

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="24"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2016"/> - * <input type="text" value="12"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Bats EDGX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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

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

The Exchange proposed a rule change to adopt Exchange Rule 14.10 setting forth additional 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 * <input type="text" value="Chris"/>	Last Name * <input type="text" value="Solgan"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="csolgan@bats.com"/>	
Telephone * <input type="text" value="(646) 856-8723"/>	Fax <input type="text"/>

Signature

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

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

(Title *)

Date <input type="text" value="04/13/2016"/>	<input type="text" value="Assistant General Counsel"/>
By <input type="text" value="Chris Solgan"/>	<input type="text"/>
(Name *)	<input type="text" value="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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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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 (the “Act”),¹ and Rule 19b-4 thereunder,² Bats EDGX Exchange, Inc. (the “Exchange” or “EDGX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to adopt Exchange Rule 14.10 setting forth additional requirements for the listing of securities that are issued by the Exchange or any of its affiliates as well as the monitoring of such securities’ trading activity on the Exchange. Proposed Rule 14.10 is based on Bats BZX Exchange, Inc. (“BZX”) Rule 14.3(e), which was recently amended and filed for immediate effectiveness with the Commission.³ Therefore, 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.⁴

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See SR-BatsBZX-2016-08 (filed for immediate effectiveness on April 13, 2016). See also Securities Exchange Act Release No. 66580 (March 13, 2012), 77 FR 16110 (March 19, 2012) (SR-BATS-2012-012).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

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 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 adopt Rule 14.10 setting forth reporting requirements on the Exchange should the Exchange or EDGX Affiliate list a security on the Exchange (the "Affiliate Security"). Proposed Rule 14.10(a)(1) would define "EDGX 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." Proposed Rule 14.10(a)(2) would define "Affiliate Security" as "any security issued by an EDGX Affiliate or any Exchange-listed option on any such security, with the exception of Portfolio Depositary Receipts as defined in Rule

14.8(d) and Investment Company Units as defined in Rule 14.2.”⁵

In the event that an EDGX Affiliate seeks to list an Affiliate Security, paragraph (b)(1) of proposed Rule 14.10 would require 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.

Proposed paragraph (b)(2) of proposed Rule 14.10 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 and that such report describe the Exchange’s monitoring of the Affiliate Security’s compliance with the Exchange’s listing standards. Sub-paragraph (A) of proposed Rule 14.10(b)(2) would require the report include a description of the Affiliate Security’s compliance with the Exchange’s minimum share price requirement, and, sub-paragraph (B) would require the report to describe the Affiliate Security’s compliance with each of the quantitative continued listing requirements.

Sub-paragraph (3) of proposed Rule 14.10(b) would require 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 would be required to promptly furnish a copy of this annual report to the Regulatory Oversight Committee of the Exchange’s Board of Directors.

⁵ The Exchange notes that BZX Rule 14.3(e)(1)(B) excludes Index Fund Shares as defined under BZX Rule 14.11(c). The Exchange rules do not currently define Index Fund Shares. Therefore, the Exchange proposes to exclude Investment Company Unit as defined under Exchange Rule 14.2 as it believes Investment Company Units to be synonymous with Index Fund Shares.

Sub-paragraph (4) of proposed Rule 14.10(b) would state that in the event the Exchange determines that the EDGX 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 would also be 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 would 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 would again be 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.

Sub-paragraph (c) of proposed Rule 14.10 would require that throughout the trading of an Affiliate Security on the Exchange, the Exchange 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.

Lastly, paragraph (d) of proposed Rule 14.10 would require the Exchange to promptly provide a copy of the reports required by sub-paragraphs (b) and (c) described

above to the Commission.

The listing of an Affiliate Security or where an Affiliate Security is traded on the Exchange could potentially create a conflict of interest between the Exchange's self-regulatory responsibility to vigorously oversee the listing and trading of the stock on its market, and its own commercial or economic interests. Such "self-listing" may raise questions as to the Exchange's ability to independently and effectively enforce its rules against an affiliate or the operator/owner of its facility. In addition, such listing has the potential to exacerbate possible conflicts that may arise when the Exchange oversees competitors that may also be listed or traded on the Exchange. The Exchange believes that the proposed rule change, by requiring heightened reporting by the Exchange to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission with respect to the Exchange's oversight of the listing and trading on the Exchange of any EDGX Affiliate Security, will help protect against any concern that the Exchange will not effectively enforce its rules with respect to the listing and trading of these securities. In addition, the requirements that an independent accounting firm review such issuer's compliance with the Exchange's listing standards adds a degree of independent oversight to the Exchange's regulation of the listing of these securities and should help mitigate against any potential or actual conflicts of interest. The Exchange also believes that these additional requirements contained in the proposed rule change would provide additional assurance that any Affiliate Securities listed and traded on the Exchange by an EDGX Affiliate comply with the Exchange's listing standards and trading rules on an on-going basis. Finally, the Exchange believes that the proposed rule change would eliminate any perception of a potential conflict of interest if an EDGX

Affiliate seeks to list a security on the Exchange or if an Affiliate Security is traded on the Exchange.

(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 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 Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission with respect to oversight of the listing and trading on the Exchange of Affiliate Securities, will help protect against concerns that the Exchange will not effectively enforce its rules with respect to the listing and trading of these securities. In addition, the requirement that an independent accounting firm review such issuer's compliance with the Exchange's listing standards adds a degree of independent oversight to the Exchange's regulation of the listing of these securities, which may mitigate any potential or actual conflicts of interest. Further, the additional requirements contained in the proposed rule change would help to provide

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

additional assurance: (i) that any Affiliate Securities listed on the Exchange by an EDGX Affiliate comply with the Exchange's listing standards both upon the initial listing of the EDGX Affiliate and on an on-going basis; and (ii) regarding the Exchange's monitoring of the trading of the Affiliate Security traded on the Exchange. The Exchange believes that the proposed rule change would eliminate any perception of a potential conflict of interest if an EDGX Affiliate seeks to list a security on the Exchange and where an Affiliate Security is traded 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, but rather set forth 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 Act⁸ and paragraph (f)(6) of Rule 19b-4 thereunder.⁹ The Exchange

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4.

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.¹⁰

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4¹¹ 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 set forth the controls in place to address the potential conflicts of interest that may arise in the listing and trading of Affiliate Securities on the Exchange. In addition, the proposed rule change is based on the rules of BZX and, therefore, does not present any new or unique issues that have not already been considered by the Commission.¹² Accordingly, the Exchange has designated this rule filing as “non-controversial” under Section 19(b)(3)(A) of the Act¹³ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁴

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become

¹⁰ 17 CFR 240.19b-4(f)(6)(iii).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² See supra note 3.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁵ 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 may become immediately effective in accordance with Section 19(b)(3)(A)¹⁶ and Rule 19b-4(f)(6)¹⁷ 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 an Affiliate Security is traded on the Exchange. Providing the reports required by the rule is in best interest of investors and the public interest because it would provide greater transparency to market participants regarding the controls in place to address the potential conflicts of interest that may arise in the listing and trading of Affiliate Securities on the Exchange. For the foregoing reasons, the Exchange believes that the proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition.

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.

¹⁵ 17 CFR 240.19b-4(f)(6)(iii)

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 15 CFR 240.19b-4(f)(6).

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 – 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-BatsEDGX-2016-12)

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Exchange Rule 14.10 Setting Forth Additional 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 EDGX Exchange, Inc. (the “Exchange” or “EDGX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to adopt Exchange Rule 14.10 setting forth additional requirements for the listing of securities that are issued by the Exchange or any of its affiliates as well as the monitoring of such securities’ trading activity on the Exchange. Proposed Rule 14.10 is based on Bats BZX Exchange, Inc. (“BZX”) Rule

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).

14.3(e), which was recently amended and filed for immediate effectiveness with the Commission.⁵

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 is proposing to adopt Rule 14.10 setting forth reporting requirements on the Exchange should the Exchange or EDGX Affiliate list a security on the Exchange (the "Affiliate Security"). Proposed Rule 14.10(a)(1) would define "EDGX 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

⁵ See SR-BatsBZX-2016-08 (filed for immediate effectiveness on April 13, 2016). See also Securities Exchange Act Release No. 66580 (March 13, 2012), 77 FR 16110 (March 19, 2012) (SR-BATS-2012-012).

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.” Proposed Rule 14.10(a)(2) would define “Affiliate Security” as “any security issued by an EDGX Affiliate or any Exchange-listed option on any such security, with the exception of Portfolio Depositary Receipts as defined in Rule 14.8(d) and Investment Company Units as defined in Rule 14.2.”⁶

In the event that an EDGX Affiliate seeks to list an Affiliate Security, paragraph (b)(1) of proposed Rule 14.10 would require 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.

Proposed paragraph (b)(2) of proposed Rule 14.10 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 and that such report describe the Exchange’s monitoring of the Affiliate Security’s compliance with the Exchange’s listing standards. Sub-paragraph (A) of proposed Rule 14.10(b)(2) would require the report include a description of the Affiliate Security’s compliance with the Exchange’s minimum share price requirement, and, sub-paragraph (B) would require the report to describe the Affiliate Security’s compliance

⁶ The Exchange notes that BZX Rule 14.3(e)(1)(B) excludes Index Fund Shares as defined under BZX Rule 14.11(c). The Exchange rules do not currently define Index Fund Shares. Therefore, the Exchange proposes to exclude Investment Company Unit as defined under Exchange Rule 14.2 as it believes Investment Company Units to be synonymous with Index Fund Shares.

with each of the quantitative continued listing requirements.

Sub-paragraph (3) of proposed Rule 14.10(b) would require 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 would be required to promptly furnish a copy of this annual report to the Regulatory Oversight Committee of the Exchange's Board of Directors.

Sub-paragraph (4) of proposed Rule 14.10(b) would state that in the event the Exchange determines that the EDGX 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 would also be 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 would 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 would again be 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.

Sub-paragraph (c) of proposed Rule 14.10 would require that throughout the trading of an Affiliate Security on the Exchange, the Exchange 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.

Lastly, paragraph (d) of proposed Rule 14.10 would require the Exchange to promptly provide a copy of the reports required by sub-paragraphs (b) and (c) described above to the Commission.

The listing of an Affiliate Security or where an Affiliate Security is traded on the Exchange could potentially create a conflict of interest between the Exchange's self-regulatory responsibility to vigorously oversee the listing and trading of the stock on its market, and its own commercial or economic interests. Such "self-listing" may raise questions as to the Exchange's ability to independently and effectively enforce its rules against an affiliate or the operator/owner of its facility. In addition, such listing has the potential to exacerbate possible conflicts that may arise when the Exchange oversees competitors that may also be listed or traded on the Exchange. The Exchange believes that the proposed rule change, by requiring heightened reporting by the Exchange to the Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission with respect to the Exchange's oversight of the listing and trading on the Exchange of any EDGX Affiliate Security, will help protect against any concern that the Exchange will not effectively enforce its rules with respect to the listing and trading of these securities. In addition, the requirements that an independent accounting firm review such issuer's compliance with the Exchange's listing standards adds a degree of independent oversight to the Exchange's regulation of the listing of these securities and

should help mitigate against any potential or actual conflicts of interest. The Exchange also believes that these additional requirements contained in the proposed rule change would provide additional assurance that any Affiliate Securities listed and traded on the Exchange by an EDGX Affiliate comply with the Exchange's listing standards and trading rules on an on-going basis. Finally, the Exchange believes that the proposed rule change would eliminate any perception of a potential conflict of interest if an EDGX Affiliate seeks to list a security on the Exchange or if an Affiliate Security is traded on the Exchange.

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 Regulatory Oversight Committee of the Exchange's Board of Directors and the Commission with respect to oversight of the

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

listing and trading on the Exchange of Affiliate Securities, will help protect against concerns that the Exchange will not effectively enforce its rules with respect to the listing and trading of these securities. In addition, the requirement that an independent accounting firm review such issuer's compliance with the Exchange's listing standards adds a degree of independent oversight to the Exchange's regulation of the listing of these securities, which may mitigate any potential or actual conflicts of interest. Further, the additional requirements contained in the proposed rule change would help to provide additional assurance: (i) that any Affiliate Securities listed on the Exchange by an EDGX Affiliate comply with the Exchange's listing standards both upon the initial listing of the EDGX Affiliate and on an on-going basis; and (ii) regarding the Exchange's monitoring of the trading of the Affiliate Security traded on the Exchange. The Exchange believes that the proposed rule change would eliminate any perception of a potential conflict of interest if an EDGX Affiliate seeks to list a security on the Exchange and where an Affiliate Security is traded 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 set forth 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 Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁰ 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.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4.

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-BatsEDGX-2016-12 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-BatsEDGX-2016-12. 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-BatsEDGX-2016-12 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.¹¹

Robert W. Errett
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).

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

Rules of Bats EDGX Exchange, Inc.

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CHAPTER XIV. SECURITIES TRADED

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Rule 14.10. Requirements for Securities Issued by the Exchange or its Affiliates

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

(1) “EDGX 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.

(2) “Affiliate Security” means any security issued by an EDGX Affiliate or any Exchange-listed option on any such security, with the exception of Portfolio Depository Receipts as defined in Rule 14.8(d) and Investment Company Units as defined in Rule 14.2.

(b) Affiliate Securities Listed on the Exchange

(1) 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.

(2) 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 the Exchange’s monitoring of the Affiliate Security’s compliance with the Exchange’s listing standards, including:

(A) the Affiliate Security’s compliance with the Exchange’s minimum share price requirement; and

(B) the Affiliate Security’s compliance with each of the quantitative continued listing requirements.

(3) 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.

(4) In the event that the Exchange determines that the EDGX 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.

(c) 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.

(d) A copy of the reports required by sub-paragraphs (b) and (c) will be forwarded promptly to the Commission.

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