

Bats Community Policing Program

Market Surveillance Initiative



U.S. Equities & Options

The Bats Community Policing Program is a new corporate surveillance initiative building upon the Bats' leading capabilities in monitoring the U.S. equities and options markets. The Program, which follows the SEC's recent approval of the [Bats Client Suspension Rule](#), will proactively engage trading Members to identify unwanted trading and quoting behaviors in the market.

Collaborative Forum

Announced in July 2016, the Program is designed to facilitate and enhance Bats-Member dialogue as it pertains to surveilling markets, encouraging cooperation with the company's equities and options exchange Members. Members are encouraged to share tips directly with the Bats Regulatory Department, which will then investigate and, as necessary, take steps to address any improprieties.

The Program will promote enhanced sharing of intelligence regarding inappropriate behavior in the markets through mechanisms including:

- 1. Regulatory Forums** – Bats Regulatory staff will conduct periodic events to inform and interact with Member firms as it walks the regulatory beat.
- 2. One-on-One Member Meetings** – Bats Regulatory staff will proactively schedule meetings and calls with Members to solicit tips regarding unwanted trading and quoting behaviors.
- 3. An Enhanced Surveillance Tips Program** – Bats Regulatory staff will provide streamlined methods for Members to report specific events involving suspicious trading behaviors.

To ensure the integrity of the Program, Bats will not share details of its investigations or regulatory methodologies, and will not counsel firms on the effectiveness or appropriateness of their respective supervisory systems. Bats also will not offer incentives of any kind to Members in exchange for information.

Bats Regulatory Program

The Bats Community Policing Program is the latest major addition to the Bats regulatory toolbox, which currently includes an internal, real-time equity and options surveillance and investigations model, conducted in conjunction with examination, equity cross-market surveillance, as well as investigation and enforcement programs conducted by FINRA on Bats' behalf.

The [Bats Client Suspension Rule](#), filed in July 2015 and approved in February 2016, is included in the Bats Regulatory Program. The Rule allows Bats to accelerate disciplinary processes to stop ongoing disruptive quoting and trading behavior, such as spoofing and layering, on its U.S. exchanges.

Participation

The Bats Community Policing Program will begin in August 2016. Members of any of the Bats U.S. Equities or Options Exchanges wishing to participate in the Program, should contact the Bats Regulatory Department at cpp@bats.com or 913.815.7000.

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