

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="20"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2017"/> - * <input type="text" value="63"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

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

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

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

The Exchange proposes a rule change to extend the date on which the Exchange will adopt rule changes to add additional continued listing standards for ETPs.

**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="Kyle"/>	Last Name * <input type="text" value="Murray"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="kmurray@bats.com"/>	
Telephone * <input type="text" value="(913) 815-7121"/>	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="09/28/2017"/>	SVP, Associate General Counsel
By <input type="text" value="Anders Franzon"/>	<input type="text"/>
(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 the provisions of 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 BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (the “Commission”) a proposal to extend the date on which certain changes to Exchange Rules 14.11 and 14.12 would be implemented.

(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:

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 Statutory Basis for, the Proposed Rule Change.

(a) Purpose

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

On November 18, 2016 the Exchange filed a proposed rule change, as subsequently amended by Amendments No. 1 and 2 thereto (as amended, the “Proposed Rule Change”), to adopt certain changes to Exchange Rules 14.11 and 14.12 to add additional continued listing standards for exchange-traded products (“ETP”) as well as clarify the procedures that the Exchange will undertake when an ETP is noncompliant with applicable rules. Given the scope of the amendments specified in the Proposed Rule Change, the Exchange proposed that such amendments not be implemented until October 1, 2017. On March 7, 2017, the Commission granted approval of the Proposed Rule Change, including the October 1, 2017 implementation date. On September 20, 2017, the Exchange submitted an interpretive filing (the “Interpretive Filing”)<sup>3</sup> and on September 21, 2017 published a document that answers a series of frequently asked questions (the “FAQs”).<sup>4</sup> The Interpretive Filing and FAQs are intended to provide guidance as it relates to ETP issuers complying with the Proposed Rule Change upon implementation. The Exchange continues to engage with issuers about the Proposed Rule Change and will update the FAQs as needed based on those conversations. The Exchange now proposes to extend the implementation date of the amendments specified in the Proposed Rule Change to January 1, 2018.<sup>5</sup>

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<sup>3</sup> See SR-BatsBZX-2017-61, available at: [http://cdn.batstrading.com/resources/regulation/rule\\_filings/approved/2017/SR-BatsBZX-2017-61.pdf](http://cdn.batstrading.com/resources/regulation/rule_filings/approved/2017/SR-BatsBZX-2017-61.pdf).

<sup>4</sup> The FAQs are available at: <http://cdn.batstrading.com/resources/listings/FAQs%20-%20New%20Cont%20List%20Standards%20FINAL.pdf>.

<sup>5</sup> See Securities Exchange Act Release No. 80169 (March 7, 2017), 82 FR 13536 (March 13, 2017) (SR-BatsBZX-2016-80).

Since the Proposed Rule Change was approved, the Exchange has engaged in extensive conversations with issuers of listed ETPs, industry advocacy groups and index providers to discuss the new rule requirements and offer guidance on rule interpretation and application, and, as noted above, the Exchange recently submitted the Interpretive Filing and distributed the FAQs. As part of these conversations, the Exchange has learned that many issuers have already engaged in building and testing the necessary compliance systems, but that they have been unable to finalize implementation without this additional guidance. As such, ETP issuers have expressed concern about their ability to have in place well-tested systems and procedures to ensure compliance by the current October 1, 2017 implementation date. ETP issuers, and industry advocacy groups on their behalf, have explained that issuers will require time to design and test new compliance systems as well as engage in discussions with third-party providers to source and track new data elements required for rule compliance.<sup>6</sup> An additional three months prior to implementation will allow ETP issuers to finish building, more thoroughly test, and enhance the systems and procedures that they've already developed in advance of the current October 1, 2017 implementation date. Further, the additional time prior to implementation will further facilitate the ongoing discussion, which will include progress updates, between the Exchange, ETP issuers, and index providers.

The Exchange believes it is appropriate to extend the implementation date of the Proposed Rule Change to January 1, 2018 to provide ETP issuers with the time needed to

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<sup>6</sup> See, for example, Letter, dated July 11, 2017, from Dorothy Donohue, Acting General Counsel, Investment Company Institute to Brent J. Fields, Secretary, Securities and Exchange Commission, [available at https://www.sec.gov/comments/sr-nasdaq-2016-135/nasdaq2016135-1846208-155175.pdf](https://www.sec.gov/comments/sr-nasdaq-2016-135/nasdaq2016135-1846208-155175.pdf).

finish developing and test their compliance procedures. In support of its proposal, the Exchange notes that the Proposed Rule Change imposes significant new compliance requirements on issuers that they have not been subject to previously. To meet these new compliance requirements, issuers must develop internal systems as well as coordinate with third-party service providers, such as index providers, to develop procedures by which they can obtain essential data, which includes the form, timing, and means by which such data is conveyed. Listed issuers have informed the Exchange that they are unable to complete and sufficiently test this extensive project by the pending October 1, 2017 implementation date. The Exchange believes that it is critical for ETP issuers to have the appropriate procedures and systems in place to monitor and evidence ETP compliance with the new continued listing rules before such rules are implemented in order to ensure meaningful compliance upon initial implementation, which could help avoid trading disruption in the ETPs. Therefore, the Exchange proposes to extend the implementation date for the Proposed Rule Change until January 1, 2018.

(b) Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>7</sup> in general and Section 6(b)(5) of the Act<sup>8</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to

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<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

protect investors and the public interest.

The Exchange believes that the proposed amendment is consistent with the protection of investors because it will provide additional time for issuers to finish building, more thoroughly test, and enhance the systems and procedures prior to the initial implementation of the Proposed Rule Change which will help ensure compliance upon initial implementation which will further promote the policy goals underlying the Proposed Rule Change and would help avoid trading disruption in the ETPs. Since the Proposed Rule Change was approved, the Exchange has engaged in extensive conversations with issuers of listed ETPs, industry advocacy groups and index providers to discuss the new rule requirements and offer guidance on rule interpretation and application, and, as noted above, the Exchange recently submitted the Interpretive Filing and distributed the FAQs. As a result of these conversations and the recent distribution of interpretive guidance, ETP issuers have expressed concern about their ability to have in place well-tested systems and procedures to ensure compliance by the current October 1, 2017 implementation date. ETP issuers, and industry advocacy groups on their behalf, have explained that issuers will require time to design and test new compliance systems as well as engage in discussions with third-party providers to source and track new data elements required for rule compliance.<sup>9</sup> An additional three months prior to implementation will allow ETP issuers to more thoroughly test and enhance the systems and procedures that they've already developed in advance of the current October 1, 2017

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<sup>9</sup> See, for example, Letter, dated July 11, 2017, from Dorothy Donohue, Acting General Counsel, Investment Company Institute to Brent J. Fields, Secretary, Securities and Exchange Commission, [available at https://www.sec.gov/comments/sr-nasdaq-2016-135/nasdaq2016135-1846208-155175.pdf](https://www.sec.gov/comments/sr-nasdaq-2016-135/nasdaq2016135-1846208-155175.pdf).

implementation date. Further, the additional time prior to implementation will further facilitate the ongoing dialogue between the Exchange, ETP issuers, and index providers.

Providing listed issuers with additional time before the implementation of the Proposed Rule Change furthers the protection of investors and the public interest because it will enhance investor confidence that listed issuers are complying with Exchange rules by providing sufficient time to finish building, more thoroughly test, and enhance the systems and procedures prior to the initial implementation, which could help avoid trading disruption in the ETPs.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate ETP issuers' ability to monitor and evidence compliance with approved continued listing rules by providing issuers with additional time to finish developing and testing their internal systems and procedures prior to the implementation date.

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

The Exchange received a copy of a letter from the Investment Company Institute, on behalf of ETP issuers, to the Securities Exchange Commission.<sup>10</sup> As described in Item 3, above, the Investment Company Institute detailed challenges that ETP issuers are

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<sup>10</sup> See Footnote 3, *infra*.



facing in developing compliance systems to address the amendments contained in the Proposed Rule Change and have requested that the implementation date for such amendments be extended.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>11</sup> of the Act and Rule 19b-4(f)(6)<sup>12</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for thirty (30) days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.<sup>13</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>14</sup> including the furtherance of the protection of investors and the public interest because, while it would result in a delay to the

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

implementation of the Proposed Rule Change, it will provide additional time for issuers to finish building, more thoroughly test, and enhance the systems and procedures prior to the initial implementation of the Proposed Rule Change which will help ensure compliance upon initial implementation which will further promote the policy goals underlying the Proposed Rule Change and could help avoid trading disruption in the ETPs. Further, it will allow for continued discussions and progress updates between the Exchange, the ETP issuers, and index providers. Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>15</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>16</sup>

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>18</sup> Waiver of the 30-day operative delay will allow the Exchange to extend the implementation date prior to the current implementation date of October 1, 2017, which will ensure that the Proposed Rule Change is not implemented for a period of time prior to implementation being delayed. Waiver of the operative delay is consistent with the protection of investors and the public interest for the reasons described above.

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

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

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

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

8. Proposed Rule Change Based on 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 – 5: Not applicable.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BatsBZX-2017-63)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Extend the Date on Which the Exchange Will Adopt Rule Changes to Add Additional Continued Listing Standards for ETPs

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

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

The Exchange filed a proposal to extend the date on which certain changes to Exchange Rules 14.11 and 14.12 would be implemented.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

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

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

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

On November 18, 2016 the Exchange filed a proposed rule change, as subsequently amended by Amendments No. 1 and 2 thereto (as amended, the "Proposed Rule Change"), to adopt certain changes to Exchange Rules 14.11 and 14.12 to add additional continued listing standards for exchange-traded products ("ETP") as well as clarify the procedures that the Exchange will undertake when an ETP is noncompliant with applicable rules. Given the scope of the amendments specified in the Proposed Rule Change, the Exchange proposed that such amendments not be implemented until October 1, 2017. On March 7, 2017, the Commission granted approval of the Proposed Rule Change, including the October 1, 2017 implementation date. On September 20, 2017, the Exchange submitted an interpretive filing (the "Interpretive Filing")<sup>5</sup> and on September 21, 2017 published a document that answers a series of frequently asked questions (the

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<sup>5</sup> See SR-BatsBZX-2017-61, available at: [http://cdn.batstrading.com/resources/regulation/rule\\_filings/approved/2017/SR-BatsBZX-2017-61.pdf](http://cdn.batstrading.com/resources/regulation/rule_filings/approved/2017/SR-BatsBZX-2017-61.pdf).

“FAQs”).<sup>6</sup> The Interpretive Filing and FAQs are intended to provide guidance as it relates to ETP issuers complying with the Proposed Rule Change upon implementation. The Exchange continues to engage with issuers about the Proposed Rule Change and will update the FAQs as needed based on those conversations. The Exchange now proposes to extend the implementation date of the amendments specified in the Proposed Rule Change to January 1, 2018.<sup>7</sup>

Since the Proposed Rule Change was approved, the Exchange has engaged in extensive conversations with issuers of listed ETPs, industry advocacy groups and index providers to discuss the new rule requirements and offer guidance on rule interpretation and application, and, as noted above, the Exchange recently submitted the Interpretive Filing and distributed the FAQs. As part of these conversations, the Exchange has learned that many issuers have already engaged in building and testing the necessary compliance systems, but that they have been unable to finalize implementation without this additional guidance. As such, ETP issuers have expressed concern about their ability to have in place well-tested systems and procedures to ensure compliance by the current October 1, 2017 implementation date. ETP issuers, and industry advocacy groups on their behalf, have explained that issuers will require time to design and test new compliance systems as well as engage in discussions with third-party providers to source and track new data

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<sup>6</sup> The FAQs are available at:  
<http://cdn.batstrading.com/resources/listings/FAQs%20-%20New%20Cont%20List%20Standards%20FINAL.pdf>.

<sup>7</sup> See Securities Exchange Act Release No. 80169 (March 7, 2017), 82 FR 13536 (March 13, 2017) (SR-BatsBZX-2016-80).

elements required for rule compliance.<sup>8</sup> An additional three months prior to implementation will allow ETP issuers to finish building, more thoroughly test, and enhance the systems and procedures that they've already developed in advance of the current October 1, 2017 implementation date. Further, the additional time prior to implementation will further facilitate the ongoing discussion, which will include progress updates, between the Exchange, ETP issuers, and index providers.

The Exchange believes it is appropriate to extend the implementation date of the Proposed Rule Change to January 1, 2018 to provide ETP issuers with the time needed to finish developing and test their compliance procedures. In support of its proposal, the Exchange notes that the Proposed Rule Change imposes significant new compliance requirements on issuers that they have not been subject to previously. To meet these new compliance requirements, issuers must develop internal systems as well as coordinate with third-party service providers, such as index providers, to develop procedures by which they can obtain essential data, which includes the form, timing, and means by which such data is conveyed. Listed issuers have informed the Exchange that they are unable to complete and sufficiently test this extensive project by the pending October 1, 2017 implementation date. The Exchange believes that it is critical for ETP issuers to have the appropriate procedures and systems in place to monitor and evidence ETP compliance with the new continued listing rules before such rules are implemented in order to ensure meaningful compliance upon initial implementation, which could help

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<sup>8</sup> See, for example, Letter, dated July 11, 2017, from Dorothy Donohue, Acting General Counsel, Investment Company Institute to Brent J. Fields, Secretary, Securities and Exchange Commission, available at <https://www.sec.gov/comments/sr-nasdaq-2016-135/nasdaq2016135-1846208-155175.pdf>.

avoid trading disruption in the ETPs. Therefore, the Exchange proposes to extend the implementation date for the Proposed Rule Change until January 1, 2018.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>9</sup> in general and Section 6(b)(5) of the Act<sup>10</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed amendment is consistent with the protection of investors because it will provide additional time for issuers to finish building, more thoroughly test, and enhance the systems and procedures prior to the initial implementation of the Proposed Rule Change which will help ensure compliance upon initial implementation which will further promote the policy goals underlying the Proposed Rule Change and would help avoid trading disruption in the ETPs. Since the Proposed Rule Change was approved, the Exchange has engaged in extensive conversations with issuers of listed ETPs, industry advocacy groups and index providers to discuss the new rule requirements and offer guidance on rule interpretation and application, and, as noted above, the Exchange recently submitted the Interpretive Filing and distributed the FAQs. As a result of these conversations and the recent distribution of

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<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(5).



interpretive guidance, ETP issuers have expressed concern about their ability to have in place well-tested systems and procedures to ensure compliance by the current October 1, 2017 implementation date. ETP issuers, and industry advocacy groups on their behalf, have explained that issuers will require time to design and test new compliance systems as well as engage in discussions with third-party providers to source and track new data elements required for rule compliance.<sup>11</sup> An additional three months prior to implementation will allow ETP issuers to more thoroughly test and enhance the systems and procedures that they've already developed in advance of the current October 1, 2017 implementation date. Further, the additional time prior to implementation will further facilitate the ongoing dialogue between the Exchange, ETP issuers, and index providers.

Providing listed issuers with additional time before the implementation of the Proposed Rule Change furthers the protection of investors and the public interest because it will enhance investor confidence that listed issuers are complying with Exchange rules by providing sufficient time to finish building, more thoroughly test, and enhance the systems and procedures prior to the initial implementation, which could help avoid trading disruption in the ETPs.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any

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<sup>11</sup> See, for example, Letter, dated July 11, 2017, from Dorothy Donohue, Acting General Counsel, Investment Company Institute to Brent J. Fields, Secretary, Securities and Exchange Commission, available at <https://www.sec.gov/comments/sr-nasdaq-2016-135/nasdaq2016135-1846208-155175.pdf>.

burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate ETP issuers' ability to monitor and evidence compliance with approved continued listing rules by providing issuers with additional time to finish developing and testing their internal systems and procedures prior to the implementation date.

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

The Exchange received a copy of a letter from the Investment Company Institute, on behalf of ETP issuers, to the Securities Exchange Commission.<sup>12</sup> As described in Item 3, above, the Investment Company Institute detailed challenges that ETP issuers are facing in developing compliance systems to address the amendments contained in the Proposed Rule Change and have requested that the implementation date for such amendments be extended.

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

Because the foregoing proposed rule change does not: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>13</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>14</sup> the Exchange has designated this rule filing as non-controversial. The

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<sup>12</sup> See Footnote 5, *infra*.

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4.

Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act.

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-BatsBZX-2017-63 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-2017-63. 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-2017-63 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>15</sup>

Robert W. Errett  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).