OMB APPROVAL
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Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2010 - * 032

Amendment No. (req. for Amendments *)

Proposed Rule Change by BATS Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☑ 19b-4(f)(6)

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal adopt a $.50 Strike Program for BATS Options and to modify the BATS Options $1 Strike Program.

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 proposed rule change.

First Name * Anders Last Name * Franzon

Title * VP, Associate General Counsel

E-mail * afranzon@batstrading.com

Telephone * (913) 815-7154 Fax (913) 815-7119

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 officer.

Date 11/10/2010

By Anders Franzon

(Name *)

VP, Associate General Counsel

(Title *)

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.

Anders Franzon,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required) 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 (required) 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 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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] BATS Exchange, Inc. (the "Exchange" or "BATS") is filing with the Securities and Exchange Commission ("Commission") a proposal for the BATS Options Market ("BATS Options") to amend Rule 19.6 (Series of Options Contracts Open for Trading) to adopt a $.50 Strike Program consistent with analogous programs offered by other options exchanges. The Exchange has designated this proposal as a non-controversial filing and requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.[3] If such waiver is granted by the Commission, the Exchange shall implement this rule proposal immediately.

(a) 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 November 10, 2009. Exchange staff will advise the BATS Exchange Board of Directors of any

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 Id.

action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Eric Swanson, Senior Vice President and General Counsel of the Exchange at (913) 815-7000.

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

(a) Purpose

The purpose of this proposed rule change is to adopt a $.50 Strike Program for BATS Options in order to provide investors with opportunities and strategies to minimize losses associated with owning a stock declining in price. In addition to adoption of a $.50 Strike Program, the Exchange proposes to make minor modifications to its $1 Strike Program.

The Exchange is proposing to establish strike price intervals of $.50, beginning at $.50 for certain options classes where the strike price is $5.50 or less and whose underlying security closed at or below $5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation ("OCC") during the preceding three calendar months. The Exchange also proposes to limit the listing of $.50 strike prices to options classes overlying no more than 20 individual stocks as specifically designated by the Exchange. In addition, the Exchange proposes to list $0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar $0.50 Strike Program under their respective rules.

The Exchange does not currently offer a $.50 Strike Program, but does offer a $1 Strike Program. The proposal would provide $.50 strike offerings to market participants, such as traders and retail investors, and thereby enhance their ability to tailor investing and hedging strategies and opportunities in a volatile market place.

By way of example, if an investor wants to invest in 5,000 shares of Sirius Satellite ("SIRI") at $ 0.9678,[4] the only choice the investor would have today would be to buy out-of-the-money calls, at the $1.00 strike, or to invest in the underlying stock with a total outlay of $.96 per share or $4,800. However, if a $.50 strike series were available, an investor may be able to invest in 5,000 shares by purchasing an exercisable in-the-money $.50 strike call option. It is reasonable to assume that with SIRI trading at $.96, the $.50 strike call option would trade at an estimated price of $.46 to $.48 under normal circumstances. This would allow the investor to manage 5,000 shares with the same upside potential return for a cost of only $2,350 (assuming $.47 as a call price).

Similarly, if an investor wanted to spend $4,800 for 5,000 shares of SIRI, a $.50 put option that would trade for $.01 to $.05 would provide protection against a declining stock price in the event that SIRI dropped below $.50 per share. In a down market, where high volume widely held shares drop below $1.00, investors deserve the opportunity to hedge downside risk in the same manner as investors have with stocks greater than $1.00.

The proposal to allow $0.50 strikes in stocks under $5.00 will aid investors by offering opportunities to manage risk and execute a variety of option strategies to improve returns. For example, today an investor can enhance their yield by selling an

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[4] SIRI was trading at $0.9678 on July 13, 2010.

out-of-the-money call. Using an example of an investor who wants to hedge Citigroup ("C") which is trading at $4.24,[5] that investor would be able to choose the $4.50 strike which is 6% out-of-the- money or they would be able to choose the $5.00 strike which is 17.92% out-of-the- money, under this proposal. Today, this investor only has the latter choice. Beyond that, this investor today may choose the $6.00 strike which is 41% out-of-the-money and offers significantly less premium. Pursuant to this proposal if this investor had a choice to hedge with a $5.50 strike option, the investor would have the opportunity to sell the option at only 29% out- of-the-money and would improve their return by gaining more premium, while also benefitting from 29% of upside return in the underlying equity.

Based on its experience with $1 strike prices, the Exchange does not believe that $0.50 strikes will have any impact on capacity. Further, the Exchange has observed the popularity of $0.50 strikes on other exchanges. The open interest in the $2.50 August strike series for Synovus Financial Corp. ("SNV"), which closed at $2.71 on July 13, 2010, was 12,743 options; whereas open interest in the $2 and $3 August strike series was a combined 318 options. The open interest in the August $1.50 strike series for Ambac Financial Group, Inc. ("ABK"), which closed at $0.7490 on July 13, 2010, was 15,879 options compared to 8,174 options for the $2 strike series. The August $2.50 strike series had open interest of 22,280 options, also more than the traditional $2 strike series.

By adopting a $.50 Strike Program investors would be able to better enhance returns and manage risk by providing investors with significantly greater flexibility in the

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5 C was trading at $4.24 on July 14, 2010.

trading of equity options that overlie lower price stocks by allowing investors to establish equity options positions that are better tailored to meet their investment, trading and risk.

The Exchange also proposes making a corresponding amendment to Rule 19.6, Interpretation and Policy .02(b), which addresses listing series with $1 intervals within $0.50 of an existing strike price in the same series. Specifically, to account for the overlap with the $.50 Strike Program, the Exchange proposes to exclude the following series from this prohibition: strike prices of $2, $3, $4, $5 and $6 to account for the proposed $.50 Strike Program, which will allow strike prices of $5.50.

Finally, the Exchange proposes making an amendment to Rule 19.6, Interpretation and Policy .02(a), to expand the Exchange's $1 Strike Program. The $1 Strike Program currently allows the Exchange to select a total of 55 individual stocks on which option series may be listed at $1 strike price intervals. In order to be eligible for selection into the $1 Strike Program, the underlying stock must close below $50 in its primary market on the previous trading day. If selected for the $1 Strike Program, the Exchange may list strike prices at $1 intervals from $1 to $50, but no $1 strike price may be listed that is greater than $5 from the underlying stock's closing price in its primary market on the previous day. The Exchange may also list $1 strikes on any other option class designated by another securities exchange that employs a similar Program under their respective rules. The Exchange now proposes to expand the $1 Strike Program to allow the Exchange to select a total of 150 individual stocks on which option series may be listed at $1 strike price intervals. The existing restrictions on listing $1 strikes would continue, i.e., no $1 strike price may be listed that is greater than $5 from the underlying stock's closing price in its primary market on the previous day, and the Exchange is restricted from listing any series that would result in strike prices being $0.50 apart (unless an option class is selected to participate in both the $1 Strike Program and the $0.50 Strike Program).

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and OPRA have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of an expanded number of series in the $1 Strike Program. The Exchange believes that the $1 Strike Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions to the movement of the underlying security. Furthermore, the Exchange has not detected any material proliferation of illiquid options series resulting from the narrower strike price intervals. For these reasons, the Exchange requests an expansion of the current $1 Strike Program and the opportunity to provide investors with additional strikes for investment, trading, and risk management purposes.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[6] in general, and furthers the objectives of Section 6(b)(5) of the Act[7] in particular in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanisms 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 adopting the $.50 Strike Program will result in a benefit to investors by giving them more

6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(5).

flexibility to closely tailor their investment decisions in a greater number of securities. Investors would be provided with an opportunity to minimize losses associated with declining stock prices that do not exist today. With the increase in active, low-prices securities, the Exchange believes that adopting the $.50 Strike Program to allow a $.50 strike interval below $1 for strike prices of $5.50 or less is necessary to provide investor additional opportunity to minimize and manage risk. In addition, the Exchange believes that expanding the current $1 Strike Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions in a greater number of securities.

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.

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)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act and paragraph (f)(6) of Rule 19b-4 thereunder. The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, and (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with 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. Also, as described elsewhere in this filing, the Exchange believes that the proposed rule change is consistent with $.50 Strike Programs offered by other national securities exchanges. For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4.

Because the Exchange believes that implementation of the $.50 Strike Program described in this filing is "non-controversial," and substantially similar to filings recently made by other national securities exchanges, the Exchange respectfully requests that the Commission waive the 30-day pre-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 and paragraph (f)(6) of Rule 19b-4 thereunder. Such waiver will permit BATS Options to immediately implement the $.50 Strike Program for the benefit of investors and will allow BATS Options to remain competitive with other exchanges.

The Commission recently granted approval for a similar filing proposed by PHLX to expand its $.50 Strike Program to include additional strikes;[8] in response, other options

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8 See Securities Exchange Act Release No. 63132 (October 19, 2010), 75 FR 65541 (October 25, 2010) (SR-Phlx-2010-118) (order approving expansion of $.50 strike program).

exchanges including NOM, have filed immediately effective rule filings.[9] The Exchange believes that this proposed rule change, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the proposals filed by other options exchanges. Adding the $.50 Strikes Program to the Exchange's Rules would enable BATS Options to immediately list and allow trading, and where appropriate routing, of the certain additional strikes that are available at other options exchanges. Moreover, the Exchange believes that in the current options trading environment it is very important to market participants for an options exchange to list similar strike prices, particularly in classes with significant liquidity. The Exchange believes that waiving the 30-day pre-operative delay is consistent with the protection of investors and the public interest in that it would reduce industry and investor confusion and encourage trading of similar products on BATS Options as on other exchanges.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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

The proposed rule change is based on the rules of other options exchanges, which are today generally consistent with respect to their offered $.50 strike programs. Such

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9 See, e.g., Securities Exchange Act Release No. 63135 (October 20, 2010), 75 FR 65693 (October 26, 2010) (notice of filing and immediate effectiveness of proposal to expand $.50 strike program) (SR-NASDAQ-2010-131).

rules include: NOM Rules Chapter IV, Section 6, Supplementary Material .02(b) and .05; PHLX Rule 1012, Commentary .05; NYSE Arca Rule 6.4, Commentary .04; CBOE Rule 5.5, Interpretation and Policy .01; and ISE Rule 504, Supplementary Material .01 and .05. The Exchange does not currently list long-term options series ("LEAPS"), and thus has omitted language related to LEAPS from its proposed rules.

9. 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-BATS-2010-032)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. to Establish a $.50 Strike Program.

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 November 10, 2010, BATS Exchange, Inc. (the "Exchange" or "BATS") 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[3] and Rule 19b-4(f)(6)(iii) thereunder,[4] 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 is proposing to amend Rule 19.6 (Series of Options Contracts Open for Trading) to adopt a $.50 Strike Program consistent with analogous programs offered by other options exchanges.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A).

4 17 CFR 240.19b-4(f)(6)(iii).

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

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

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

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

1. Purpose

The purpose of this proposed rule change is to adopt a $.50 Strike Program for BATS Options in order to provide investors with opportunities and strategies to minimize losses associated with owning a stock declining in price. In addition to adoption of a $.50 Strike Program, the Exchange proposes to make minor modifications to its $1 Strike Program.

The Exchange is proposing to establish strike price intervals of $.50, beginning at $.50 for certain options classes where the strike price is $5.50 or less and whose underlying security closed at or below $5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation ("OCC") during the preceding three calendar months. The Exchange also proposes to limit the listing of $.50 strike prices to options classes overlying no more than 20 individual stocks as specifically designated by the Exchange. In addition, the Exchange proposes to list $0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar $0.50 Strike Program under their respective rules.

The Exchange does not currently offer a $.50 Strike Program, but does offer a $1 Strike Program. The proposal would provide $.50 strike offerings to market participants, such as traders and retail investors, and thereby enhance their ability to tailor investing and hedging strategies and opportunities in a volatile market place.

By way of example, if an investor wants to invest in 5,000 shares of Sirius Satellite ("SIRI") at $ 0.9678,[5] the only choice the investor would have today would be to buy out-of-the-money calls, at the $1.00 strike, or to invest in the underlying stock with a total outlay of $.96 per share or $4,800. However, if a $.50 strike series were available, an investor may be able to invest in 5,000 shares by purchasing an exercisable in-the-money $.50 strike call option. It is reasonable to assume that with SIRI trading at $.96, the $.50 strike call option would trade at an estimated price of $.46 to $.48 under normal circumstances. This would allow the investor to manage 5,000 shares with the same upside potential return for a cost of only $2,350 (assuming $.47 as a call price).

Similarly, if an investor wanted to spend $4,800 for 5,000 shares of SIRI, a $.50 put option that would trade for $.01 to $.05 would provide protection against a declining stock price in the event that SIRI dropped below $.50 per share. In a down market, where high volume widely held shares drop below $1.00, investors deserve the

[5] SIRI was trading at $0.9678 on July 13, 2010.

opportunity to hedge downside risk in the same manner as investors have with stocks greater than $1.00.

The proposal to allow $0.50 strikes in stocks under $5.00 will aid investors by offering opportunities to manage risk and execute a variety of option strategies to improve returns. For example, today an investor can enhance their yield by selling an out-of-the-money call. Using an example of an investor who wants to hedge Citigroup ("C") which is trading at $4.24,[6] that investor would be able to choose the $4.50 strike which is 6% out-of-the- money or they would be able to choose the $5.00 strike which is 17.92% out-of-the- money, under this proposal. Today, this investor only has the latter choice. Beyond that, this investor today may choose the $6.00 strike which is 41% out-of-the-money and offers significantly less premium. Pursuant to this proposal if this investor had a choice to hedge with a $5.50 strike option, the investor would have the opportunity to sell the option at only 29% out- of-the-money and would improve their return by gaining more premium, while also benefitting from 29% of upside return in the underlying equity.

Based on its experience with $1 strike prices, the Exchange does not believe that $0.50 strikes will have any impact on capacity. Further, the Exchange has observed the popularity of $0.50 strikes on other exchanges. The open interest in the $2.50 August strike series for Synovus Financial Corp. ("SNV"), which closed at $2.71 on July 13, 2010, was 12,743 options; whereas open interest in the $2 and $3 August strike series was a combined 318 options. The open interest in the August $1.50 strike series for Ambac Financial Group, Inc. ("ABK"), which closed at $0.7490 on July 13, 2010, was

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6 C was trading at $4.24 on July 14, 2010.

15,879 options compared to 8,174 options for the $2 strike series. The August $2.50 strike series had open interest of 22,280 options, also more than the traditional $2 strike series.

By adopting a $.50 Strike Program investors would be able to better enhance returns and manage risk by providing investors with significantly greater flexibility in the trading of equity options that overlie lower price stocks by allowing investors to establish equity options positions that are better tailored to meet their investment, trading and risk.

The Exchange also proposes making a corresponding amendment to Rule 19.6, Interpretation and Policy .02(b), which addresses listing series with $1 intervals within $0.50 of an existing strike price in the same series. Specifically, to account for the overlap with the $.50 Strike Program, the Exchange proposes to exclude the following series from this prohibition: strike prices of $2, $3, $4, $5 and $6 to account for the proposed $.50 Strike Program, which will allow strike prices of $5.50.

Finally, the Exchange proposes making an amendment to Rule 19.6, Interpretation and Policy .02(a), to expand the Exchange’s $1 Strike Program. The $1 Strike Program currently allows the Exchange to select a total of 55 individual stocks on which option series may be listed at $1 strike price intervals. In order to be eligible for selection into the $1 Strike Program, the underlying stock must close below $50 in its primary market on the previous trading day. If selected for the $1 Strike Program, the Exchange may list strike prices at $1 intervals from $1 to $50, but no $1 strike price may be listed that is greater than $5 from the underlying stock's closing price in its primary market on the previous day. The Exchange may also list $1 strikes on any other option class designated by another securities exchange that employs a similar Program under their respective rules. The Exchange now proposes to expand the $1 Strike Program to allow the Exchange to select a total of 150 individual stocks on which option series may be listed at $1 strike price intervals. The existing restrictions on listing $1 strikes would continue, i.e., no $1 strike price may be listed that is greater than $5 from the underlying stock's closing price in its primary market on the previous day, and the Exchange is restricted from listing any series that would result in strike prices being $0.50 apart (unless an option class is selected to participate in both the $1 Strike Program and the $0.50 Strike Program).

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and OPRA have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of an expanded number of series in the $1 Strike Program. The Exchange believes that the $1 Strike Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions to the movement of the underlying security. Furthermore, the Exchange has not detected any material proliferation of illiquid options series resulting from the narrower strike price intervals. For these reasons, the Exchange requests an expansion of the current $1 Strike Program and the opportunity to provide investors with additional strikes for investment, trading, and risk management purposes.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[7] in general, and furthers the objectives of Section 6(b)(5) of the Act[8] in particular in that it

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[7] 15 U.S.C. 78f(b).

is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanisms 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 adopting the $.50 Strike Program will result in a benefit to investors by giving them more flexibility to closely tailor their investment decisions in a greater number of securities. Investors would be provided with an opportunity to minimize losses associated with declining stock prices that do not exist today. With the increase in active, low-prices securities, the Exchange believes that adopting the $.50 Strike Program to allow a $.50 strike interval below $1 for strike prices of $5.50 or less is necessary to provide investor additional opportunity to minimize and manage risk. In addition, the Exchange believes that expanding the current $1 Strike Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions in a greater number of securities.

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

The Exchange does not believe that the proposed rule change imposes any burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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[8] 15 U.S.C. 78f(b)(5).

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) 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[9] and Rule 19b-4(f)(6)(iii) thereunder.[10]

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-BATS-2010-032 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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9 15 U.S.C. 78s(b)(3)(A).

10 17 CFR 240.19b-4(f)(6).

All submissions should refer to File No. SR-BATS-2010-032. 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 Web site (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 changes 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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549. 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-BATS-2010-032 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.[11]

Florence E. Harmon
Deputy Secretary

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[11] 17 CFR 200.30-3(a)(12).

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

Rules of BATS Exchange, Inc.

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CHAPTER XIX. SECURITIES TRADED ON BATS OPTIONS

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Rule 19.6. Series of Options Contracts Open for Trading

(a)-(f) (No changes.)

Interpretations and Policies

.01 (No changes.)

.02 The interval between strike prices of series of options on individual stocks may be:

(a) $1.00 or greater ("$1 Strike Prices") provided the strike price is $50 or less, but not less than $1. The listing of $1 strike prices shall be limited to option classes overlying no more than [fifty-five (55)]<u>one hundred fifty (150)</u> individual stocks (the "$1 Strike Price Program") as specifically designated by BATS Options. BATS Options may list $1 Strike Prices on any other option classes if those classes are specifically designated by other national securities exchanges that employ a similar $1 Strike Price Program under their respective rules.

(b) To be eligible for inclusion into the $1 Strike Price Program, an underlying security must close below $50 in the primary market on the previous trading day. After a security is added to the $1 Strike Price Program, BATS Options may list $1 Strike Prices from $1 to $50 that are no more than $5 from the closing price of the underlying on the preceding day. For example, if the underlying security closes at $13, BATS Options may list strike prices from $8 to $18. BATS Options may not list series with $1 intervals within $0.50 of an existing [$2.50] strike price [(e.g. $12.50, $17.50)] in the same series<u>, except that strike prices of $2, $3, $4, $5 and $6 shall be permitted within $0.50 of an existing strike price for classes also selected to participate in the $0.50 Strike Program.</u> Additionally, for an option class selected for the $1 Strike Price Program, BATS Options may not list $1 Strike Prices on any series having greater than nine (9) months until expiration.

A security shall remain in the $ 1 Strike Price Program until otherwise designated by BATS Options.

(c) (No changes.)

.03-.05 (No changes.)

<u>.06 The interval between strike prices of series of options on individual stocks may be $0.50 or greater beginning at $.50 where the strike price is $5.50 or less, but only for options classes whose underlying security closed at or below $5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day</u>

as determined by The Options Clearing Corporation during the preceding three calendar months. The listing of $0.50 strike prices shall be limited to options classes overlying no more than 20 individual stocks (the "$0.50 Strike Program") as specifically designated by BATS Options. BATS Options may list $0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar $0.50 Strike Program under their respective rules. A stock shall remain in the $0.50 Strike Program until otherwise designated by BATS Options.

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