and (3) of Rule 14.3(e), discussed above, will be forwarded promptly to the Commission.

Current sub-paragraph (C) of Rule 14.3(e)(3) requires the Exchange to commission an annual review and report by an independent accounting firm of the compliance of the Affiliate Security with the Exchange's listing requirements. The Exchange is required to promptly furnish a copy of this annual report to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission. The Exchange proposes to renumber this paragraph as (2)(C) of Rule 14.3(e) to conform with the reformatting of Rule 14.3(e) proposed above. The Exchange also proposes to delete the requirement that the report also be sent to the Commission as this requirement is proposed to be included in proposed paragraph (e)(4) discussed below. The Exchange does not propose any substantive changes to this section of the rule.

Lastly, current Rule 14.3(e)(4) states that in the event the Exchange determines that the BZX Affiliate is not in compliance with any of the Exchange's listing standards,

⁵ See, e.g., NYSE Rule 497; Nasdaq Rule 4370.

the Exchange is required to notify the issuer of such non-compliance promptly and request a plan of compliance. The Exchange is also required to file a report with the Commission within five business days of providing such notice to the issuer of its non-compliance. The required report identifies the date of the non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the issuer, the Exchange is again required to notify the Commission of such receipt, whether the plan of compliance was accepted by the Exchange or what other action was taken with respect to the plan and the time period provided to regain compliance with the Exchange's listing standards, if any. The Exchange proposes to renumber this section of the rule as (2)(D) of Rule 14.3(e) to conform with the reformatting of Rule 14.3(e) proposed above. The Exchange does not propose any substantive changes to this section of the rule.

(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.⁶ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,⁷ 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, and to remove impediments to, and

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

perfect the mechanism of, a free and open market and a national market system.

Specifically, the Exchange believes that the proposed rule change, by requiring heightened reporting by the Exchange to the Commission with respect to oversight of the listing and trading on the Exchange of Affiliate Securities, will continue to help protect against concerns that the Exchange will not effectively enforce its rules with respect to the listing and trading of these securities. The Exchange believes that the proposed amendments to Rule 14.3(e) would continue to eliminate any perception of a potential conflict of interest if a BZX Affiliate seeks to list a security on the Exchange. The Exchange notes that the elimination of current sub-paragraph (3)(B) does not present any risk to investors or the public interest, as the Exchange is retaining the requirement to furnish quarterly reports to both the Regulatory Oversight Committee of the Exchange's Board and to the Commission. The Exchange also notes that other national securities exchanges with similar rules do not have such a provision.⁸ Lastly, the Exchange believes that the reorganization of, and the additional specificity proposed to be included in Rule 14.3(e) promotes just and equitable principles of trade and remove impediments to a free and open market by providing greater transparency concerning the controls in place to address the potential conflicts of interest that may arise in the listing or trading of Affiliate Securities on the Exchange.

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 is not designed to address any competitive issues,

⁸ See supra, note 5.

but rather provide additional specificity and transparency to Members, Users, and the investing public regarding the Exchange's controls that are in place to address the potential conflicts of interest that may arise in the listing of Affiliate Securities on the Exchange.

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

Written comments were neither solicited nor received.

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 Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁰ 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.¹¹

The Exchange believes that the proposed rule change meets the criteria of sub-

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4.

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

paragraph (f)(6) of Rule 19b-4¹² because it does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition. The Exchange believes the proposed rule change is consistent with the protection of investors and the public interest because it would provide greater transparency concerning the controls in place to address the potential conflicts of interest that may arise in the listing of Affiliate Securities on the Exchange. The Exchange again notes that the elimination of current sub-paragraph (3)(B) does not present any risk to investors or the public interest, as the Exchange is retaining the requirement to furnish quarterly reports to both the Regulatory Oversight Committee of the Exchange's Board and to the Commission. The Exchange also notes that other national securities exchanges with similar rules do not have such a provision.¹³ Accordingly, the Exchange has designated this rule filing as "non-controversial" under Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁵

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁶ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange respectfully requests that the Commission waive the 30-day delayed operative date so that the proposed rule change

¹² 17 CFR 240.19b-4(f)(6).

¹³ See supra, note 5.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6)(iii)

may become immediately effective in accordance with Section 19(b)(3)(A)¹⁷ and Rule 19b-4(f)(6)¹⁸ of the Act. Waiver of the operative delay will allow the Exchange to implement the proposed rule change immediately in the event an Affiliate seeks to list on the Exchange or the Exchange seeks to trade an Affiliate Security on the Exchange. In particular, the proposal will provide greater transparency concerning the controls in place to address the potential conflicts of interest that may arise in the listing of Affiliate Securities on the Exchange. For the foregoing reasons, the Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest.

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

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

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 15 CFR 240.19b-4(f)(6).

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of the Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BatsBZX-2016-08)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 14.3 Regarding the Requirements for the Listing of Securities that are Issued by the Exchange or any of its Affiliates

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 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 is proposing a rule change to make a series of changes to paragraph (e) of Exchange Rule 14.3 regarding the requirements for the listing of securities that are issued by the Exchange or any of its affiliates.

The text of the proposed rule change is available at the Exchange’s website at

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).

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 make a series of changes to paragraph (e) of Exchange Rule 14.3 regarding the reporting requirements on the Exchange should the Exchange or BZX Affiliate⁵ list a security on the Exchange (the "Affiliate Security"). These changes are: (i) expanding the definition of Affiliate Security under Exchange Rule 14.3(e)(1)(B); (ii) specifying that the Exchange shall also prepare a report describing the Exchange's monitoring of the trading of an Affiliate Security; and (iii) making a series of organizational changes.

⁵ Exchange Rule 14.3(e)(1)(A) defines "BZX Affiliate" as "the Exchange and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Exchange, where "control" means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity." The Exchange does not propose to amend the definition of BZX Affiliate.

Exchange Rule 14.3(e)(1)(B) currently defines Affiliate Security as “any security issued by a BZX Affiliate, with the exception of Portfolio Depository Receipts as defined in Rule 14.11(b) and Index Fund Shares as defined in Rule 14.11(c).” The Exchange proposes to expand the definition of Affiliate Security to include any Exchange-listed option on any security issued by a BZX Affiliate.

In the event that a BZX Affiliate seeks to list an Affiliate Security, paragraph (e)(2) of Rule 14.3 requires that prior to the initial listing of the Affiliate Security on the Exchange, Exchange personnel shall determine that such security satisfies the Exchange’s rules for listing, and such finding must be approved by the Regulatory Oversight Committee of the Exchange’s Board of Directors. The Exchange proposes to renumber this paragraph as (e)(2)(A) and rename paragraph (2) as “ Affiliate Securities Listed on the Exchange.” The Exchange does not propose any additional changes to this section of Rule 14.3.

Current Rule 14.3(e)(3) states that throughout the continued listing of the Affiliate Security on the Exchange, the Exchange will prepare a quarterly report for the Regulatory Oversight Committee of the Exchange’s Board of Directors. Current sub-paragraph (i) of the Rule 14.3(e)(3) requires that the report describe the Exchange’s monitoring of the Affiliate Security’s compliance with the Exchange’s listing standards, including, as described in current sub-paragraph (i)(a), the Affiliate Security’s compliance with the Exchange’s minimum share price requirement, and, as described under current sub-paragraph (i)(b) the Affiliate Security’s compliance with each of the quantitative continued listing requirements.

The Exchange proposes to renumber paragraph (3)(A) of Rule 14.3(e) as

paragraph as (2)(B) and reformat this section of the rule as follows. Paragraph (2)(B) would state that throughout the continued listing of the Affiliate Security on the Exchange, the Exchange will prepare a quarterly report for the Regulatory Oversight Committee of the Exchange's Board of Directors describing the Exchange's monitoring of the Affiliate Security's compliance with the Exchange's listing standards. Paragraph (2)(B)(i) would require that the report include a description of the Affiliate Security's compliance with the Exchange's minimum share price requirement and paragraph (2)(B)(ii) would require that the report include a description of the Affiliate Security's compliance with each of the quantitative continued listing requirements. The Exchange does not propose any substantive changes to this section of the rule.

Current sub-paragraph (ii) of Rule 14.3(e)(3)(A) states that the report shall also describe the Exchange's monitoring of the trading of the Affiliate Security, including summaries of all related surveillance alerts, complaints, regulatory referrals, trades cancelled or adjusted pursuant to Rule 11.17, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure the Affiliate Security's compliance with the Exchange's listing and trading rules. The Exchange proposes to relocate current sub-paragraph (3)(A)(ii) under new sub-paragraph (3) to Rule 14.3(e). The Exchange proposes to include additional language specifying that the Exchange shall prepare a quarterly report on the Affiliate Security for the Regulatory Oversight Committee of the Exchange's Board of Directors that describes the activity described in the sub-paragraph. The Exchange proposes to include additional language that these requirements will be applicable throughout the trading of the Affiliate Security on the Exchange. Current sub-paragraph (3)(B) of Rule 14.3(e) also states that

to the extent the Exchange uses Exchange staff to conduct surveillance of trading activity on the Exchange, the Exchange is required to engage an independent third party once a year to review and prepare a report regarding surveillance of the Affiliate Security and promptly forward to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission a copy of the report prepared by the independent third party. The Exchange proposes to eliminate the requirements of current sub-paragraph (3)(B) based on the fact that this requirement is not applicable on other national securities exchanges with similar rules regarding the listing or trading of an affiliate security.⁶ The Exchange does not propose any additional substantive changes to these sections of the rule.

Current Rule 14.3(e)(3)(A) also requires that the Exchange to promptly furnish a copy of the quarterly report required by current paragraph (e)(3)(A) to the Commission. The Exchange proposes to renumber this paragraph as (e)(4) and revise it to state that a copy of the reports required by proposed renumbered sub-paragraphs (2) and (3) of Rule 14.3(e), discussed above, will be forwarded promptly to the Commission.

Current sub-paragraph (C) of Rule 14.3(e)(3) requires the Exchange to commission an annual review and report by an independent accounting firm of the compliance of the Affiliate Security with the Exchange's listing requirements. The Exchange is required to promptly furnish a copy of this annual report to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission. The Exchange proposes to renumber this paragraph as (2)(C) of Rule 14.3(e) to conform with

⁶ See, e.g., NYSE Rule 497; Nasdaq Rule 4370.

the reformatting of Rule 14.3(e) proposed above. The Exchange also proposes to delete the requirement that the report also be sent to the Commission as this requirement is proposed to be included in proposed paragraph (e)(4) discussed below. The Exchange does not propose any substantive changes to this section of the rule.

Lastly, current Rule 14.3(e)(4) states that in the event the Exchange determines that the BZX Affiliate is not in compliance with any of the Exchange's listing standards, the Exchange is required to notify the issuer of such non-compliance promptly and request a plan of compliance. The Exchange is also required to file a report with the Commission within five business days of providing such notice to the issuer of its non-compliance. The required report identifies the date of the non-compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the issuer, the Exchange is again required to notify the Commission of such receipt, whether the plan of compliance was accepted by the Exchange or what other action was taken with respect to the plan and the time period provided to regain compliance with the Exchange's listing standards, if any. The Exchange proposes to renumber this section of the rule as (2)(D) of Rule 14.3(e) to conform with the reformatting of Rule 14.3(e) proposed above. The Exchange does not propose any substantive changes to this section of the rule.

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.⁷

Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,⁸ 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, and to remove impediments to, and perfect the mechanism of, a free and open market and a national market system.

Specifically, the Exchange believes that the proposed rule change, by requiring heightened reporting by the Exchange to the Commission with respect to oversight of the listing and trading on the Exchange of Affiliate Securities, will continue to help protect against concerns that the Exchange will not effectively enforce its rules with respect to the listing and trading of these securities. The Exchange believes that the proposed amendments to Rule 14.3(e) would continue to eliminate any perception of a potential conflict of interest if a BZX Affiliate seeks to list a security on the Exchange. The Exchange notes that the elimination of current sub-paragraph (3)(B) does not present any risk to investors or the public interest, as the Exchange is retaining the requirement to furnish quarterly reports to both the Regulatory Oversight Committee of the Exchange's Board and to the Commission. The Exchange also notes that other national securities exchanges with similar rules do not have such a provision.⁹ Lastly, the Exchange believes that the reorganization of, and the additional specificity proposed to be included in Rule 14.3(e) promotes just and equitable principles of trade and remove impediments

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ See supra, note 6.

to a free and open market by providing greater transparency concerning the controls in place to address the potential conflicts of interest that may arise in the listing or trading of Affiliate Securities on the Exchange.

(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 is not designed to address any competitive issues, but rather provide additional specificity and transparency to Members, Users, and the investing public regarding the Exchange's controls that are in place to address the potential conflicts of interest that may arise in the listing of Affiliate Securities on the Exchange.

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

Written comments were neither solicited nor received.

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 Act¹⁰ and paragraph (f)(6) of Rule 19b-4

¹⁰ 15 U.S.C. 78s(b)(3)(A).

thereunder,¹¹ the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments 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-2016-08 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange

¹¹ 17 CFR 240.19b-4.

Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-BatsBZX-2016-08. 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-2016-08 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.¹²

Robert W. Errett
Deputy Secretary

¹² 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.

* * * * *

CHAPTER XIV. BATS BZX EXCHANGE LISTING RULES

* * * * *

Rule 14.3. General Procedures and Prerequisites for Initial and Continued Listing on the Exchange

(a) – (d) (No changes.)

(e) Additional Requirements for [BZX-Listed]Securities Issued by the Exchange or its Affiliates

(1) For purposes of this Rule, the terms below are defined as follows:

(A) “BZX Affiliate” means the Exchange and any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Exchange, where “control” means that one entity possesses, directly or indirectly, voting control of the other entity either through ownership of capital stock or other equity securities or through majority representation on the board of directors or other management body of such entity.

(B) “Affiliate Security” means any security issued by a BZX Affiliate or any Exchange-listed option on any such security, with the exception of Portfolio Depository Receipts as defined in Rule 14.11(b) and Index Fund Shares as defined in Rule 14.11(c).

[(2) Prior to the initial listing of an Affiliate Security on the Exchange, Exchange personnel shall determine that such security satisfies the Exchange’s rules for listing, and such finding must be approved by the Regulatory Oversight Committee of the Exchange’s Board of Directors.]

[(3)2] [Throughout the continued listing of the]Affiliate Securities Listed[y] on the Exchange

(A) Prior to the initial listing of an Affiliate Security on the Exchange, Exchange personnel shall determine that such security satisfies the Exchange’s rules for listing, and such finding must be approved by the Regulatory Oversight Committee of the Exchange’s Board of Directors.

(A)B Throughout the continued listing of an Affiliate Security on the Exchange, the Exchange shall prepare a quarterly report on the Affiliate Security for the Regulatory Oversight Committee of the Exchange's Board of Directors that describes[:

(i)] the Exchange's monitoring of the Affiliate Security's compliance with the Exchange's listing standards, including[.];

(a)i) the Affiliate Security's compliance with the Exchange's minimum share price requirement; and

(b)ii) the Affiliate Security's compliance with each of the quantitative continued listing requirements[; and].

(ii) the Exchange's monitoring of the trading of the Affiliate Security, including summaries of all related surveillance alerts, complaints, regulatory referrals, trades cancelled or adjusted pursuant to Rule 11.17, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure the Affiliate Security's compliance with the Exchange's listing and trading rules.

A copy of the report required by this sub-paragraph (A) will be forwarded promptly to the Commission.]

(B) to the extent the Exchange uses Exchange staff to conduct surveillance of trading activity on the Exchange, the Exchange shall engage an independent third party once a year to review and prepare a report regarding surveillance of the Affiliate Security and promptly forward to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission a copy of the report prepared by the independent third party.]

(C) [o]Once a year, an independent accounting firm shall review the listing standards for the Affiliate Security to ensure that the issuer is in compliance with the listing requirements and a copy of the report shall be forwarded promptly to the Regulatory Oversight Committee of the Exchange's Board of Directors[and the Commission].

([4]D) In the event that the Exchange determines that the BZX Affiliate is not in compliance with any of the Exchange's listing standards, the Exchange shall notify the issuer of such non-compliance promptly and request a plan of compliance. The Exchange shall file a report with the Commission within five business days of providing such notice to the issuer of its non-compliance. The report shall identify the date of the non-

compliance, type of non-compliance, and any other material information conveyed to the issuer in the notice of non-compliance. Within five business days of receipt of a plan of compliance from the issuer, the Exchange shall notify the Commission of such receipt, whether the plan of compliance was accepted by the Exchange or what other action was taken with respect to the plan and the time period provided to regain compliance with the Exchange's listing standards, if any.

(3) Affiliate Securities Traded on the Exchange. Throughout the trading of an Affiliate Security on the Exchange, the Exchange shall prepare a quarterly report on the Affiliate Security for the Regulatory Oversight Committee of the Exchange's Board of Directors that describes the Exchange's monitoring of the trading of the Affiliate Security, including summaries of all related surveillance alerts, complaints, regulatory referrals, trades cancelled or adjusted pursuant to Exchange Rules, investigations, examinations, formal and informal disciplinary actions, exception reports and trading data used to ensure the Affiliate Security's compliance with the Exchange's listing and trading rules.

(4) A copy of the reports required by sub-paragraphs (2) and (3) will be forwarded promptly to the Commission.

* * * * *