

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="35"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2016"/> - * <input type="text" value="15"/>	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)(6)
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

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

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

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

The Exchange proposes rule changes related to fees as they apply to the Equity Options Platform.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * <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="05/02/2016"/>	<input type="text" value="Assistant General Counsel"/>
By <input type="text" value="Chris Solgan"/>	<input type="text" value=""/>
(Name *)	

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 \***

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 \***

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

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

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Exhibit Sent As Paper Document

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Bats EDGX Exchange, Inc. (the “Exchange” or “EDGX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to modify its fee schedule which would be applicable to Members<sup>3</sup> and non-Members of the Exchange pursuant to Exchange Rules 15.1(a) and (c). The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

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

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

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

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 its fee schedule for its equity options platform ("EDGX Options") to: (1) modify an existing tier and add a new tier to its existing tiered pricing structure; and (2) simplify the Exchange's routing fees, as further described below.

Tiered Pricing Changes

The Exchange currently offers two pricing tiers under footnotes 1 and 2 of the fee schedule, Customer Volume Tiers and Market Maker Volume Tiers, respectively. Under the tiers, Members that achieve certain volume criteria may qualify for reduced fees or enhanced rebates for Customer<sup>4</sup> and Market Maker<sup>5</sup> orders. The Exchange proposes to modify Customer Volume Tier 6 under footnote 1 and to add an additional Market Maker Volume Tier under footnote 2, as further described below.

Fee code PC and NC are currently appended to all Customer orders in Penny Pilot Securities<sup>6</sup> and Non-Penny Pilot Securities,<sup>7</sup> respectively, and result in a standard rebate

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<sup>4</sup> The term "Customer" applies to any transaction identified by a Member for clearing in the Customer range at the Options Clearing Corporation ("OCC"), excluding any transaction for a Broker Dealer or a "Professional" as defined in Exchange Rule 16.1.

<sup>5</sup> The term "Market Maker" applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is registered with the Exchange as a Market Maker as defined in Rule 16.1(a)(37).

<sup>6</sup> The term "Penny Pilot Security" applies to those issues that are quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.

<sup>7</sup> The term "Non-Penny Pilot Security" applies to those issues that are not Penny Pilot Securities quoted pursuant to Exchange Rule 21.5, Interpretation and Policy

of \$0.01 per contract. The Customer Volume Tiers in footnote 1 consist of six separate tiers, each providing an enhanced rebate to a Member's Customer orders that yield fee codes PC or NC upon satisfying monthly volume criteria required by the respective tier. For instance, pursuant to Customer Volume Tier 1, the lowest volume tier, a Member will receive a rebate of \$0.05 per contract where the Member has an ADV<sup>8</sup> in Customer orders equal to or greater than 0.10% of average TCV.<sup>9</sup>

Pursuant to Customer Volume Tier 6, a Member currently will receive a rebate of \$0.21 per contract where: (1) the Member has an ADV in Customer orders equal to or greater than 0.25% of average TCV; and (2) the Member has an ADV in Market Maker orders equal to or greater than 0.25% of average TCV. In order to encourage the entry of additional orders to the Exchange, Exchange proposes to modify Customer Volume Tier 6 to reduce the criteria necessary to qualify. Specifically, the Exchange proposes to provide the same rebate, \$0.21 per contract, as it currently provides for Customer Volume Tier 6, but to provide such rebate where: (1) the Member has an ADV in Customer orders equal to or greater than 0.20% of average TCV; and (2) the Member has an ADV in Market Maker orders equal to or greater than 0.15% of average TCV. The Exchange believes that this change will make Customer Volume Tier 6 more attainable for additional Members.

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.01.

<sup>8</sup> "ADV" means average daily volume calculated as the number of contracts added or removed, combined, per day.

<sup>9</sup> "TCV" means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

Fee code PM and NM are currently appended to all Market Maker orders in Penny Pilot Securities and Non-Penny Pilot Securities, respectively, and result in a standard fee of \$0.19 per contract. The Market Maker Volume Tiers in footnote 2 consist of six separate tiers, each providing a reduced fee or rebate to a Member's Market Maker orders that yield fee codes PM or NM upon satisfying monthly volume criteria required by the respective tier. For instance, pursuant to Market Maker Volume Tier 1, the lowest volume tier, a Member will pay a reduced fee of \$0.16 per contract where the Member has an ADV in Market Maker orders equal to or greater than 0.05% of average TCV. Pursuant to Market Maker Volume Tier 6, the highest volume tier, a Member will receive a rebate of \$0.01 per contract where the Member has an ADV in Market Maker orders equal to or greater than 1.10% of average TCV.

In addition to the change to the qualifying criteria for Customer Volume Tier 6 set forth above, the Exchange proposes to adopt a new Market Maker Volume Tier with the same criteria as amended Customer Volume Tier 6. Specifically, the Exchange proposes to adopt Market Maker Volume Tier 7, providing a reduced fee of \$0.10 per contract where: (1) the Member has an ADV in Customer orders equal to or greater than 0.20% of average TCV; and (2) the Member has an ADV in Market Maker orders equal to or greater than 0.15% of average TCV. As with all other fees and rebates pursuant to footnote 2, the fee would be charged for transactions yielding fee code PM and NM.

The Exchange notes that the reduced fee of \$0.10 per contract is the same fee as Market Maker Volume Tier 3, which is provided where the Member has an ADV in Market Maker orders equal to or greater than 0.20% of average TCV. By introducing Tier 7, the Exchange is providing an additional mechanism for a Member to achieve this

reduced fee. The Exchange also notes that the proposed fee and associated criteria are intended to encourage the entry of both Customer orders and Market Maker orders by providing a hybrid tier that rewards the entry of both. Although the qualifying criteria includes Customer orders, as noted above, the proposed reduced fee of \$0.10 per contract would only be awarded to a Member's Market Maker orders that yield fee codes PM or NM upon satisfying the monthly volume criteria (and not such Member's Customer orders). However, as noted above, because the criteria are the same, a Member qualifying for Market Maker Volume Tier 7 would also qualify for Customer Volume Tier 6, and thus would be entitled to enhanced rebates for such Member's Customer orders.

In addition to the changes described above, the Exchange proposes to add the phrase "of average TCV" to the end of the criteria for existing Market Making Volume Tiers 1 through 6. Although the filing initially adopting such tiers did include the language in describing the applicable criteria, the Exchange believes that such language is appropriate for the fee schedule. This change would ensure that the language of footnote 2 is consistent with footnote 1, which does include this phrase in each Tier's criteria description. The Exchange also proposes to change all references to "Customer Orders" to "Customer orders" and from "Market Maker Orders" to "Market Maker orders" throughout footnote 1 and footnote 2. These changes will also ensure consistency on the fee schedule with respect to the word "order", which is not contained in any of the defined terms on the fee schedule.

#### Routing Fees

The Exchange proposes to modify the fees charged for orders routed away from the Exchange and executed at various away options exchanges. The Exchange currently has specific rates and associated fee codes for each away options exchange.<sup>10</sup> Such rates are further divided at each options exchange into either two categories in order to differentiate between Customer and Non-Customer<sup>11</sup> orders or into four categories in order to differentiate between Customer and Non-Customer orders and then into Penny Pilot Securities and Non-Penny Pilot Securities.<sup>12</sup> In order to simplify routing fees for executions at away options exchanges, the Exchange proposes to charge flat rates for routing to other options exchanges that have been placed into groups based on the approximate cost of routing to such venues. The grouping of away options exchanges is based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). To address different fees at various other options exchanges, the Exchange proposes to adopt five different fees and associated fee codes applicable to routing to away options exchanges, as further described below.

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<sup>10</sup> Other options exchanges to which the Exchange routes include: Bats BZX Exchange, Inc. ("BZX Options"), BOX Options Exchange LLC ("BOX"), Chicago Board Options Exchange, Inc. ("CBOE"), C2 Options Exchange, Inc. ("C2"), International Securities Exchange, Inc. ("ISE"), ISE Gemini, LLC ("ISE Gemini"), ISE Mercury, LLC ("ISE Mercury"), Miami International Securities Exchange, LLC ("MIAX"), Nasdaq Options Market LLC ("NOM"), Nasdaq OMX BX LLC ("BX Options"), Nasdaq OMX PHLX LLC ("PHLX"), NYSE Arca, Inc. ("ARCA"), and NYSE MKT LLC ("AMEX").

<sup>11</sup> The term "Non-Customer" applies to any transaction that is not a Customer order.

<sup>12</sup> The Exchange notes that it still applies a single rate for orders routed to and executed at the newest options exchange, ISE Mercury.



With respect to Non-Customer orders, the Exchange proposes to adopt two fee codes: (1) fee code RN, which would result in a fee of \$0.85 per contract and would apply to all Non-Customer orders in Penny Pilot Securities; and (2) fee code RO, which would result in a fee of \$1.20 per contract and would apply to all Non-Customer orders in Non-Penny Pilot Securities. The Exchange notes that the current range of fees applicable to Non-Customer orders routed to other options exchanges is from \$0.60 per contract (fee code RF, applicable to Non-Customer orders in Penny Pilot Securities executed at BZX Options) to \$1.25 per contract (fee code QG, applicable to Non-Customer orders executed at NOM in Non-Penny Pilot Securities).

With respect to Customer orders, the Exchange proposes to adopt three fee codes: (1) fee code RP, which would result in a fee of \$0.25 per contract and would apply to all Customer orders routed to and executed at AMEX, BOX, BX Options, CBOE, ISE Mercury, MIAX or PHLX; (2) fee code RQ, which would result in a fee of \$0.70 per contract and would apply to all Customer orders in Penny Pilot Securities routed to and executed at ARCA, BZX Options, C2, ISE, ISE Gemini or NOM; and (3) fee code RR, which would result in a fee of \$0.90 per contract and would apply to all Customer orders in Non-Penny Pilot Securities routed to and executed at ARCA, BZX Options, C2, ISE, ISE Gemini or NOM. The Exchange notes that the current range of fees applicable to Customer orders routed to other options exchanges is from no charge per contract (fee code BD, applicable to Customer orders in Non-Penny Pilot Securities executed at BX

Options) to \$0.94 per contract (fee code RD, applicable to Customer orders executed at BZX Options in Non-Penny Pilot Securities).<sup>13</sup>

As a general matter, the groupings described above in most instances attempt to differentiate between the Routing Costs applicable to either executions of orders in Penny Pilot Securities versus those in Non-Penny Pilot Securities or between fee ranges typical of exchanges that operate primarily a maker/taker or price/time market model (generally imposing higher fees, including for Customer orders) versus exchanges that operate primarily a pro rata or customer priority market model (generally imposing lower fees, especially for Customer orders).

As set forth above, the Exchange's proposed approach to routing fees is to set forth in a simple manner certain flat fees that approximate the cost of routing to other options exchanges. The Exchange will then monitor the fees charged as compared to the costs of its routing services, as well as monitoring for specific fee changes by other options exchanges, and intends to adjust its flat routing fees and/or groupings to ensure that the Exchange's fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. Although there may be instances where the Exchange's fee to a particular options exchange is indeed significantly higher than the fee charged by such options exchange, the Exchange believes that this is appropriate for several reasons discussed in further detail below, including the simplicity that it will provide Users of the Exchange's routing services.

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<sup>13</sup> The Exchange again notes that it currently applies a single rate for orders routed to and executed at the newest options exchange, ISE Mercury. As such, Customer orders execute at ISE Mercury technically pay the highest rate today, a fee of \$0.99 per contract.

### Implementation Date

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

#### (b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.<sup>14</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>15</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls.

The Exchange believes its proposed fees and rebates pursuant to the tiered pricing structure are reasonable, fair and equitable, and non-discriminatory. The Exchange operates in a highly competitive market in which market participants may readily send order flow to many competing venues if they deem fees at the Exchange to be excessive. As a new options exchange, the proposed fee structure remains intended to attract order flow to the Exchange by offering market participants a competitive yet simple pricing structure. At the same time, the Exchange believes it is reasonable to incrementally adopt incentives intended to help to contribute to the growth of the Exchange.

Volume-based rebates such as those currently maintained on the Exchange have been widely adopted by options exchanges and are equitable because they are open to all

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<sup>14</sup> 15 U.S.C. 78f.

<sup>15</sup> 15 U.S.C. 78f(b)(4).

Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value of an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. The proposed modification to the Customer Volume Tier and the proposed addition of Market Maker Volume Tier 7 is each intended to incentivize Members to send additional Customer orders and Market Maker orders to the Exchange in an effort to qualify for the enhanced rebate or lower fee made available by the tiers.

The Exchange believes that the proposed tiers are reasonable, fair and equitable, and non-discriminatory, for the reasons set forth above with respect to volume-based pricing generally and because such changes will incentivize participants to further contribute to market quality. The proposed tiers will provide an additional way for market participants to qualify for enhanced rebates or reduced fees. The Exchange also believes that the proposed tiered pricing structure is consistent with pricing previously offered by the Exchange as well as other options exchanges and does not represent a significant departure from such pricing structures.<sup>16</sup>

With respect to the proposed routing structure, the Exchange again notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive. As explained above, the Exchange proposes to approximate the cost of

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<sup>16</sup> See, e.g., Bats BZX Options Fee Schedule, Footnote 1, Customer Add Volume Tier 5, which provides an enhanced rebate to Customer orders on BZX Options based on both Customer volume and Market Maker volume. The BZX Options Fee Schedule is available at:  
[http://www.batsoptions.com/support/fee\\_schedule/bzx/](http://www.batsoptions.com/support/fee_schedule/bzx/).

routing to other options exchanges, including other applicable costs to the Exchange for routing, in order to provide a simplified and easy to understand pricing model. The Exchange believes that a pricing model based on approximate Routing Costs is a reasonable, fair and equitable approach to pricing. Specifically, the Exchange believes that its proposal to modify fees is fair, equitable and reasonable because the fees are generally an approximation of the cost to the Exchange for routing orders to such exchanges. The Exchange believes that its flat fee structure for orders routed to various venues is a fair and equitable approach to pricing, as it will provide certainty with respect to execution fees at groups of away options exchanges. In order to achieve its flat fee structure, taking all costs to the Exchange into account, the Exchange will necessarily charge a higher premium to route to certain options exchanges than to others. As a general matter, the Exchange believes that the proposed fees will allow it to recoup and cover its costs of providing routing services to such exchanges and to make some additional profit in exchange for the services it provides. The Exchange also believes that the proposed fee structure for orders routed to and executed at these away options exchanges is fair and equitable and not unreasonably discriminatory in that it applies equally to all Members. Finally, the Exchange notes that it intends to consistently evaluate its routing fees, including profit and loss attributable to routing, as applicable, in connection with the operation of a flat fee routing service, and would consider future adjustments to the proposed pricing structure to the extent it was recouping a significant profit or loss from routing to away options exchanges.

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

The Exchange believes the proposed amendments to its fee schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the proposal is a competitive proposal that is seeking to further the growth of the Exchange and to simplify the Exchange's fees for routing orders to away options exchanges. With respect to the tiered pricing changes, the Exchange has structured the proposed fees and rebates to attract additional volume in Market Maker and Customer orders, however, the Exchange believes that its pricing for all capacities is competitive with that offered by other options exchanges. With respect to the proposed routing fee structure, the Exchange believes that the proposed fees are competitive in that they will provide a simple approach to routing pricing that some Members may favor. Additionally, Members may opt to disfavor the Exchange's pricing, including pricing for transactions on the Exchange as well as routing fees, if they believe that alternatives offer them better value. In particular, with respect to routing services, such services are available to Members from other broker-dealers as well as other options exchanges. The Exchange also notes that Members may choose to mark their orders as ineligible for routing to avoid incurring routing fees.<sup>17</sup> Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

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

The Exchange has not solicited, and does not intend to solicit, comments on this

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<sup>17</sup> See Exchange Rule 21.1(d)(7) (describing "Book Only" orders) and Exchange Rule 21.9(a)(1) (describing the Exchange's routing process, which requires orders to be designated as available for routing).

proposed rule change. The Exchange has not received any written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>18</sup> and Rule 19b-4(f)(2) thereunder,<sup>19</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to the Exchange's Members and non-Members, which renders the proposed rule change effective upon filing.

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

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

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

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>19</sup> 17 CFR 240.19b-4(f)(2).

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

Exhibit 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.



EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BatsEDGX-2016-15)

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees as they Apply to the Equity Options Platform

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, Bats EDGX Exchange, Inc. (the “Exchange” or “EDGX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to EDGX Rules 15.1(a) and (c).

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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)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

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

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

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

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

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

1. Purpose

The Exchange proposes to amend its fee schedule for its equity options platform ("EDGX Options") to: (1) modify an existing tier and add a new tier to its existing tiered pricing structure; and (2) simplify the Exchange's routing fees, as further described below.

Tiered Pricing Changes

The Exchange currently offers two pricing tiers under footnotes 1 and 2 of the fee schedule, Customer Volume Tiers and Market Maker Volume Tiers, respectively. Under the tiers, Members that achieve certain volume criteria may qualify for reduced fees or enhanced rebates for Customer<sup>6</sup> and Market Maker<sup>7</sup> orders. The Exchange proposes to

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<sup>6</sup> The term "Customer" applies to any transaction identified by a Member for

modify Customer Volume Tier 6 under footnote 1 and to add an additional Market Maker Volume Tier under footnote 2, as further described below.

Fee code PC and NC are currently appended to all Customer orders in Penny Pilot Securities<sup>8</sup> and Non-Penny Pilot Securities,<sup>9</sup> respectively, and result in a standard rebate of \$0.01 per contract. The Customer Volume Tiers in footnote 1 consist of six separate tiers, each providing an enhanced rebate to a Member's Customer orders that yield fee codes PC or NC upon satisfying monthly volume criteria required by the respective tier. For instance, pursuant to Customer Volume Tier 1, the lowest volume tier, a Member will receive a rebate of \$0.05 per contract where the Member has an ADV<sup>10</sup> in Customer orders equal to or greater than 0.10% of average TCV.<sup>11</sup>

Pursuant to Customer Volume Tier 6, a Member currently will receive a rebate of \$0.21 per contract where: (1) the Member has an ADV in Customer orders equal to or

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clearing in the Customer range at the Options Clearing Corporation ("OCC"), excluding any transaction for a Broker Dealer or a "Professional" as defined in Exchange Rule 16.1.

<sup>7</sup> The term "Market Maker" applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is registered with the Exchange as a Market Maker as defined in Rule 16.1(a)(37).

<sup>8</sup> The term "Penny Pilot Security" applies to those issues that are quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.

<sup>9</sup> The term "Non-Penny Pilot Security" applies to those issues that are not Penny Pilot Securities quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.

<sup>10</sup> "ADV" means average daily volume calculated as the number of contracts added or removed, combined, per day.

<sup>11</sup> "TCV" means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

greater than 0.25% of average TCV; and (2) the Member has an ADV in Market Maker orders equal to or greater than 0.25% of average TCV. In order to encourage the entry of additional orders to the Exchange, Exchange proposes to modify Customer Volume Tier 6 to reduce the criteria necessary to qualify. Specifically, the Exchange proposes to provide the same rebate, \$0.21 per contract, as it currently provides for Customer Volume Tier 6, but to provide such rebate where: (1) the Member has an ADV in Customer orders equal to or greater than 0.20% of average TCV; and (2) the Member has an ADV in Market Maker orders equal to or greater than 0.15% of average TCV. The Exchange believes that this change will make Customer Volume Tier 6 more attainable for additional Members.

Fee code PM and NM are currently appended to all Market Maker orders in Penny Pilot Securities and Non-Penny Pilot Securities, respectively, and result in a standard fee of \$0.19 per contract. The Market Maker Volume Tiers in footnote 2 consist of six separate tiers, each providing a reduced fee or rebate to a Member's Market Maker orders that yield fee codes PM or NM upon satisfying monthly volume criteria required by the respective tier. For instance, pursuant to Market Maker Volume Tier 1, the lowest volume tier, a Member will pay a reduced fee of \$0.16 per contract where the Member has an ADV in Market Maker orders equal to or greater than 0.05% of average TCV. Pursuant to Market Maker Volume Tier 6, the highest volume tier, a Member will receive a rebate of \$0.01 per contract where the Member has an ADV in Market Maker orders equal to or greater than 1.10% of average TCV.

In addition to the change to the qualifying criteria for Customer Volume Tier 6 set forth above, the Exchange proposes to adopt a new Market Maker Volume Tier with the

same criteria as amended Customer Volume Tier 6. Specifically, the Exchange proposes to adopt Market Maker Volume Tier 7, providing a reduced fee of \$0.10 per contract where: (1) the Member has an ADV in Customer orders equal to or greater than 0.20% of average TCV; and (2) the Member has an ADV in Market Maker orders equal to or greater than 0.15% of average TCV. As with all other fees and rebates pursuant to footnote 2, the fee would be charged for transactions yielding fee code PM and NM.

The Exchange notes that the reduced fee of \$0.10 per contract is the same fee as Market Maker Volume Tier 3, which is provided where the Member has an ADV in Market Maker orders equal to or greater than 0.20% of average TCV. By introducing Tier 7, the Exchange is providing an additional mechanism for a Member to achieve this reduced fee. The Exchange also notes that the proposed fee and associated criteria are intended to encourage the entry of both Customer orders and Market Maker orders by providing a hybrid tier that rewards the entry of both. Although the qualifying criteria includes Customer orders, as noted above, the proposed reduced fee of \$0.10 per contract would only be awarded to a Member's Market Maker orders that yield fee codes PM or NM upon satisfying the monthly volume criteria (and not such Member's Customer orders). However, as noted above, because the criteria are the same, a Member qualifying for Market Maker Volume Tier 7 would also qualify for Customer Volume Tier 6, and thus would be entitled to enhanced rebates for such Member's Customer orders.

In addition to the changes described above, the Exchange proposes to add the phrase "of average TCV" to the end of the criteria for existing Market Making Volume Tiers 1 through 6. Although the filing initially adopting such tiers did include the

language in describing the applicable criteria, the Exchange believes that such language is appropriate for the fee schedule. This change would ensure that the language of footnote 2 is consistent with footnote 1, which does include this phrase in each Tier's criteria description. The Exchange also proposes to change all references to "Customer Orders" to "Customer orders" and from "Market Maker Orders" to "Market Maker orders" throughout footnote 1 and footnote 2. These changes will also ensure consistency on the fee schedule with respect to the word "order", which is not contained in any of the defined terms on the fee schedule.

#### Routing Fees

The Exchange proposes to modify the fees charged for orders routed away from the Exchange and executed at various away options exchanges. The Exchange currently has specific rates and associated fee codes for each away options exchange.<sup>12</sup> Such rates are further divided at each options exchange into either two categories in order to differentiate between Customer and Non-Customer<sup>13</sup> orders or into four categories in order to differentiate between Customer and Non-Customer orders and then into Penny

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<sup>12</sup> Other options exchanges to which the Exchange routes include: Bats BZX Exchange, Inc. ("BZX Options"), BOX Options Exchange LLC ("BOX"), Chicago Board Options Exchange, Inc. ("CBOE"), C2 Options Exchange, Inc. ("C2"), International Securities Exchange, Inc. ("ISE"), ISE Gemini, LLC ("ISE Gemini"), ISE Mercury, LLC ("ISE Mercury"), Miami International Securities Exchange, LLC ("MIAX"), Nasdaq Options Market LLC ("NOM"), Nasdaq OMX BX LLC ("BX Options"), Nasdaq OMX PHLX LLC ("PHLX"), NYSE Arca, Inc. ("ARCA"), and NYSE MKT LLC ("AMEX").

<sup>13</sup> The term "Non-Customer" applies to any transaction that is not a Customer order.

Pilot Securities and Non-Penny Pilot Securities.<sup>14</sup> In order to simplify routing fees for executions at away options exchanges, the Exchange proposes to charge flat rates for routing to other options exchanges that have been placed into groups based on the approximate cost of routing to such venues. The grouping of away options exchanges is based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (i.e., clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, “Routing Costs”). To address different fees at various other options exchanges, the Exchange proposes to adopt five different fees and associated fee codes applicable to routing to away options exchanges, as further described below.

With respect to Non-Customer orders, the Exchange proposes to adopt two fee codes: (1) fee code RN, which would result in a fee of \$0.85 per contract and would apply to all Non-Customer orders in Penny Pilot Securities; and (2) fee code RO, which would result in a fee of \$1.20 per contract and would apply to all Non-Customer orders in Non-Penny Pilot Securities. The Exchange notes that the current range of fees applicable to Non-Customer orders routed to other options exchanges is from \$0.60 per contract (fee code RF, applicable to Non-Customer orders in Penny Pilot Securities executed at BZX Options) to \$1.25 per contract (fee code QG, applicable to Non-Customer orders executed at NOM in Non-Penny Pilot Securities).

With respect to Customer orders, the Exchange proposes to adopt three fee codes: (1) fee code RP, which would result in a fee of \$0.25 per contract and would apply to all

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<sup>14</sup> The Exchange notes that it still applies a single rate for orders routed to and executed at the newest options exchange, ISE Mercury.

Customer orders routed to and executed at AMEX, BOX, BX Options, CBOE, ISE Mercury, MIAX or PHLX; (2) fee code RQ, which would result in a fee of \$0.70 per contract and would apply to all Customer orders in Penny Pilot Securities routed to and executed at ARCA, BZX Options, C2, ISE, ISE Gemini or NOM; and (3) fee code RR, which would result in a fee of \$0.90 per contract and would apply to all Customer orders in Non-Penny Pilot Securities routed to and executed at ARCA, BZX Options, C2, ISE, ISE Gemini or NOM. The Exchange notes that the current range of fees applicable to Customer orders routed to other options exchanges is from no charge per contract (fee code BD, applicable to Customer orders in Non-Penny Pilot Securities executed at BX Options) to \$0.94 per contract (fee code RD, applicable to Customer orders executed at BZX Options in Non-Penny Pilot Securities).<sup>15</sup>

As a general matter, the groupings described above in most instances attempt to differentiate between the Routing Costs applicable to either executions of orders in Penny Pilot Securities versus those in Non-Penny Pilot Securities or between fee ranges typical of exchanges that operate primarily a maker/taker or price/time market model (generally imposing higher fees, including for Customer orders) versus exchanges that operate primarily a pro rata or customer priority market model (generally imposing lower fees, especially for Customer orders).

As set forth above, the Exchange's proposed approach to routing fees is to set forth in a simple manner certain flat fees that approximate the cost of routing to other

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<sup>15</sup> The Exchange again notes that it currently applies a single rate for orders routed to and executed at the newest options exchange, ISE Mercury. As such, Customer orders execute at ISE Mercury technically pay the highest rate today, a fee of \$0.99 per contract.



options exchanges. The Exchange will then monitor the fees charged as compared to the costs of its routing services, as well as monitoring for specific fee changes by other options exchanges, and intends to adjust its flat routing fees and/or groupings to ensure that the Exchange's fees do indeed result in a rough approximation of overall Routing Costs, and are not significantly higher or lower in any area. Although there may be instances where the Exchange's fee to a particular options exchange is indeed significantly higher than the fee charged by such options exchange, the Exchange believes that this is appropriate for several reasons discussed in further detail below, including the simplicity that it will provide Users of the Exchange's routing services.

#### Implementation Date

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

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.<sup>16</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>17</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls.

The Exchange believes its proposed fees and rebates pursuant to the tiered pricing

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<sup>16</sup> 15 U.S.C. 78f.

<sup>17</sup> 15 U.S.C. 78f(b)(4).

structure are reasonable, fair and equitable, and non-discriminatory. The Exchange operates in a highly competitive market in which market participants may readily send order flow to many competing venues if they deem fees at the Exchange to be excessive. As a new options exchange, the proposed fee structure remains intended to attract order flow to the Exchange by offering market participants a competitive yet simple pricing structure. At the same time, the Exchange believes it is reasonable to incrementally adopt incentives intended to help to contribute to the growth of the Exchange.

Volume-based rebates such as those currently maintained on the Exchange have been widely adopted by options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value of an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. The proposed modification to the Customer Volume Tier and the proposed addition of Market Maker Volume Tier 7 is each intended to incentivize Members to send additional Customer orders and Market Maker orders to the Exchange in an effort to qualify for the enhanced rebate or lower fee made available by the tiers.

The Exchange believes that the proposed tiers are reasonable, fair and equitable, and non-discriminatory, for the reasons set forth above with respect to volume-based pricing generally and because such changes will incentivize participants to further contribute to market quality. The proposed tiers will provide an additional way for market participants to qualify for enhanced rebates or reduced fees. The Exchange also believes that the proposed tiered pricing structure is consistent with pricing previously

offered by the Exchange as well as other options exchanges and does not represent a significant departure from such pricing structures.<sup>18</sup>

With respect to the proposed routing structure, the Exchange again notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive. As explained above, the Exchange proposes to approximate the cost of routing to other options exchanges, including other applicable costs to the Exchange for routing, in order to provide a simplified and easy to understand pricing model. The Exchange believes that a pricing model based on approximate Routing Costs is a reasonable, fair and equitable approach to pricing. Specifically, the Exchange believes that its proposal to modify fees is fair, equitable and reasonable because the fees are generally an approximation of the cost to the Exchange for routing orders to such exchanges. The Exchange believes that its flat fee structure for orders routed to various venues is a fair and equitable approach to pricing, as it will provide certainty with respect to execution fees at groups of away options exchanges. In order to achieve its flat fee structure, taking all costs to the Exchange into account, the Exchange will necessarily charge a higher premium to route to certain options exchanges than to others. As a general matter, the Exchange believes that the proposed fees will allow it to recoup and cover its costs of providing routing services to such exchanges and to make some

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<sup>18</sup> See, e.g., Bats BZX Options Fee Schedule, Footnote 1, Customer Add Volume Tier 5, which provides an enhanced rebate to Customer orders on BZX Options based on both Customer volume and Market Maker volume. The BZX Options Fee Schedule is available at:  
[http://www.batsoptions.com/support/fee\\_schedule/bzx/](http://www.batsoptions.com/support/fee_schedule/bzx/).

additional profit in exchange for the services it provides. The Exchange also believes that the proposed fee structure for orders routed to and executed at these away options exchanges is fair and equitable and not unreasonably discriminatory in that it applies equally to all Members. Finally, the Exchange notes that it intends to consistently evaluate its routing fees, including profit and loss attributable to routing, as applicable, in connection with the operation of a flat fee routing service, and would consider future adjustments to the proposed pricing structure to the extent it was recouping a significant profit or loss from routing to away options exchanges.

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

The Exchange believes the proposed amendments to its fee schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the proposal is a competitive proposal that is seeking to further the growth of the Exchange and to simplify the Exchange's fees for routing orders to away options exchanges. With respect to the tiered pricing changes, the Exchange has structured the proposed fees and rebates to attract additional volume in Market Maker and Customer orders, however, the Exchange believes that its pricing for all capacities is competitive with that offered by other options exchanges. With respect to the proposed routing fee structure, the Exchange believes that the proposed fees are competitive in that they will provide a simple approach to routing pricing that some Members may favor. Additionally, Members may opt to disfavor the Exchange's pricing, including pricing for transactions on the Exchange as well as routing fees, if they believe that alternatives offer them better value. In particular, with respect to routing services, such services are available to Members from other broker-dealers as well as other options exchanges. The

Exchange also notes that Members may choose to mark their orders as ineligible for routing to avoid incurring routing fees.<sup>19</sup> Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>20</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>21</sup> 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.

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.

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<sup>19</sup> See Exchange Rule 21.1(d)(7) (describing "Book Only" orders) and Exchange Rule 21.9(a)(1) (describing the Exchange's routing process, which requires orders to be designated as available for routing).

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f).

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-BatsEDGX-2016-15 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-2016-15. 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-2016-15 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>22</sup>

Robert W. Errett  
Deputy Secretary

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<sup>22</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

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

**Bats EDGX Options Exchange Fee Schedule**

Effective [~~April 7~~]May 2, 2016

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**Fee Codes and Associated Fees:**

Fee Code	Description	Fee/(Rebate)
[2C	Routed to C2 (Customer)	0.70
2F	Routed to C2 (Non-Customer)	0.72
AC	Routed to ARCA (Customer), Penny Pilot	0.70
AD	Routed to ARCA (Customer), Non-Penny	0.90
AF	Routed to ARCA (Non-Customer), Penny Pilot	0.65
AG	Routed to ARCA (Non-Customer), Non-Penny	1.15
BC	Routed to BX Options (Customer), Penny Pilot	0.12
BD	Routed to BX Options (Customer), Non-Penny	FREE
BF	Routed to BX Options (Non-Customer), Penny Pilot	0.65
BG	Routed to BX Options (Non-Customer), Non-Penny	0.95
CC	Routed to CBOE (Customer)	0.13
CF	Routed to CBOE (Non-Customer)	0.75]
D1-D4	(No change).	
[GC	Routed to ISE Gemini (Customer), Penny Pilot	0.52
GD	Routed to ISE Gemini (Customer), Non-Penny	0.90
GF	Routed to ISE Gemini (Non-Customer), Penny Pilot	0.65
GG	Routed to ISE Gemini (Non-Customer), Non-Penny	0.95
HC	Routed to PHLX (Customer)	0.52
HF	Routed to PHLX (Non-Customer)	0.70
IC	Routed to ISE (Customer), Penny Pilot	0.52
ID	Routed to ISE (Customer), Non-Penny	0.15
IF	Routed to ISE (Non-Customer), Penny Pilot	0.65
IG	Routed to ISE (Non-Customer), Non-Penny	0.65
MC	Routed to MIAX (Customer)	0.15
MF	Routed to MIAX (Non-Customer)	0.85]
NB-NP	(No change).	
[OC	Routed to BOX (Customer)	0.15
OF	Routed to BOX (Non-Customer)	1.20]
OO-PP	(No change).	
<u>RN</u>	<u>Routed (Non-Customer), Penny Pilot</u>	<u>0.85</u>
<u>RO</u>	<u>Routed (Non-Customer), Non-Penny</u>	<u>1.20</u>



<u>RP</u>	<u>Routed (Customer) to AMEX, BOX, BX Options, CBOE, ISE Mercury, MIAX or PHLX</u>	<u>0.25</u>
<u>RQ</u>	<u>Routed (Customer) to ARCA, BZX Options, C2, ISE, ISE Gemini or NOM, Penny Pilot</u>	<u>0.70</u>
<u>RR</u>	<u>Routed (Customer) to ARCA, BZX Options, C2, ISE, ISE Gemini or NOM, Non-Penny</u>	<u>0.90</u>
[QC	Routed to NOM (Customer), Penny Pilot	0.70
QD	Routed to NOM (Customer), Non-Penny	0.90
QF	Routed to NOM (Non-Customer), Penny Pilot	0.70
QG	Routed to NOM (Non-Customer), Non-Penny	1.25
RC	Routed to BZX (Customer), Penny Pilot	0.56
RD	Routed to BZX (Customer), Non-Penny	0.94
RF	Routed to BZX (Non-Customer), Penny Pilot	0.60
RG	Routed to BZX (Non-Customer), Non-Penny	0.99
XC	Routed to AMEX (Customer)	0.15
XF	Routed to AMEX (Non-Customer)	0.65
YC	Routed to ISE Mercury	0.99]

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**Footnotes:****1. Customer Volume Tiers**

Applicable to fee codes PC and NC.

Tier	Rebate per contract for a Customer order	Required Criteria
Tier 1	(\$0.05)	Member has an ADV in Customer [O]orders equal to or greater than 0.10% of average TCV
Tier 2	(\$0.10)	Member has an ADV in Customer [O]orders equal to or greater than 0.20% of average TCV
Tier 3	(\$0.16)	Member has an ADV in Customer [O]orders equal to or greater than 0.30% of average TCV

Tier 4	(\$0.21)	Member has an ADV in Customer [O]rders equal to or greater than 0.50% of average TCV
Tier 5	(\$0.25)	Member has an ADV in Customer [O]rders equal to or greater than 0.80% of average TCV
Tier 6	(\$0.21)	(1) Member has an ADV in Customer [O]rders equal to or greater than 0. <del>25</del> <u>20</u> % of average TCV; and (2) Member has an ADV in Market Maker [O]rders equal to or greater than 0. <del>25</del> <u>15</u> % of average TCV

## 2. Market Maker Volume Tiers

Applicable to fee codes PM and NM.

Tier	Transaction Fee/Rebate per contract for a Market Maker order	Required Criteria
Tier 1	\$0.16	Member has an ADV in Market Maker orders equal to or greater than 0.05% <u>of average TCV</u>
Tier 2	\$0.13	Member has an ADV in Market Maker orders equal to or greater than 0.10% <u>of average TCV</u>
Tier 3	\$0.10	Member has an ADV in Market Maker orders equal to or greater than 0.20% <u>of average TCV</u>

Tier 4	\$0.07	Member has an ADV in Market Maker orders equal to or greater than 0.30% <u>of average TCV</u>
Tier 5	\$0.02	Member has an ADV in Market Maker orders equal to or greater than 0.70% <u>of average TCV</u>
Tier 6	(\$0.01)	Member has an ADV in Market Maker orders equal to or greater than 1.10% <u>of average TCV</u>
<u>Tier 7</u>	<u>\$0.10</u>	(1) <u>Member has an ADV in Customer orders equal to or greater than 0.20% of average TCV</u> (2) <u>Member has an ADV in Market Maker orders equal to or greater than 0.15% of average TCV</u>

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