

## OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 22	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 34 Amendment No. (req. for Amendments *)
Filing by Bats EDGA 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 <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)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires *		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 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"/>	
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">           The Exchange proposed a rule change to amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange's midpoint routing functionality.         </div>		
<b>Contact Information</b> 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		
<b>Signature</b> 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. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>           Date 12/16/2016            By Chris Solgan            (Name *)         </div> <div style="border: 1px solid black; padding: 5px; width: 300px;">           Assistant General Counsel         </div> </div> <div style="margin-top: 10px;">           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.           <div style="text-align: center; margin-top: 5px;">             csolgan@bats.com           </div> </div>		

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT 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

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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

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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

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Bats EDGA Exchange, Inc. (“EDGA” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange’s midpoint routing functionality. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>3</sup>

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

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

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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).

Exchange's internal procedures with respect to the proposed change are complete.

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

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

Chris Solgan  
Assistant General Counsel  
(646) 856-8723

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

(a) Purpose

The Exchange proposes to amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange's midpoint routing functionality. Specifically, the Exchange proposes to amend Rule 11.11(g)(13) to adopt a new midpoint routing strategy known as RMPL. The Exchange also proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with to include the Destination Specific routing strategy described under Rule 11.11(g)(14) and the proposed RMPL routing strategy described below.

RMPL Routing Strategy

The Exchange proposes to amend Rule 11.11(g)(13) to adopt a new midpoint routing strategy known as RMPL. Currently, the Exchange offers the RMPT routing strategy, which is described under Rule 11.11(g)(13). RMPT is a routing strategy under which a MidPoint Peg Order<sup>4</sup> checks the System<sup>5</sup> for available shares and any remaining

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<sup>4</sup> In sum, a MidPoint Peg Order is a non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, or, alternatively, pegged to the less aggressive of the midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order. See Exchange Rule 11.8(d).

shares are then sent to destinations on the System routing table<sup>6</sup> that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA Book<sup>7</sup> as a MidPoint Peg Order, unless otherwise instructed by the User.<sup>8</sup>

The Exchange now proposes RMPL as an alternative to the RMPT routing strategy for those seeking to route MidPoint Peg Orders to destinations that support midpoint eligible executions that are not included under the current RMPT routing strategy. Like RMPT, RMPL would be a routing strategy under which a MidPoint Peg Order checks the System for available shares and any remaining shares are then sent to destinations on the System routing table that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA Book as a MidPoint Peg Order, unless otherwise instructed by the User. As it does for RMPT, the Exchange would determine via the System routing table the specific trading venues that support midpoint eligible orders to which the System would route RMPL orders. While

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

<sup>6</sup> The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.11(g). While the process for determining the specific trading venues to which orders are routed is proprietary, the Exchange publicly discloses the trading venues associated with each routing strategy via its website at [http://cdn.batstrading.com/resources/features/bats\\_exchange\\_routing-strategies.pdf](http://cdn.batstrading.com/resources/features/bats_exchange_routing-strategies.pdf).

<sup>7</sup> The term “EDGA Book” is defined as the “System’s electronic file of orders.” See Exchange Rule 1.5(d). The Exchange also proposed to capitalize the word “Book” within Rule 11.11(g)(13) as the term EDGA Book is a defined term in the Exchange’s Rules.

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

RMPL will operate in an identical manner as RMPT, the trading venues that each routing strategy would route to and the order in which it routes them will differ. As is the case for RMPT, the Exchange may alter the trading venues included under RMPL and the order in which they are routed to from time to time in accordance with its System routing table.<sup>9</sup>

The Exchange proposes to revise Rule 11.11(g)(13) to describe both the RMPT and proposed RMPL routing strategies. As a result of these revision, the construct of paragraph (g)(13) of Rule 11.11 would be similar to paragraph (g)(3) of Rule 11.11, which also delineates routing strategies that include different sets of destinations as determined by the System routing table.

#### MidPoint Peg Order Routing

The Exchange also proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with. Currently, Exchange Rule 11.8(d)(5) states that MidPoint Peg Orders are not eligible for routing pursuant to Rule 11.11 unless routed utilizing the RMPT routing strategy. The Exchange now proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with to include the Destination Specific routing strategy described under Rule 11.11(g)(14) and the proposed RMPL routing strategy described above.

Destination Specific is a routing option under which an order checks the System

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<sup>9</sup> The Exchange notes that the trading venues to which other of its routing strategies route orders to are also determined in accordance with the System routing table. See e.g., Exchange Rule 11.11(g)(3) (listing a series of routing options whose destinations are determined by the System routing table, like the proposed revisions to Exchange Rule 11.11(g)(13)). See also subparagraphs (1), (2), and (5) of Exchange Rule 11.11(b)(3) (describing routing strategies that route orders to destinations on the System routing table).

for available shares and then is sent to an away trading center or centers specified by the User.<sup>10</sup> As proposed, a User entering a MidPoint Peg Order may select the Destination Specific routing strategy to route such order to a specific trading center or center that supports midpoint executions after being exposed to the EDGA Book. This differs from RMPT and the proposed RMPL routing strategies in that the destinations orders subject to the RMPT and RMPL routing strategies are selected by the Exchange via the System routing table and not the User itself.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>12</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>13</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The proposed rule change promotes just and equitable principles of trade because it would enhance the Exchange's midpoint routing functionality and provide Users with greater flexibility in routing MidPoint Peg Orders to trading venues that support midpoint executions. This would save such Users from

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<sup>10</sup> See Rule 11.11(g)(14).

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

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 15 U.S.C. 78k-1(a)(1).

developing complicated order routing strategies on their own. The Exchange believes that the proposed rule change will also accomplish those ends by providing market participants with an additional voluntary routing strategies and options that will enable them to easily access midpoint liquidity available on the Exchange and other trading venues. The Exchange notes that routing through the Exchange is voluntary and those seeking to access midpoint liquidity on other trading venues may do so directly and without the involvement of the Exchange. Therefore, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange provides routing services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service bureaus. System enhancements, such as the changes proposed in this rule filing, do not burden competition, but rather encourage competition because they are designed to attract additional order flow to the Exchange through enhanced midpoint routing functionality. Such changes are intended to offer investors higher quality and better value than services offered by others. Encouraging competitors to provide higher quality and better value is the essence of a well-functioning competitive marketplace. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket



competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No comments were solicited or received on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>14</sup> of the Act and Rule 19b-4(f)(6)<sup>15</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for thirty (30) days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.<sup>16</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>17</sup> because it would not significantly affect the protection of investors or the public interest. Rather, the proposed rule change enhances

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

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

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

the Exchange's midpoint routing functionality by providing investors with greater flexibility in routing MidPoint Peg Orders to trading venues that support midpoint executions. The concept of routing orders to trading venues in accordance with the System routing table is not novel and is the case for other routing strategies offered by the Exchange.<sup>18</sup> The Exchange notes that routing through the Exchange is voluntary and those seeking to access midpoint liquidity on other trading venues may do so directly and without the involvement of the Exchange. The proposed rule change also does not impose any significant burden on competition for the reasons set forth above. The Exchange has accordingly designated this rule filing as "non-controversial" under Section 19(b)(3)(A) of the Act<sup>19</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>20</sup>

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

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

Not applicable.

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

Not applicable.

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<sup>18</sup> See supra note 10. See also e.g., Securities Exchange Act Release Nos. 73176 (September 22, 2014), 79 FR 58010 (September 26, 2014) (SR-BYX-2014-021) (adopting the RMPT routing option which routes to destinations on the System routing table that support midpoint eligible orders); and 63148 (October 21, 2010), 75 FR 66172 (October 27, 2010) (SR-BYX-2010-003) (proposing routing options that solely route to destinations on the System routing table).

<sup>19</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>20</sup> 17 C.F.R. 240.19b-4.

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

Not applicable.

11. Exhibits

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

Exhibit 5 – Text of the Proposed Rule Change

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

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

Self-Regulatory Organizations; Bats EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to Enhance the Exchange's Midpoint Routing Functionality

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

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

The Exchange filed a proposal to amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange's midpoint routing functionality.

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

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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).

[www.bats.com](http://www.bats.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange's midpoint routing functionality. Specifically, the Exchange proposes to amend Rule 11.11(g)(13) to adopt a new midpoint routing strategy known as RMPL. The Exchange also proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with to include the Destination Specific routing strategy described under Rule 11.11(g)(14) and the proposed RMPL routing strategy described below.

RMPL Routing Strategy

The Exchange proposes to amend Rule 11.11(g)(13) to adopt a new midpoint routing strategy known as RMPL. Currently, the Exchange offers the RMPT routing strategy, which is described under Rule 11.11(g)(13). RMPT is a routing strategy under

which a MidPoint Peg Order<sup>5</sup> checks the System<sup>6</sup> for available shares and any remaining shares are then sent to destinations on the System routing table<sup>7</sup> that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA Book<sup>8</sup> as a MidPoint Peg Order, unless otherwise instructed by the User.<sup>9</sup>

The Exchange now proposes RMPL as an alternative to the RMPT routing strategy for those seeking to route MidPoint Peg Orders to destinations that support midpoint eligible executions that are not included under the current RMPT routing strategy. Like RMPT, RMPL would be a routing strategy under which a MidPoint Peg Order checks the System for available shares and any remaining shares are then sent to

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<sup>5</sup> In sum, a MidPoint Peg Order is a non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, or, alternatively, pegged to the less aggressive of the midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order. See Exchange Rule 11.8(d).

<sup>6</sup> The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(cc).

<sup>7</sup> The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.11(g). While the process for determining the specific trading venues to which orders are routed is proprietary, the Exchange publicly discloses the trading venues associated with each routing strategy via its website at [http://cdn.batstrading.com/resources/features/bats\\_exchange\\_routing-strategies.pdf](http://cdn.batstrading.com/resources/features/bats_exchange_routing-strategies.pdf).

<sup>8</sup> The term “EDGA Book” is defined as the “System’s electronic file of orders.” See Exchange Rule 1.5(d). The Exchange also proposed to capitalize the word “Book” within Rule 11.11(g)(13) as the term EDGA Book is a defined term in the Exchange’s Rules.

<sup>9</sup> The term “User” is defined as “any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.” See Exchange Rule 1.5(ee).

destinations on the System routing table that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA Book as a MidPoint Peg Order, unless otherwise instructed by the User. As it does for RMPT, the Exchange would determine via the System routing table the specific trading venues that support midpoint eligible orders to which the System would route RMPL orders. While RMPL will operate in an identical manner as RMPT, the trading venues that each routing strategy would route to and the order in which it routes them will differ. As is the case for RMPT, the Exchange may alter the trading venues included under RMPL and the order in which they are routed to from time to time in accordance with its System routing table.<sup>10</sup>

The Exchange proposes to revise Rule 11.11(g)(13) to describe both the RMPT and proposed RMPL routing strategies. As a result of these revision, the construct of paragraph (g)(13) of Rule 11.11 would be similar to paragraph (g)(3) of Rule 11.11, which also delineates routing strategies that include different sets of destinations as determined by the System routing table.

#### MidPoint Peg Order Routing

The Exchange also proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with. Currently, Exchange Rule 11.8(d)(5) states that MidPoint Peg Orders are not eligible for routing pursuant to Rule

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<sup>10</sup> The Exchange notes that the trading venues to which other of its routing strategies route orders to are also determined in accordance with the System routing table. See e.g., Exchange Rule 11.11(g)(3) (listing a series of routing options whose destinations are determined by the System routing table, like the proposed revisions to Exchange Rule 11.11(g)(13)). See also subparagraphs (1), (2), and (5) of Exchange Rule 11.11(b)(3) (describing routing strategies that route orders to destinations on the System routing table).

11.11 unless routed utilizing the RMPT routing strategy. The Exchange now proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with to include the Destination Specific routing strategy described under Rule 11.11(g)(14) and the proposed RMPL routing strategy described above.

Destination Specific is a routing option under which an order checks the System for available shares and then is sent to an away trading center or centers specified by the User.<sup>11</sup> As proposed, a User entering a MidPoint Peg Order may select the Destination Specific routing strategy to route such order to a specific trading center or center that supports midpoint executions after being exposed to the EDGA Book. This differs from RMPT and the proposed RMPL routing strategies in that the destinations orders subject to the RMPT and RMPL routing strategies are selected by the Exchange via the System routing table and not the User itself.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>13</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section

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<sup>11</sup> See Rule 11.11(g)(14).

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).



11A(a)(1)<sup>14</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The proposed rule change promotes just and equitable principles of trade because it would enhance the Exchange's midpoint routing functionality and provide Users with greater flexibility in routing MidPoint Peg Orders to trading venues that support midpoint executions. This would save such Users from developing complicated order routing strategies on their own. The Exchange believes that the proposed rule change will also accomplish those ends by providing market participants with an additional voluntary routing strategies and options that will enable them to easily access midpoint liquidity available on the Exchange and other trading venues. The Exchange notes that routing through the Exchange is voluntary and those seeking to access midpoint liquidity on other trading venues may do so directly and without the involvement of the Exchange. Therefore, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange provides routing services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service bureaus. System enhancements, such as the changes proposed in this rule filing, do not burden

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<sup>14</sup> 15 U.S.C. 78k-1(a)(1).

competition, but rather encourage competition because they are designed to attract additional order flow to the Exchange through enhanced midpoint routing functionality. Such changes are intended to offer investors higher quality and better value than services offered by others. Encouraging competitors to provide higher quality and better value is the essence of a well-functioning competitive marketplace. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No comments were solicited or received on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>16</sup> the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

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

<sup>16</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-BatsEDGA-2016-34 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-BatsEDGA-2016-34. 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-BatsEDGA-2016-34 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Robert W. Errett  
Deputy Secretary

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

EXHIBIT 5

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

## Rule 11.8. Order Types

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(d) MidPoint Peg Order. A non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, or, alternatively, pegged to the less aggressive of the midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order. A MidPoint Peg Order with a limit price that is more aggressive than the midpoint of the NBBO will execute at the midpoint of the NBBO or better subject to its limit price. A MidPoint Peg Order may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO. A MidPoint Peg Order will be ranked at the midpoint of the NBBO where its limit price is equal to or more aggressive than the midpoint of the NBBO. A MidPoint Peg Order will not be eligible for execution when an NBBO is not available. In such case, a MidPoint Peg Order would rest on the EDGA Book and would not be eligible for execution in the System until an NBBO is available. The MidPoint Peg Order will receive a new time stamp when an NBBO becomes available and a new midpoint of the NBBO is established. In such case, pursuant to Rule 11.9, all MidPoint Peg Orders that are ranked at the midpoint of the NBBO will retain their priority as compared to each other based upon the time such orders were initially received by the System. A MidPoint Peg Order will be ranked at its limit price where its limit price is less aggressive than the midpoint of the NBBO. Notwithstanding that a MidPoint Peg Order may be a Market Order or a Limit Order, its operation and available modifiers are limited to this Rule 11.8(d).

(1) – (4) (No change).

(5) Routing/Posting. A MidPoint Peg Order may include a Book Only or Post Only instruction. MidPoint Peg Orders are not eligible for routing pursuant to Rule 11.11 unless routed utilizing the RMPT, RMPL, or Destination Specific routing strategy as defined in Rule 11.11(g)(13).

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## Rule 11.11. Routing to Away Trading Centers

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(a) – (f) (No change).

(g) Routing Options. The System provides a variety of routing options. Routing options may be combined with all available order types and Times-in-Force instruction, with the exception of order types and Times-in-Force instruction whose terms are inconsistent with the terms of a particular routing option. The System will consider the quotations only of accessible

Trading Centers. The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to route orders simultaneously or sequentially, maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The System routing options are:

(1) – (12) (No change).

(13) [RMPT. RMPT is a routing option under which]The following routing strategies utilize a MidPoint Peg Order to check[s] the System for available shares and any remaining shares are then sent to destinations on the System routing table that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA [b]Book as a MidPoint Peg Order, unless otherwise instructed by the User.

(A) RMPT

(B) RMPL

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