

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 55	Amendment No. (req. for Amendments *)
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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 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.

Contact Information

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

First Name * Chris	Last Name * Solgan
Title * Assistant General Counsel	
E-mail * csolgan@bats.com	
Telephone * (646) 856-8723	Fax

Signature

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

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

(Title *)

Date 09/30/2016	Assistant General Counsel
By Chris Solgan	
(Name *)	

csolgan@bats.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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

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

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Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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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”),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 amend the fee schedule applicable to Members³ and non-Members of the Exchange pursuant to EDGX Rules 15.1(a) and (c). The changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

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

Eric Swanson
EVP, General Counsel

Chris Solgan
Assistant General Counsel

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

(913) 815-7000

(646) 856-8723

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

(a) Purpose

The Exchange proposes to modify its fee schedule in order to: (i) add the definition of OCC Customer Volume or OCV, to the Definitions section of the fee schedule; and (ii) amend Footnote 1 to: (A) modify the criteria for the Cross-Asset Add Volume Tier to reflect the new definition of OCV; and (B) establish a Single MPID Cross-Asset Tier.

OCC Customer Volume Definition

The Exchange proposes to add the definition of “OCC Customer Volume” or “OCV” to the definition section of its fee schedule. OCC Customer Volume or OCV will be defined as the total equity and Exchange Traded Fund (“ETF”) options volume that clears in the Customer⁴ range at the Options Clearing Corporation (“OCC”) for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption⁵ and on any day with a scheduled early market close, using the definition of Customer as provided under the Exchange’s fee schedule for EDGX Options.

Footnote One

⁴ As defined in the fee schedule for the Exchange’s equity options platform (“EDGX Options”) available at http://www.batsoptions.com/support/fee_schedule/edgx/.

⁵ An “Exchange System Disruption” means “any day that the Exchange’s system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours.” See the Exchange’s fee schedule available at http://batstrading.com/support/fee_schedule/edgx/.

The Exchange determines the liquidity adding rebate that it will provide to Members using the Exchange's tiered pricing structure. Currently, the Exchange provides various rebates under Footnote 1 of the fee schedule for a Member dependent on the Member's ADV⁶ as a percentage of the TCV⁷ for orders that yield fee codes B, V, Y, 3, 4 and ZA. The Exchange currently has none Add Volume Tiers. Under such pricing structure, a Member will receive a rebate of anywhere between \$0.0025 and \$0.0033 per share executed, depending on the volume tier for which such Member qualifies.

Cross-Asset Tier Amendments. Footnote 1 of the fee schedule includes a Cross-Asset Tier under which Members may receive an enhanced rebate of \$0.0028 where they have on EDGX Options an ADV in Firm⁸ orders equal to or greater than 0.10% of average TCV and an ADAV⁹ equal to or greater than 0.12% of average TCV. The Exchange proposes to replace the term TCV with the new defined term OCV (discussed above). As amended, Members must have on EDGX Options an ADV in Firm orders equal to or greater than 0.15% of average OCV. Because, OCV is a by definition, a smaller amount than TCV, the Exchange proposes to slightly increase the volume percentage required to attain the first prong of the tier from 0.10% to 0.15%. Doing so will keep tier's criteria relatively unchanged from its current requirements. Lastly, the

⁶ As defined in the Exchange's fee schedule [available at http://batstrading.com/support/fee_schedule/edgx/](http://batstrading.com/support/fee_schedule/edgx/).

⁷ Id.

⁸ As defined in EDGX Option's fee schedule available at http://www.batsoptions.com/support/fee_schedule/edgx/.

⁹ Exchange's fee schedule [available at http://batstrading.com/support/fee_schedule/edgx/](http://batstrading.com/support/fee_schedule/edgx/).

Exchange will continue to require Members to also have an ADAV equal to or greater than 0.12% of average TCV on the Exchange.

Single MPID Cross-Asset Investor Tier. The Exchange proposes to add new tier to Footnote 1 to be called the Single MPID Cross-Asset Tier. Under the proposed tier, a Member may would receive an enhanced rebate of \$0.0030 per share where that Member's: (i) Market Participant Identifier ("MPID") has on EDGX Options an ADAV in Market Maker¹⁰ orders equal to or greater than 0.12% of average OCV; and (ii) an ADAV equal to or greater than 0.12% of average TCV.

Implementation Date

The Exchange proposes to implement the amendments to its fee schedule on October 3, 2016.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(4),¹² in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members.

¹⁰ As defined in EDGX Option's fee schedule available at http://www.batsoptions.com/support/fee_schedule/edgx/.

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4).

The Exchange believes that the proposed modifications to the tiered pricing structure are reasonable, fair and equitable, and non-discriminatory. The proposed fee structure remains intended to attract order flow to the Exchange by offering market participants a competitive pricing structure. The Exchange believes it is reasonable to offer and incrementally modify incentives intended to help to contribute to the growth of the Exchange. Volume-based rebates such as that proposed herein have been widely adopted by exchanges, including the Exchange, 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: (i) the value to an exchange's market quality; (ii) associated higher levels of market activity, such as higher levels of liquidity provisions and/or growth patterns; and (iii) introduction of higher volumes of orders into the price and volume discovery processes.

The Exchange believes adopting a definition of OCV and utilizing OCV in lieu of TCV for its Cross-Asset Tier is reasonable, fair and equitable, and non-discriminatory because the Exchange also proposed to modify the tier's related criteria in order to maintain substantially identical requirements to qualify for the tier. Competitors of the Exchange also use similar calculations and the proposed qualifications do not represent a significant departure from such pricing structures.¹³ The Exchange believes that the proposed qualifications are reasonable, fair and equitable, and non-discriminatory, and

¹³ NYSE Amex Options Customer volume tiers require a specific "Customer Electronic ADV as a % of Industry Customer Equity and ETF Options ADV". https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf. Nasdaq NOM Options Customer volume tiers require a specific percentage of "total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month." <http://www.nasdaqtrader.com/Micro.aspx?id=optionsPricing>.

will provide additional transparency to Members regarding the calculations used to determine volume levels for purposes of the proposed tiered pricing model.

The Exchange believes that the proposed Single MIPID Cross-Asset Tier is reasonable, fair and equitable, and non-discriminatory. The increased liquidity from this proposed tier also benefits all investors by deepening the EDGX Options and the Exchange's liquidity pools, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. Such pricing programs thereby reward a Member's growth pattern on the Exchange and such increased volume increases potential revenue to the Exchange, and will allow the Exchange to continue to provide and potentially expand the incentive programs operated by the Exchange. To the extent a Member participates on EDGX Options and not EDGX Equities, the Exchange believes that the proposal is still reasonable, equitably allocated and non-discriminatory with respect to such Member based on the overall benefit to the Exchange resulting from the success of EDGX Options. As noted above, such success allows the Exchange to continue to provide and potentially expand its existing incentive programs to the benefit of all participants on the Exchange, whether they participate on EDGX Options or not. The proposed tier is also fair and equitable in that membership in EDGX Options is available to all market participants which would provide them with access to the benefits on EDGX Equities provided by the proposed changes, as described above, even where a member of EDGX Equities is not necessarily eligible for the proposed increased rebates on the Exchange. Further, the proposed changes will result in Members receiving either the same or an increased rebate than they would currently receive.

The Exchange further believes that the proposed addition of the Single MPID Cross Asset Tier represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because it rewards Members with order flow characteristics that contribute meaningfully to price discovery on the Exchange. In other words, Members that post a substantial amount of liquidity and primarily post liquidity are valuable Members to the EDGX Options and EDGX Equities Exchanges and the marketplace in terms of liquidity provision. By applying the tier on a single MPID rather than across a Member's entire trading activity, the Exchange is also allowing more Members to potentially receive the enhanced rebates for their trading activity related to liquidity provision. The Single MPID Cross Asset Tier also encourages Members to primarily add liquidity in order to satisfy the ADAV as a percentage of OCV. Such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of higher rebates. The increased liquidity also benefits all investors by deepening the Exchange's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. Volume-based rebates such as the ones proposed herein have been widely adopted in the cash equities markets, and are equitable because they are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders

into the price and volume discovery processes.

In addition, the rebate is also reasonable in that other exchanges likewise employ similar pricing mechanisms based on a Member's MPID.¹⁴ Finally, the Exchange also believes that the proposed Single MPID Investor Tier is non-discriminatory in that it would apply equally to all Members.

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

The Exchange does not believe its proposed amendment to its fee schedule would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed changes represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members. The Exchange does not believe that the proposed new tiers and standard removal rates would burden competition, but instead, enhances competition, as they are intended to increase the competitiveness of and draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The proposed changes are generally intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed tiers

¹⁴ See Bats BZX Exchange, Inc. fee schedule available at http://batstrading.com/support/fee_schedule/bzx/ (offering a Single MPID Investor Tier with volume requirements based on MPID).

and standard rates would burden intramarket competition as they would apply to all Members uniformly.

The Exchange does not believe that the proposed new Single MPID Cross-Asset Add Tier would burden competition, but instead, enhances competition, as it is intended to increase the competitiveness of and draw additional volume to the Exchange and EDGX Options. The Exchange does not believe that its proposal would burden intramarket competition because the proposed rebate would apply uniformly to all Members that achieve the objective criteria of the Single MPID Investor Tier.

Lastly, the Exchange believes that its proposal to amend the qualification criteria for the Cross-Asset Tier to incorporate OCV would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because the Exchange also proposed to modify the tier's related criteria in order to maintain substantially identical requirements to qualify for the tier.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁵ and Rule 19b-4(f)(2) thereunder,¹⁶

¹⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

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

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-2016-55)

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Fees for Use of Bats EDGX Exchange, Inc.

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

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

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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

The text of the proposed rule change is available at the Exchange's website at www.batstrading.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to modify its fee schedule in order to: (i) add the definition of OCC Customer Volume or OCV, to the Definitions section of the fee schedule; and (ii) amend Footnote 1 to: (A) modify the criteria for the Cross-Asset Add Volume Tier to reflect the new definition of OCV; and (B) establish a Single MPID Cross-Asset Tier.

OCC Customer Volume Definition

The Exchange proposes to add the definition of "OCC Customer Volume" or "OCV" to the definition section of its fee schedule. OCC Customer Volume or OCV will be defined as the total equity and Exchange Traded Fund ("ETF") options volume that

clears in the Customer⁶ range at the Options Clearing Corporation (“OCC”) for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption⁷ and on any day with a scheduled early market close, using the definition of Customer as provided under the Exchange’s fee schedule for EDGX Options.

Footnote One

The Exchange determines the liquidity adding rebate that it will provide to Members using the Exchange’s tiered pricing structure. Currently, the Exchange provides various rebates under Footnote 1 of the fee schedule for a Member dependent on the Member’s ADV⁸ as a percentage of the TCV⁹ for orders that yield fee codes B, V, Y, 3, 4 and ZA. The Exchange currently has none Add Volume Tiers. Under such pricing structure, a Member will receive a rebate of anywhere between \$0.0025 and \$0.0033 per share executed, depending on the volume tier for which such Member qualifies.

Cross-Asset Tier Amendments. Footnote 1 of the fee schedule includes a Cross-Asset Tier under which Members may receive an enhanced rebate of \$0.0028 where they

⁶ As defined in the fee schedule for the Exchange’s equity options platform (“EDGX Options”) available at http://www.batsoptions.com/support/fee_schedule/edgx/.

⁷ An “Exchange System Disruption” means “any day that the Exchange’s system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours.” See the Exchange’s fee schedule available at http://batstrading.com/support/fee_schedule/edgx/.

⁸ As defined in the Exchange’s fee schedule available at http://batstrading.com/support/fee_schedule/edgx/.

⁹ Id.

have on EDGX Options an ADV in Firm¹⁰ orders equal to or greater than 0.10% of average TCV and an ADAV¹¹ equal to or greater than 0.12% of average TCV. The Exchange proposes to replace the term TCV with the new defined term OCV (discussed above). As amended, Members must have on EDGX Options an ADV in Firm orders equal to or greater than 0.15% of average OCV. Because, OCV is a by definition, a smaller amount than TCV, the Exchange proposes to slightly increase the volume percentage required to attain the first prong of the tier from 0.10% to 0.15%. Doing so will keep tier's criteria relatively unchanged from its current requirements. Lastly, the Exchange will continue to require Members to also have an ADAV equal to or greater than 0.12% of average TCV on the Exchange.

Single MPID Cross-Asset Investor Tier. The Exchange proposes to add new tier to Footnote 1 to be called the Single MPID Cross-Asset Tier. Under the proposed tier, a Member may would receive an enhanced rebate of \$0.0030 per share where that Member's: (i) Market Participant Identifier ("MPID") has on EDGX Options an ADAV in Market Maker¹² orders equal to or greater than 0.12% of average OCV; and (ii) an ADAV equal to or greater than 0.12% of average TCV.

Implementation Date

The Exchange proposes to implement the amendments to its fee schedule on October 3, 2016.

¹⁰ As defined in EDGX Option's fee schedule available at http://www.batsoptions.com/support/fee_schedule/edgx/.

¹¹ Exchange's fee schedule available at http://batstrading.com/support/fee_schedule/edgx/

¹² As defined in EDGX Option's fee schedule available at http://www.batsoptions.com/support/fee_schedule/edgx/.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹³ in general, and furthers the objectives of Section 6(b)(4),¹⁴ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members.

The Exchange believes that the proposed modifications to the tiered pricing structure are reasonable, fair and equitable, and non-discriminatory. The proposed fee structure remains intended to attract order flow to the Exchange by offering market participants a competitive pricing structure. The Exchange believes it is reasonable to offer and incrementally modify incentives intended to help to contribute to the growth of the Exchange. Volume-based rebates such as that proposed herein have been widely adopted by exchanges, including the Exchange, 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: (i) the value to an exchange's market quality; (ii) associated higher levels of market activity, such as higher levels of liquidity provisions and/or growth patterns; and (iii) introduction of higher volumes of orders into the price and volume discovery processes.

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(4).

The Exchange believes adopting a definition of OCV and utilizing OCV in lieu of TCV for its Cross-Asset Tier is reasonable, fair and equitable, and non-discriminatory because the Exchange also proposed to modify the tier's related criteria in order to maintain substantially identical requirements to qualify for the tier. Competitors of the Exchange also use similar calculations and the proposed qualifications do not represent a significant departure from such pricing structures.¹⁵ The Exchange believes that the proposed qualifications are reasonable, fair and equitable, and non-discriminatory, and will provide additional transparency to Members regarding the calculations used to determine volume levels for purposes of the proposed tiered pricing model.

The Exchange believes that the proposed Single MIPID Cross-Asset Tier is reasonable, fair and equitable, and non-discriminatory. The increased liquidity from this proposed tier also benefits all investors by deepening the EDGX Options and the Exchange's liquidity pools, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. Such pricing programs thereby reward a Member's growth pattern on the Exchange and such increased volume increases potential revenue to the Exchange, and will allow the Exchange to continue to provide and potentially expand the incentive programs operated by the Exchange. To the extent a Member participates on EDGX Options and not EDGX Equities, the Exchange believes that the proposal is

¹⁵ NYSE Amex Options Customer volume tiers require a specific "Customer Electronic ADV as a % of Industry Customer Equity and ETF Options ADV". https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf. Nasdaq NOM Options Customer volume tiers require a specific percentage of "total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month." <http://www.nasdaqtrader.com/Micro.aspx?id=optionsPricing>.

still reasonable, equitably allocated and non-discriminatory with respect to such Member based on the overall benefit to the Exchange resulting from the success of EDGX Options. As noted above, such success allows the Exchange to continue to provide and potentially expand its existing incentive programs to the benefit of all participants on the Exchange, whether they participate on EDGX Options or not. The proposed tier is also fair and equitable in that membership in EDGX Options is available to all market participants which would provide them with access to the benefits on EDGX Equities provided by the proposed changes, as described above, even where a member of EDGX Equities is not necessarily eligible for the proposed increased rebates on the Exchange. Further, the proposed changes will result in Members receiving either the same or an increased rebate than they would currently receive.

The Exchange further believes that the proposed addition of the Single MPID Cross Asset Tier represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because it rewards Members with order flow characteristics that contribute meaningfully to price discovery on the Exchange. In other words, Members that post a substantial amount of liquidity and primarily post liquidity are valuable Members to the EDGX Options and EDGX Equities Exchanges and the marketplace in terms of liquidity provision. By applying the tier on a single MPID rather than across a Member's entire trading activity, the Exchange is also allowing more Members to potentially receive the enhanced rebates for their trading activity related to liquidity provision. The Single MPID Cross Asset Tier also encourages Members to primarily add liquidity in order to satisfy the ADAV as a percentage of OCV. Such increased volume increases potential revenue to the Exchange,

and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of higher rebates. The increased liquidity also benefits all investors by deepening the Exchange's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. Volume-based rebates such as the ones proposed herein have been widely adopted in the cash equities markets, and are equitable because they are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery processes.

In addition, the rebate is also reasonable in that other exchanges likewise employ similar pricing mechanisms based on a Member's MPID.¹⁶ Finally, the Exchange also believes that the proposed Single MPID Investor Tier is non-discriminatory in that it would apply equally to all Members.

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

The Exchange does not believe its proposed amendment to its fee schedule would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed changes represents a significant departure from previous pricing offered by the Exchange or

¹⁶ See Bats BZX Exchange, Inc. fee schedule available at http://batstrading.com/support/fee_schedule/bzx/ (offering a Single MPID Investor Tier with volume requirements based on MPID).

pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members. The Exchange does not believe that the proposed new tiers and standard removal rates would burden competition, but instead, enhances competition, as they are intended to increase the competitiveness of and draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The proposed changes are generally intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed tiers and standard rates would burden intramarket competition as they would apply to all Members uniformly.

The Exchange does not believe that the proposed new Single MPID Cross-Asset Add Tier would burden competition, but instead, enhances competition, as it is intended to increase the competitiveness of and draw additional volume to the Exchange and EDGX Options. The Exchange does not believe that its proposal would burden intramarket competition because the proposed rebate would apply uniformly to all Members that achieve the objective criteria of the Single MPID Investor Tier.

Lastly, the Exchange believes that its proposal to amend the qualification criteria for the Cross-Asset Tier to incorporate OCV would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because the Exchange also proposed to modify the tier's related criteria in order to

maintain substantially identical requirements to qualify for the tier.

(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 Act¹⁷ and paragraph (f) of Rule 19b-4 thereunder.¹⁸ 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. 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-2016-55 on the subject line.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f).

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-2016-55. 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-2016-55 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.¹⁹

Robert W. Errett
Deputy Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Bats EDGX Exchange Fee Schedule

Effective [~~September 1~~]October 3, 2016

* * * * *

Definitions:

- ADAV means average daily added volume calculated as the number of shares added per day and ADV means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADAV and ADV is calculated on a monthly basis.
 - The Exchange excludes from its calculation of ADAV and ADV shares added, removed, or routed on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours ("Exchange System Disruption"), on any day with a scheduled early market close, and on the last Friday in June (the "Russell Reconstitution Day").
 - With prior notice to the Exchange, a Member may aggregate ADAV and ADV with other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD).
- OCC Customer Volume or OCV means, for purposes of equities pricing, the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation ("OCC") 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, using the definition of Customer as provided under the Exchange's fee schedule for EDGX Options.
- TCV means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.
 - The Exchange excludes from its calculation of TCV volume on any day that the Exchange experiences an Exchange System Disruption, on any day with a scheduled early market close, and the Russell Reconstitution Day.

* * * * *

Footnotes:**¹ Add Volume Tiers:**

The rebates to add provided by the below add volume tiers are applicable to the following fee codes: B, V, Y, 3, and 4.

Tier	Rebate per share to Add	Required Criteria
Mega Tier 1 - Investor Depth	(No change.)	
Cross-Asset Tier	(\$0.0028)	(1) Member has on EDGX Options an ADV in Firm orders equal to or greater than [0.10] <u>0.15%</u> of average [TCV] <u>OCV</u> ; and (2) Member has an ADAV equal to or greater than 0.12% of average TCV.
<u>Single MPID Cross-Asset Tier</u>	<u>(\$0.0030)</u>	(1) <u>MPID has on EDGX Options an ADAV in Market Maker orders equal to or greater than 0.12% of average OCV; and</u> (2) <u>MPID has an ADAV equal to or greater than 0.12% of average TCV.</u>