

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="27"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2017"/> - * <input type="text" value="21"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Bats EDGX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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"/>
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Description
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

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 * Last Name *
 Title *
 E-mail *
 Telephone * 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
 By

(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 *

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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 modify its fee schedule which would be 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 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

Anders Franzon

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).

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

SVP, Associate General Counsel
(913) 815-7154

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

(a) Purpose

The Exchange proposes to amend its fee schedule for its equity options platform (“EDGX Options”) to: (i) modify fees for Qualified Contingent Cross Orders (“QCC”),⁴ including the adoption of a new naming convention for certain rebates, “QCC Initiator Rebates”; (ii) update the descriptions for fee codes PM and NM; (iii) add new fee codes PT and NT; and (iv) eliminate Tiers 4 and 6 under footnote 1.

QCC Order Pricing

The Exchange proposes to amend QCC fees and rebates to reflect the value of the execution opportunities provided by the QCC functionality. Thus, the Exchange proposes to modify the fees and rebates corresponding to the fee codes that were originally adopted in connection with QCC, as described below.

Fee Code QA. Currently, fee code QA is appended to Customer⁵ QCC Agency Orders⁶, and provides a standard rebate of \$0.05 per contract. The Exchange proposes to

⁴ See Securities Exchange Act Release No. 79942 (February 1, 2017), 82 FR 9804 (February 8, 2017) (SR-BatsEDGX-2017-11) (“QCC Filing”).

⁵ “Customer” applies to any transaction identified by a Member for clearing in the Customer range at the OCC, excluding any transaction for a Broker Dealer or a “Professional” as defined in Exchange Rule 16.1. See the Exchange’s fee schedule available at http://www.bats.com/us/options/membership/fee_schedule/edgx/.

alter the pricing for QCC Agency Orders yielding fee code QA to instead provide such executions free of charge. However, as proposed, the Exchange would continue to provide a rebate of \$0.05 per contract to QCC Agency orders in which at least one side of the transaction is a Non-Customer⁷ order. This proposed rebate of \$0.05 per contract for such executions will be described in footnote 7 more specifically and there will be no other charge or rebate for executing orders appended with QA. Thus, the Exchange proposes to append footnote 7 to fee code QA in addition to the existing footnote appended to fee code QA, footnote 5. Current footnote 5 and proposed footnote 7 are described in additional detail below.

Fee Code QC. Currently, fee code QC is appended to Customer QCC Contra Orders, and provides a standard rebate of \$0.05 per contract. The Exchange proposes to alter the pricing for QCC Agency Orders yielding fee code QC to instead provide such executions free of charge. The Exchange proposes to remove footnote 5 from QC, as there is no longer the potential to earn a rebate in connection with routing a Customer QCC Contra Order to the Exchange and thus the footnote is inapplicable. Footnote 5 is described in additional detail below.

Fee Code QM. Currently, fee code QM is appended to Non-Customer QCC Agency Orders, and assessed a fee of \$0.19 per contract. The Exchange proposes to lower the fee charged for Non-Customer QCC Agency Orders to \$0.08 per contract. In addition, as noted above, the Exchange proposes to provide a rebate of \$0.05 per contract

⁶ “QCC Agency” is a Qualified Contingent Cross Order represented as agent by a Member on behalf of another party and submitted for execution pursuant to Rule 21.1. Id.

⁷ “Non-Customer” applies to any transaction that is not a Customer order. Id.

to QCC Agency orders in which at least one side of the transaction is a Non-Customer order. This proposed rebate of \$0.05 per contract for such executions will be described in footnote 7. Accordingly, the Exchange proposes to append footnotes 5 and 7 to fee code QM, as there will now be the potential to receive a rebate in connection with QCC Agency Orders.

Fee Code QN. Currently, fee code QN is appended to Non-Customer QCC Contra Orders, and assessed a fee of \$0.19 per contract. The Exchange proposes to lower the fee charged for Non-Customer QCC Contra Orders to \$0.08 per contract.

As noted above, The Exchange proposes to modify the rebates provided to QCC orders, to only apply to QCC Agency Orders in which one side of the transaction includes a Non-Customer order. The Exchange proposes that the rebate applicable to QCC orders be defined as the “QCC Initiator Rebate” and its scope be refined to only apply to QCC Agency orders in which at least one side of the transaction is a Non-Customer order.

The Exchange proposes to adopt new footnote 7 to describe the rebate paid by the Exchange to a Member that submits a QCC Agency Order to the Exchange when at least one side of the transaction is of Non-Customer capacity and to define this rebate as the QCC Initiator Rebate. As proposed, and consistent with other pricing on the Exchange, the Exchange would provide the QCC Initiator Rebate to all Members submitting QCC Agency Orders to the Exchange, including a Member who routed an order to the Exchange with a Designated Give Up, as discussed below.

In connection with the proposed change and the adoption of footnote 7, footnote 5 would be appended to fee code QM⁸ and removed from fee code QC. Currently, footnote 5 of the fee schedule specifies that when order is submitted with a Designated Give Up, as defined in Rule 21.12(b)(1), the applicable rebates for such orders when executed on the Exchange (yielding fee code BC,⁹ NC,¹⁰ PC,¹¹ QA and QC) are provided to the Member who routed the order to the Exchange. Pursuant to Rule 21.12, which specifies the process to submit an order with a Designated Give Up, a Member acting as an options routing firm on behalf of one or more other Exchange Members (a “Routing Firm”) is able to route orders to the Exchange and to immediately give up the party (a party other than the Routing Firm itself or the Routing Firm’s own clearing firm) who will accept and clear any resulting transaction. Because the Routing Firm is responsible for the decision to route the order to the Exchange, the Exchange currently provides such Member with the rebate when orders that yield fee code BC, NC, PC, QA and QC are executed. As amended, the Exchange would provide rebates to a Routing Firm when orders that yield fee code BC, NC, PC, QA and QM are executed.

Fee Codes PM and NM

⁸ Fee code QM is appended to QCC Non-Customer orders represented as agent by a Member on behalf of another party for execution pursuant to Rule 21.1. Id.

⁹ Fee code BC is appended Customer orders represented as agent by a Member on behalf of another party and submitted to BAM for potential price improvement pursuant to Rule 21.19, and provided a standard rebate of \$0.14 per order. Id.

¹⁰ Fee code NC is appended to Customer orders which add liquidity in Non-Penny Pilot securities and is provided a standard rebate of \$0.05 per order. Id.

¹¹ Fee code PC is appended to Customer orders which add liquidity in Penny Pilot securities and is provided a standard rebate of \$0.05 per order. Id.

Currently fee codes PM and NM apply to orders in Market Maker¹² Penny Pilot¹³ and Non-Penny Pilot contracts, respectively. To further specify which orders add and remove liquidity, the Exchange proposes to modify the definitions for PM and NM. As proposed, fee code PM would be appended to Market Maker Penny Pilot orders which add liquidity. Fee code NM would be appended to Market Maker Non-Penny Pilot orders which add liquidity. The Exchange does not propose to alter the standard fee of \$0.19 per contract assessed on orders appended with fee codes PM and NM.

Fee Codes PT and NT

Exchange proposes to amend its fee schedule to add fee codes PT and NT, which would apply to orders which remove liquidity in Market Maker Penny Pilot and Non-Penny Pilot orders, respectively. Similar to the current fee codes PM and NM, orders appended with fee codes PT and NT would be assessed a fee of \$0.19 per contract.

Eliminate Customer Volume Tiers 4 and 6

Footnote 1 of the fee schedule sets forth six tiers, each providing enhanced rebates ranging from \$0.10 to \$0.25 per contract to a Member's order that yields fee code PC or NC upon satisfying monthly volume criteria. The Exchange proposes to eliminate Tiers 4 and 6 as they did not result in incentivizing additional order flow as designed. In connection with the change the Exchange proposes to update the standard rates table to reflect the removal of the \$0.25 rebate applicable to Tiers 4 and 6.

¹² "Market Maker" applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is registered with the Exchange as a Market Maker as defined in Rule 16.1(a)(37). Id.

¹³ "Penny Pilot Securities" are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01. Id.

Implementation Date

The Exchange proposes to implement the above changes to its fee schedule immediately.¹⁴

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.¹⁵ Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,¹⁶ in that it provides for the equitable allocation of reasonable dues, fees and other charges among Members and other persons using any facility or system which the Exchange operates or controls.

QCC Pricing

The Exchange believes that its proposed fees and rebates related to QCC Orders are reasonable and fair and equitable as the fees will allow the Exchange to continue to offer QCC Order functionality, which is functionality offered on other options exchanges, with pricing that is comparable to that offered by other options exchanges. The Exchange further believes that this pricing structure is non-discriminatory, as it applies equally to all Members. In addition, the Exchange believes this proposal is reasonable because, while orders for other market participants (Non-Customers) will be assessed a

¹⁴ The Exchange initially submitted the proposed fee change on May 1, 2017. (SR-BatsEDGX-2017-18). On May 8, 2017, the Exchange withdrew SR-BatsEDGX-2017-18 and submitted this filing.

¹⁵ 15 U.S.C. 78f.

¹⁶ 15 U.S.C. 78f(b)(4).

fee, the Exchange is reducing this fee; further, orders for Customers will receive free executions and Members submitting QCC Agency Orders will receive a rebate where one side of the transaction is a Non-Customer order. The Exchange believes the proposed QCC Initiator Rebate is equitable and not unfairly discriminatory as the Exchange and other options exchanges have generally established pricing structures that are intended to encourage additional QCC order flow.

Fee Codes Addition and Modification

The Exchange believes that its proposals to add fee codes PT and NT related specifically to orders which remove liquidity and modify the definition of PM and NM related specifically to orders which add liquidity are fair and equitable and reasonable because the proposed fees for orders appended with fee codes PT, NT, PM and NM are identical and consistent with pricing previously offered by the Exchange as well as competitors of the Exchange and do not represent a significant departure from the Exchange's general pricing structure. Instead, the changes and additions will simply allow the Exchange to further differentiate between different types of executions for purposes of transparency to Members as well as potential future pricing changes. Also, the proposed changes to fee codes are not unfairly discriminatory because they will apply equally to all Members.

Eliminating Customer Volume Tiers 4 and 6

Lastly, the Exchange believes that eliminating the Customer Volume Tiers 4 and 6 under footnote 1 is reasonable, fair, and equitable because these tiers were not providing the desired result of incentivizing Members to increase their participation in Customer orders on the Exchange. As such, the Exchange also believes that the proposed

elimination of these tiers would be non-discriminatory in that they currently apply equally to all Members and, upon elimination, would no longer be available to any Members. Further, their elimination will allow the Exchange to explore other pricing mechanisms in which it may enhance market quality for all Members.

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

The Exchange does not believe that the proposed change to fees related to QCC Orders will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed functionality is open to all market participants. The proposals to provide a rebate for certain QCC Agency Orders through the QCC Initiator Rebate and to reduce fees for QCC Contra Orders are competitive proposals intended to incentivize the entry of additional orders into QCC. Further, the pricing is designed to be competitive with pricing on other options exchanges and QCC functionality is a competitive offering by the Exchange. Further, the Exchange does not believe that the changes to eliminate pricing incentives that have been ineffective, to modify fee code descriptions or add fee codes will impose any burden on competition. For these reasons, the Exchange does not believe that the proposed fee schedule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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 Act¹⁷ and Rule 19b-4(f)(2) thereunder,¹⁸ 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.

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁸ 17 CFR 240.19b-4(f)(2).

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-2017-21)

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Fees for Use on the Exchange's Equity Options Platform

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.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 for its equity options platform ("EDGX Options") to: (i) modify fees for Qualified Contingent Cross Orders ("QCC"),⁶ including the adoption of a new naming convention for certain rebates, "QCC Initiator Rebates"; (ii) update the descriptions for fee codes PM and NM; (iii) add new fee codes PT and NT; and (iv) eliminate Tiers 4 and 6 under footnote 1.

QCC Order Pricing

The Exchange proposes to amend QCC fees and rebates to reflect the value of the execution opportunities provided by the QCC functionality. Thus, the Exchange

⁶ See Securities Exchange Act Release No. 79942 (February 1, 2017), 82 FR 9804 (February 8, 2017) (SR-BatsEDGX-2017-11) ("QCC Filing").

proposes to modify the fees and rebates corresponding to the fee codes that were originally adopted in connection with QCC, as described below.

Fee Code QA. Currently, fee code QA is appended to Customer⁷ QCC Agency Orders⁸, and provides a standard rebate of \$0.05 per contract. The Exchange proposes to alter the pricing for QCC Agency Orders yielding fee code QA to instead provide such executions free of charge. However, as proposed, the Exchange would continue to provide a rebate of \$0.05 per contract to QCC Agency orders in which at least one side of the transaction is a Non-Customer⁹ order. This proposed rebate of \$0.05 per contract for such executions will be described in footnote 7 more specifically and there will be no other charge or rebate for executing orders appended with QA. Thus, the Exchange proposes to append footnote 7 to fee code QA in addition to the existing footnote appended to fee code QA, footnote 5. Current footnote 5 and proposed footnote 7 are described in additional detail below.

Fee Code QC. Currently, fee code QC is appended to Customer QCC Contra Orders, and provides a standard rebate of \$0.05 per contract. The Exchange proposes to alter the pricing for QCC Agency Orders yielding fee code QC to instead provide such executions free of charge. The Exchange proposes to remove footnote 5 from QC, as

⁷ “Customer” applies to any transaction identified by a Member for clearing in the Customer range at the OCC, excluding any transaction for a Broker Dealer or a “Professional” as defined in Exchange Rule 16.1. See the Exchange’s fee schedule available at http://www.bats.com/us/options/membership/fee_schedule/edgx/.

⁸ “QCC Agency” is a Qualified Contingent Cross Order represented as agent by a Member on behalf of another party and submitted for execution pursuant to Rule 21.1. Id.

⁹ “Non-Customer” applies to any transaction that is not a Customer order. Id.

there is no longer the potential to earn a rebate in connection with routing a Customer QCC Contra Order to the Exchange and thus the footnote is inapplicable. Footnote 5 is described in additional detail below.

Fee Code QM. Currently, fee code QM is appended to Non-Customer QCC Agency Orders, and assessed a fee of \$0.19 per contract. The Exchange proposes to lower the fee charged for Non-Customer QCC Agency Orders to \$0.08 per contract. In addition, as noted above, the Exchange proposes to provide a rebate of \$0.05 per contract to QCC Agency orders in which at least one side of the transaction is a Non-Customer order. This proposed rebate of \$0.05 per contract for such executions will be described in footnote 7. Accordingly, the Exchange proposes to append footnotes 5 and 7 to fee code QM, as there will now be the potential to receive a rebate in connection with QCC Agency Orders.

Fee Code QN. Currently, fee code QN is appended to Non-Customer QCC Contra Orders, and assessed a fee of \$0.19 per contract. The Exchange proposes to lower the fee charged for Non-Customer QCC Contra Orders to \$0.08 per contract.

As noted above, The Exchange proposes to modify the rebates provided to QCC orders, to only apply to QCC Agency Orders in which one side of the transaction includes a Non-Customer order. The Exchange proposes that the rebate applicable to QCC orders be defined as the “QCC Initiator Rebate” and its scope be refined to only apply to QCC Agency orders in which at least one side of the transaction is a Non-Customer order.

The Exchange proposes to adopt new footnote 7 to describe the rebate paid by the Exchange to a Member that submits a QCC Agency Order to the Exchange when at least one side of the transaction is of Non-Customer capacity and to define this rebate as the

QCC Initiator Rebate. As proposed, and consistent with other pricing on the Exchange, the Exchange would provide the QCC Initiator Rebate to all Members submitting QCC Agency Orders to the Exchange, including a Member who routed an order to the Exchange with a Designated Give Up, as discussed below.

In connection with the proposed change and the adoption of footnote 7, footnote 5 would be appended to fee code QM¹⁰ and removed from fee code QC. Currently, footnote 5 of the fee schedule specifies that when order is submitted with a Designated Give Up, as defined in Rule 21.12(b)(1), the applicable rebates for such orders when executed on the Exchange (yielding fee code BC,¹¹ NC,¹² PC,¹³ QA and QC) are provided to the Member who routed the order to the Exchange. Pursuant to Rule 21.12, which specifies the process to submit an order with a Designated Give Up, a Member acting as an options routing firm on behalf of one or more other Exchange Members (a “Routing Firm”) is able to route orders to the Exchange and to immediately give up the party (a party other than the Routing Firm itself or the Routing Firm’s own clearing firm) who will accept and clear any resulting transaction. Because the Routing Firm is responsible for the decision to route the order to the Exchange, the Exchange currently provides such Member with the rebate when orders that yield fee code BC, NC, PC, QA

¹⁰ Fee code QM is appended to QCC Non-Customer orders represented as agent by a Member on behalf of another party for execution pursuant to Rule 21.1. Id.

¹¹ Fee code BC is appended Customer orders represented as agent by a Member on behalf of another party and submitted to BAM for potential price improvement pursuant to Rule 21.19, and provided a standard rebate of \$0.14 per order. Id.

¹² Fee code NC is appended to Customer orders which add liquidity in Non-Penny Pilot securities and is provided a standard rebate of \$0.05 per order. Id.

¹³ Fee code PC is appended to Customer orders which add liquidity in Penny Pilot securities and is provided a standard rebate of \$0.05 per order. Id.

and QC are executed. As amended, the Exchange would provide rebates to a Routing Firm when orders that yield fee code BC, NC, PC, QA and QM are executed.

Fee Codes PM and NM

Currently fee codes PM and NM apply to orders in Market Maker¹⁴ Penny Pilot¹⁵ and Non-Penny Pilot contracts, respectively. To further specify which orders add and remove liquidity, the Exchange proposes to modify the definitions for PM and NM. As proposed, fee code PM would be appended to Market Maker Penny Pilot orders which add liquidity. Fee code NM would be appended to Market Maker Non-Penny Pilot orders which add liquidity. The Exchange does not propose to alter the standard fee of \$0.19 per contract assessed on orders appended with fee codes PM and NM.

Fee Codes PT and NT

Exchange proposes to amend its fee schedule to add fee codes PT and NT, which would apply to orders which remove liquidity in Market Maker Penny Pilot and Non-Penny Pilot orders, respectively. Similar to the current fee codes PM and NM, orders appended with fee codes PT and NT would be assessed a fee of \$0.19 per contract.

Eliminate Customer Volume Tiers 4 and 6

Footnote 1 of the fee schedule sets forth six tiers, each providing enhanced rebates ranging from \$0.10 to \$0.25 per contract to a Member's order that yields fee code PC or NC upon satisfying monthly volume criteria. The Exchange proposes to eliminate Tiers

¹⁴ "Market Maker" applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is registered with the Exchange as a Market Maker as defined in Rule 16.1(a)(37). Id.

¹⁵ "Penny Pilot Securities" are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01. Id.

4 and 6 as they did not result in incentivizing additional order flow as designed. In connection with the change the Exchange proposes to update the standard rates table to reflect the removal of the \$0.25 rebate applicable to Tiers 4 and 6.

Implementation Date

The Exchange proposes to implement this amendment to its fee schedule on May 1, 2017.¹⁶

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.¹⁷ Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,¹⁸ in that it provides for the equitable allocation of reasonable dues, fees and other charges among Members and other persons using any facility or system which the Exchange operates or controls.

QCC Pricing

The Exchange believes that its proposed fees and rebates related to QCC Orders are reasonable and fair and equitable as the fees will allow the Exchange to continue to offer QCC Order functionality, which is functionality offered on other options exchanges, with pricing that is comparable to that offered by other options exchanges. The

¹⁶ The Exchange initially submitted the proposed fee change on May 1, 2017. (SR-BatsEDGX-2017-18). On May 8, 2017, the Exchange withdrew SR-BatsEDGX-2017-18 and submitted this filing.

¹⁷ 15 U.S.C. 78f.

¹⁸ 15 U.S.C. 78f(b)(4).

Exchange further believes that this pricing structure is non-discriminatory, as it applies equally to all Members. In addition, the Exchange believes this proposal is reasonable because, while orders for other market participants (Non-Customers) will be assessed a fee, the Exchange is reducing this fee; further, orders for Customers will receive free executions and Members submitting QCC Agency Orders will receive a rebate where one side of the transaction is a Non-Customer order. The Exchange believes the proposed QCC Initiator Rebate is equitable and not unfairly discriminatory as the Exchange and other options exchanges have generally established pricing structures that are intended to encourage additional QCC order flow.

Fee Codes Addition and Modification

The Exchange believes that its proposals to add fee codes PT and NT related specifically to orders which remove liquidity and modify the definition of PM and NM related specifically to orders which add liquidity are fair and equitable and reasonable because the proposed fees for orders appended with fee codes PT, NT, PM and NM are identical and consistent with pricing previously offered by the Exchange as well as competitors of the Exchange and do not represent a significant departure from the Exchange's general pricing structure. Instead, the changes and additions will simply allow the Exchange to further differentiate between different types of executions for purposes of transparency to Members as well as potential future pricing changes. Also, the proposed changes to fee codes are not unfairly discriminatory because they will apply equally to all Members.

Eliminating Customer Volume Tiers 4 and 6

Lastly, the Exchange believes that eliminating the Customer Volume Tiers 4 and

6 under footnote 1 is reasonable, fair, and equitable because the these tiers were not providing the desired result of incentivizing Members to increase their participation in Customer orders on the Exchange. As such, the Exchange also believes that the proposed elimination of these tiers would be non-discriminatory in that they currently apply equally to all Members and, upon elimination, would no longer be available to any Members. Further, their elimination will allow the Exchange to explore other pricing mechanisms in which it may enhance market quality for all Members.

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

The Exchange does not believe that the proposed change to fees related to QCC Orders will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed functionality is open to all market participants. The proposals to provide a rebate for certain QCC Agency Orders through the QCC Initiator Rebate and to reduce fees for QCC Contra Orders are competitive proposals intended to incentivize the entry of additional orders into QCC. Further, the pricing is designed to be competitive with pricing on other options exchanges and QCC functionality is a competitive offering by the Exchange. Further, the Exchange does not believe that the changes to eliminate pricing incentives that have been ineffective, to modify fee code descriptions or add fee codes will impose any burden on competition. For these reasons, the Exchange does not believe that the proposed fee schedule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

(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 Act¹⁹ and paragraph (f) of Rule 19b-4 thereunder.²⁰ 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-2017-21 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.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f).

All submissions should refer to File No. SR-BatsEDGX-2017-21. 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-2017-21 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.²¹

Robert W. Errett
Deputy Secretary

²¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Bats EDGX Options Exchange Fee Schedule

Effective May [5]8, 2017

* * * * *

Standard Rates:

	Penny Pilot Securities		Non-Penny Pilot Securities	
	Codes	Rates	Codes	Rates
Customer	PC	(\$0.05) (\$0.10) (\$0.16) (\$0.21) [(\$0.25)]	NC	(\$0.05) (\$0.10) (\$0.16) (\$0.21) [(\$0.25)]
Market Maker - Professional	(No change).			

Fee Codes and Associated Fees:

Fee Code	Description	Fee/(Rebate)
BA ⁶ - NF ³	(No change).	
NM ^{2,3}	<u>Adds liquidity, Market Maker, Non-Penny</u>	0.19
NN ³ - NP ³	(No change).	
NT ³	<u>Removes liquidity, Market Maker, Non-Penny</u>	<u>0.19</u>
OO - PF ^{3,4}	(No change).	
PM ^{2,3}	<u>Adds liquidity, Market Maker, Penny Pilot</u>	0.19
PN ³ - PP ³	(No change).	
PT ³	<u>Removes liquidity, Market Maker, Penny Pilot</u>	<u>0.19</u>
QA ^{5,7}	QCC Agency (Customer)	[(0.05)] <u>FREE</u>
QC ^[5]	QCC Contra (Customer)	[(0.05)] <u>FREE</u>
QM ^{5,7}	QCC Agency (Non-Customer)	[0.19] <u>0.08</u>
QN	QCC Contra (Non-Customer)	[0.19] <u>0.08</u>
RN - RR	(No change).	

Footnotes:**¹ Customer Volume Tiers**

Applicable to fee codes PC and NC.

Tier	Rebate Per Contract	Required Criteria
Tier 1 – Tier 3	(No change).	
[Tier 4	(\$0.25)	Member has an ADV in Customer orders \geq 1.05% of average OCV]
Tier [5]4	(\$0.21)	(1) Member has an ADV in Customer orders \geq 0.05% of average OCV; and (2) Member has an ADV in Customer or Market Maker orders \geq 0.35% of average OCV
[Tier 6	(\$0.25)	(3) Member has an ADV in Customer orders \geq 0.05% of average OCV; (4) Member has an ADV in Customer or Market Maker orders \geq 0.35% of average OCV; and (5) Member has an ADV in BAM Agency Orders \geq 10,000 contracts]

³ Step Up Mechanism ("SUM") Auction Pricing TierApplicable to fee codes NB, NC, NF, NM, NN, NO, NP, NT, PB, PC, PF, PM, PN, PO₂, PT and PP.

⁵ Orders Submitted with a Designated Give UpApplicable to fee codes BC, NC, PC, QA and [QC]QM.

When a Designated Give Up, as defined in Rule 21.12(b)(1), is specified on an order, applicable rebates for orders routed to and executed on the Exchange are provided to the Member who routed the order to the Exchange.

* * * * *

QCC Initiator Rebate

Applicable to fee codes QA and QM.

The Exchange will apply a QCC Initiator Rebate to the Member that submitted a QCC Agency Order, including a Member who routed an order to the Exchange with a Designated Give Up, when at least one side of the transaction is of Non-Customer capacity.

<u>Symbols</u>	<u>Credit Per Contract</u>
<u>All Securities</u>	<u>(\$0.05)</u>

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