

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 44	Amendment No. (req. for Amendments *)
----------------	--	----------------------------	---------------------------------------

Filing by Bats BZX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
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"/>
---	---

Description

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

The Exchange proposes a rule change 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 * Kyle Last Name * Murray

Title * Assistant general Counsel

E-mail * kmurray@bats.com

Telephone * (913) 815-7121 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 07/12/2017

By Anders Franzon (Name *)

SVP, Associate General Counsel

afranzon@bats.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

Add Remove View

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

Add Remove View

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Bats BZX Exchange, Inc. (the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend the fee schedule applicable to Members³ and non-Members of the Exchange pursuant to Exchange Rules 15.1(a) and (c). 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 Exchange submits the proposed rule change pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Exchange’s Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change and, therefore, the Exchange’s internal procedures with respect to the proposed change are complete.

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

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).

Joanne Moffic-Silver
Executive Vice President, General
Counsel, and Corporate Secretary
(312) 786-7462

Kyle Murray
Assistant General Counsel
(913) 815-7121

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

(a) Purpose

The Exchange proposes to amend its fee schedule to modify the tier-based incremental credits for Members that are Lead Market Makers ("LMMs") for their orders that provide displayed liquidity in the securities described under footnote 14⁴.

On April 17, 2014, the Exchange filed a proposal to adopt rules to create an LMM Program (the "Program") on an immediately effective basis.⁵ The Program is designed to strengthen market quality for Exchange-listed Exchange Traded Products ("ETPs")⁶ by offering enhanced pricing to Market Makers⁷ registered with the Exchange⁸ that are also registered as an LMM in an LMM Security⁹ and meet certain minimum quoting standards ("Minimum Performance Standards").¹⁰ In October 2015,

⁴ See the Exchange's fee schedule available at https://www.bats.com/us/equities/membership/fee_schedule/bzx/.

⁵ See Securities Exchange Act Release No. 72020 (April 25, 2014), 79 FR 24807 (May 1, 2014) (SR-BATS-2014-015).

⁶ As defined in Exchange Rule 11.8(e)(1)(A), ETP means any security listed pursuant to Exchange Rule 14.11.

⁷ As defined in Exchange Rule 1.5(l), Market Maker means a Member that acts as a Market Maker pursuant to Chapter XI.

⁸ See Exchange Rule 11.5.

⁹ As defined in Exchange Rule 11.8(e)(1)(C), LMM Security means an ETP that has an LMM.

¹⁰ As defined in Exchange Rule 11.8(e)(1)(D), Minimum Performance Standards means a set of standards applicable to an LMM that may be determined from

the Exchange filed a proposed rule change with the Commission to adopt LMM credit tiers under part (B) of footnote 14 on an immediately effective basis.¹¹

As described above, the Exchange offers tier-based incremental credits to Members that are LMMs for their orders that provide displayed liquidity pursuant to part (B) of footnote 14 of the fee schedule. Specifically, Members that are a Qualified LMM¹² in at least 25 LMM Securities receive an additional rebate per share (“LMM Credit”) for orders that provide displayed liquidity in Tape B securities traded on the Exchange, including non-Exchange-listed securities, except that such LMM Credits are not applied to the rebates provided to LMMs pursuant to part (A) of footnote 14 of the fee schedule (the “LMM Rebate”). Currently, the LMM Credits and volume thresholds associated with Tape B securities are as follows: (i) an LMM Credit of \$0.0001 per share where an LMM is a Qualified LMM in at least 25 ETPs; (ii) an LMM Credit of \$0.0002 per share where an LMM is a Qualified LMM in at least 50 ETPs; (iii) an LMM Credit of \$0.0003 per share where an LMM is a Qualified LMM in at least 75 ETPs; and (iv) an LMM Credit of \$0.0004 per share where an LMM is a Qualified LMM in at least 125 ETPs.

The Exchange proposes to increase these LMM Credits for Tape B securities and to create new LMM Credits for Tape A and Tape C securities. For Tape B securities,

time to time by the Exchange.

¹¹ See Securities Exchange Act Release No. 76147 (October 14, 2015), 80 FR 63621 (October 20, 2015) (SR-BATS-2015-89).

¹² An LMM is a “Qualified LMM” in a security where it provides pricing for orders that add displayed liquidity in an LMM Security that meets the Minimum Performance Standards during the applicable billing month. See Exchange Rule 11.8(e).

the Exchange is proposing to increase the LMM Credits as follows: (i) from an LMM Credit of \$0.0001 to \$0.0002 per share where an LMM is a Qualified LMM in at least 25 ETPs; (ii) from an LMM Credit of \$0.0002 to \$0.0004 per share where an LMM is a Qualified LMM in at least 50 ETPs; (iii) from an LMM Credit of \$0.0003 to \$0.0006 per share where an LMM is a Qualified LMM in at least 75 ETPs; and (iv) from an LMM Credit of \$0.0004 to \$0.0008 per share where an LMM is a Qualified LMM in at least 125 ETPs.

For Tape A and Tape C securities, the Exchange is proposing to create new LMM Credit Tiers such that a Member would receive: (i) an LMM Credit of \$0.0001 per share where an LMM is a Qualified LMM in at least 25 ETPs; (ii) an LMM Credit of \$0.0002 per share where an LMM is a Qualified LMM in at least 50 ETPs; (iii) an LMM Credit of \$0.0003 per share where an LMM is a Qualified LMM in at least 75 ETPs; and (iv) an LMM Credit of \$0.0004 per share where an LMM is a Qualified LMM in at least 125 ETPs.

Finally, the Exchange proposes to implement a cap of \$100,000 per Member on a monthly basis for additional rebates as part of the LMM Credit Tiers under part B of footnote 14.

Implementation Date

The Exchange proposes to implement these amendments to its fee schedule on September 1, 2017.

(b) 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 and it does not unfairly discriminate between customers, issuers, brokers or dealers. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rebates are equitable and non-discriminatory in that they would apply uniformly to all Members.

The proposed changes are intended to encourage Members to promote price discovery and market quality across all Exchange-listed securities for the benefit of all market participants. The Exchange believes that increasing the LMM Credits for Tape B securities and offering LMM Credits in Tape A and Tape C securities provides greater incentives to Members to become LMMs in Exchange-listed ETPs, to satisfy the Minimum Performance Standards in ETPs each month, and to add liquidity in securities on the Exchange, and is therefore reasonable because the Exchange believes doing so would encourage more LMMs to register to quote and trade in as many Exchange-listed ETPs as possible. While the Exchange already offers LMM Credits in Tape B securities, increasing such rebates will further incentivize Members to become LMMs in Exchange-listed ETPs and provide additional liquidity in other ETPs generally. In particular, enhanced rebates based on the number of securities for which a Member is registered as an LMM, would provide an incentive for such Members not only to

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(4).

register as an LMM in more liquid securities, but also to register to quote in lower volume ETPs, which are traditionally less profitable for Market Makers than more liquid ETPs. Moreover, the Exchange believes that the proposed change will incentivize LMMs to register as an LMM in more ETPs, including less liquid ETPs and, thus, add more liquidity in securities to the benefit of all market participants. The Exchange also believes that the proposed changes are equitable and not unfairly discriminatory because they remain consistent with the market quality and competitiveness benefits associated with the fee program and because the magnitude of the additional rebate is not unreasonably high in comparison to the requirements associated with receiving such LMM Credit and the rebate paid with respect to other displayed liquidity-providing orders.

The Exchange further believes that it is an equitable allocation of reasonable fees to offer different LMM Credit rebates between Tape B securities as compared to Tape A and Tape C securities. As described above, LMM Credits are designed to incentivize increased participation in the Exchange's LMM Program, but the Exchange believes that they will also simultaneously incentivize higher trading volumes and enhanced market quality by LMMs in all securities for which the LMM Credits apply. While the Exchange believes that offering LMM Credits on each of Tape A, Tape B, and Tape C securities will enhance market quality on all securities traded on the Exchange, by offering higher LMM Credits for Tape B securities, the Exchange will further incentivize increased liquidity provision in Exchange-listed securities and for ETPs generally, which further supports the purpose of the LMM Credits.

Finally, the Exchange believes that it is an equitable allocation of reasonable

dues, fees and other charges among its Members and is not unfairly discriminatory to implement a monthly cap of \$100,000 per Member for additional rebates as part of the LMM Credit Tiers under part B of footnote 14. Such a cap will help ensure that it will remain financially viable for the Exchange to continue to offer the LMM Credit Tiers. Further, the Exchange believes that the proposed cap is high enough as to not meaningfully reduce the incentives for Members to become an LMM in Bats-listed securities or significantly mitigate any of the market quality benefits to Bats-listed securities or other securities traded on the Exchange that were described above.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Similarly, the Exchange does not believe that the proposed change to the Exchange's pricing structure burden competition, but instead, that they enhance competition as they are intended to increase the competitiveness of the Exchange by modifying pricing incentives in order to attract order flow and incentivize participants to increase their participation on the Exchange.

The Exchange does not believe that the proposed increase in rebates will burden competition, but instead, enhances competition, as these changes are intended to increase LMM participation in securities, to incentivize Members to register as LMMs in Exchange-listed ETPs, and to encourage Members to meet the Minimum Performance Standards in such ETPs. As such, the proposal is a competitive proposal that is intended to add additional liquidity to the Exchange, which will, in turn, benefit the Exchange and all Exchange participants. Moreover, the Exchange does not believe that the proposed

amendments would burden intramarket competition as they would be available to all Members uniformly.

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 unsolicited 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)

(a) This proposed rule change is filed pursuant to paragraph (A) of Section 19(b)(3) of the Act.

(b) This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁵ and paragraph (f)(2) of Rule 19b-4 thereunder.¹⁶

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

¹⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁶ 17 CFR 240.19b-4(f)(2).

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-BatsBZX-2017-44)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on Bats BZX 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 BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 BZX 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.bats.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to amend its fee schedule to modify the tier-based incremental credits for Members that are Lead Market Makers ("LMMs") for their orders that provide displayed liquidity in the securities described under footnote 14⁶.

On April 17, 2014, the Exchange filed a proposal to adopt rules to create an LMM Program (the "Program") on an immediately effective basis.⁷ The Program is designed to strengthen market quality for Exchange-listed Exchange Traded Products ("ETPs")⁸ by

⁶ See the Exchange's fee schedule available at https://www.bats.com/us/equities/membership/fee_schedule/bzx/.

⁷ See Securities Exchange Act Release No. 72020 (April 25, 2014), 79 FR 24807 (May 1, 2014) (SR-BATS-2014-015).

⁸ As defined in Exchange Rule 11.8(e)(1)(A), ETP means any security listed pursuant to Exchange Rule 14.11.

offering enhanced pricing to Market Makers⁹ registered with the Exchange¹⁰ that are also registered as an LMM in an LMM Security¹¹ and meet certain minimum quoting standards (“Minimum Performance Standards”).¹² In October 2015, the Exchange filed a proposed rule change with the Commission to adopt LMM credit tiers under part (B) of footnote 14 on an immediately effective basis.¹³

As described above, the Exchange offers tier-based incremental credits to Members that are LMMs for their orders that provide displayed liquidity pursuant to part (B) of footnote 14 of the fee schedule. Specifically, Members that are a Qualified LMM¹⁴ in at least 25 LMM Securities receive an additional rebate per share (“LMM Credit”) for orders that provide displayed liquidity in Tape B securities traded on the Exchange, including non-Exchange-listed securities, except that such LMM Credits are not applied to the rebates provided to LMMs pursuant to part (A) of footnote 14 of the fee schedule (the “LMM Rebate”). Currently, the LMM Credits and volume thresholds associated with Tape B securities are as follows: (i) an LMM Credit of \$0.0001 per share

⁹ As defined in Exchange Rule 1.5(l), Market Maker means a Member that acts as a Market Maker pursuant to Chapter XI.

¹⁰ See Exchange Rule 11.5.

¹¹ As defined in Exchange Rule 11.8(e)(1)(C), LMM Security means an ETP that has an LMM.

¹² As defined in Exchange Rule 11.8(e)(1)(D), Minimum Performance Standards means a set of standards applicable to an LMM that may be determined from time to time by the Exchange.

¹³ See Securities Exchange Act Release No. 76147 (October 14, 2015), 80 FR 63621 (October 20, 2015) (SR-BATS-2015-89).

¹⁴ An LMM is a “Qualified LMM” in a security where it provides pricing for orders that add displayed liquidity in an LMM Security that meets the Minimum Performance Standards during the applicable billing month. See Exchange Rule 11.8(e).

where an LMM is a Qualified LMM in at least 25 ETPs; (ii) an LMM Credit of \$0.0002 per share where an LMM is a Qualified LMM in at least 50 ETPs; (iii) an LMM Credit of \$0.0003 per share where an LMM is a Qualified LMM in at least 75 ETPs; and (iv) an LMM Credit of \$0.0004 per share where an LMM is a Qualified LMM in at least 125 ETPs.

The Exchange proposes to increase these LMM Credits for Tape B securities and to create new LMM Credits for Tape A and Tape C securities. For Tape B securities, the Exchange is proposing to increase the LMM Credits as follows: (i) from an LMM Credit of \$0.0001 to \$0.0002 per share where an LMM is a Qualified LMM in at least 25 ETPs; (ii) from an LMM Credit of \$0.0002 to \$0.0004 per share where an LMM is a Qualified LMM in at least 50 ETPs; (iii) from an LMM Credit of \$0.0003 to \$0.0006 per share where an LMM is a Qualified LMM in at least 75 ETPs; and (iv) from an LMM Credit of \$0.0004 to \$0.0008 per share where an LMM is a Qualified LMM in at least 125 ETPs.

For Tape A and Tape C securities, the Exchange is proposing to create new LMM Credit Tiers such that a Member would receive: (i) an LMM Credit of \$0.0001 per share where an LMM is a Qualified LMM in at least 25 ETPs; (ii) an LMM Credit of \$0.0002 per share where an LMM is a Qualified LMM in at least 50 ETPs; (iii) an LMM Credit of \$0.0003 per share where an LMM is a Qualified LMM in at least 75 ETPs; and (iv) an LMM Credit of \$0.0004 per share where an LMM is a Qualified LMM in at least 125 ETPs.

Finally, the Exchange proposes to implement a cap of \$100,000 per Member on a monthly basis for additional rebates as part of the LMM Credit Tiers under part B of footnote 14.

Implementation Date

The Exchange proposes to implement these amendments to its fee schedule on September 1, 2017.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹⁵ in general, and furthers the objectives of Section 6(b)(4),¹⁶ 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 and it does not unfairly discriminate between customers, issuers, brokers or dealers. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rebates are equitable and non-discriminatory in that they would apply uniformly to all Members.

The proposed changes are intended to encourage Members to promote price discovery and market quality across all Exchange-listed securities for the benefit of all market participants. The Exchange believes that increasing the LMM Credits for Tape B securities and offering LMM Credits in Tape A and Tape C securities provides greater incentives to Members to become LMMs in Exchange-listed ETPs, to satisfy the Minimum Performance Standards in ETPs each month, and to add liquidity in securities on the Exchange, and is therefore reasonable because the Exchange believes doing so would encourage more LMMs to register to quote and trade in as many Exchange-listed

¹⁵ 15 U.S.C. 78f.

¹⁶ 15 U.S.C. 78f(b)(4).

ETPs as possible. While the Exchange already offers LMM Credits in Tape B securities, increasing such rebates will further incentivize Members to become LMMs in Exchange-listed ETPs and provide additional liquidity in other ETPs generally. In particular, enhanced rebates based on the number of securities for which a Member is registered as an LMM, would provide an incentive for such Members not only to register as an LMM in more liquid securities, but also to register to quote in lower volume ETPs, which are traditionally less profitable for Market Makers than more liquid ETPs. Moreover, the Exchange believes that the proposed change will incentivize LMMs to register as an LMM in more ETPs, including less liquid ETPs and, thus, add more liquidity in securities to the benefit of all market participants. The Exchange also believes that the proposed changes are equitable and not unfairly discriminatory because they remain consistent with the market quality and competitiveness benefits associated with the fee program and because the magnitude of the additional rebate is not unreasonably high in comparison to the requirements associated with receiving such LMM Credit and the rebate paid with respect to other displayed liquidity-providing orders.

The Exchange further believes that it is an equitable allocation of reasonable fees to offer different LMM Credit rebates between Tape B securities as compared to Tape A and Tape C securities. As described above, LMM Credits are designed to incentivize increased participation in the Exchange's LMM Program, but the Exchange believes that they will also simultaneously incentivize higher trading volumes and enhanced market quality by LMMs in all securities for which the LMM Credits apply. While the Exchange believes that offering LMM Credits on each of Tape A, Tape B, and Tape C securities will enhance market quality on all securities traded on the Exchange, by

offering higher LMM Credits for Tape B securities, the Exchange will further incentivize increased liquidity provision in Exchange-listed securities and for ETPs generally, which further supports the purpose of the LMM Credits.

Finally, the Exchange believes that it is an equitable allocation of reasonable dues, fees and other charges among its Members and is not unfairly discriminatory to implement a monthly cap of \$100,000 per Member for additional rebates as part of the LMM Credit Tiers under part B of footnote 14. Such a cap will help ensure that it will remain financially viable for the Exchange to continue to offer the LMM Credit Tiers. Further, the Exchange believes that the proposed cap is high enough as to not meaningfully reduce the incentives for Members to become an LMM in Bats-listed securities or significantly mitigate any of the market quality benefits to Bats-listed securities or other securities traded on the Exchange that were described above.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Similarly, the Exchange does not believe that the proposed change to the Exchange's pricing structure burden competition, but instead, that they enhance competition as they are intended to increase the competitiveness of the Exchange by modifying pricing incentives in order to attract order flow and incentivize participants to increase their participation on the Exchange.

The Exchange does not believe that the proposed increase in rebates will burden competition, but instead, enhances competition, as these changes are intended to increase LMM participation in securities, to incentivize Members to register as LMMs in

Exchange-listed ETPs, and to encourage Members to meet the Minimum Performance Standards in such ETPs. As such, the proposal is a competitive proposal that is intended to add additional liquidity to the Exchange, which will, in turn, benefit the Exchange and all Exchange participants. Moreover, the Exchange does not believe that the proposed amendments would burden intramarket competition as they would be available to all Members uniformly.

(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 unsolicited 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.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 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. Please include File No. SR-BatsBZX-2017-44 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-BatsBZX-2017-44. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BatsBZX-2017-44 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

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

Bats BZX Exchange Fee Schedule

Effective [~~June 1~~]September 1, 2017

* * * * *

Fee Codes and Associated Fees:

Fee Code	Description	Fee/(Rebate)
10 ¹⁰ - TV	(No change).	
<u>V</u> ^{1,2,4,7,14,19}	Displayed order, adds liquidity to BZX (Tape A)	(0.00200)
VI - X ⁸	(No change).	
<u>Y</u> ^{1,2,4,7,14,19}	Displayed order, adds liquidity to BZX (Tape C)	(0.00200)
Z - ZR ⁶	(No change).	

* * * * *

Footnotes:

1. - 13. (No change).

14. Lead Market Maker (“LMM”) Pricing**(A) LMM Incentive Program:**

(No Change).

(B) LMM Credit Tiers[for Tape B]:

Applicable to the following fee codes: B, V, Y.

LMMs in BZX-listed securities will receive the following additional rebates when adding displayed liquidity[in all Tape B securities], except that such additional rebates applicable under this part B will be capped at a total of \$100,000 per month and will not be applied to the rebates set forth in part A above:

Tier	Minimum number of ETPs for which the Member is a Qualified LMM	[Additional Rebate Per Share to Add]	<u>Additional Rebate Per Share to Add</u>		
			<u>Tape A</u>	<u>Tape B</u>	<u>Tape C</u>
Tier 1	25	[(\$0.0001)]	<u>\$(0.0001)</u>	<u>\$(0.0002)</u>	<u>\$(0.0001)</u>
Tier 2	50	[(\$0.0002)]	<u>\$(0.0002)</u>	<u>\$(0.0004)</u>	<u>\$(0.0002)</u>
Tier	75	[(\$0.0003)]	<u>\$(0.0003)</u>	<u>\$(0.0006)</u>	<u>\$(0.0003)</u>

3					
Tier	125	[\$(0.0004)]			
4			<u>\$(0.0004)</u>	<u>\$(0.0008)</u>	<u>\$(0.0004)</u>

* * * * *