

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2015 - * 26	Amendment No. (req. for Amendments *)
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Filing by BATS Exchange
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 to amend Rule 20.6, Nullification and Adjustment of Options Transactions including Obvious Errors, to adopt a new provision to account for erroneous trades occurring from disruptions and/or malfunctions of Exchange systems.

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 * Chris	Last Name * Solgan
Title * Assistant General Counsel	
E-mail * csolgan@bats.com	
Telephone * (646) 856-8723	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 04/01/2015	Assistant General Counsel
By Christopher Solgan	<input style="width: 100%;" 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 *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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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

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

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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

Add Remove View

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

Partial Amendment

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² BATS Exchange, Inc. (“BATS” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to amend Rule 20.6, Nullification and Adjustment of Options Transactions including Obvious Errors, to adopt a new provision to account for erroneous trades occurring from disruptions and/or malfunctions of Exchange systems. The proposed rule change is based on the rules of NYSE Arca, Inc. (“NYSE Arca”) and the International Securities Exchange, LLC (“ISE”).³ Therefore, the Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁴

(b) The Exchange does not believe that the proposed rule change would have any direct or significant indirect effect on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See ISE Rule 720A and NYSE Arca Rule 6.89. See also Securities Exchange Act Release No. 72490 (June 27, 2014), 79 FR 38105 (July 3, 2014) (SR-ISE-2014-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish New Rule 720A). The proposed rule change is also based in part on Nasdaq OMX PHLX, LLC (“PHLX”) Rule 1092(c)(ii)(A), and in addition, is substantially similar to Chicago Board Options Exchange, Inc. (“CBOE”) Rule 6.25(a)(3).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

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:

Eric Swanson
EVP, General Counsel
(913) 815-7000

Chris Solgan
Assistant General Counsel
(646) 856-8723

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 Rule 20.6, Nullification and Adjustment of Options Transactions including Obvious Errors, to adopt a new provision to account for erroneous trades occurring from disruptions and/or malfunctions of Exchange systems. Specifically, proposed paragraph (k) to Rule 20.6 would provide that any transaction that arises out of a “verifiable systems disruption or malfunction” in the use or operation of an Exchange automated quotation, dissemination, execution, or communication system may either be nullified or adjusted by an Official. Under the proposed paragraph (k), an Official may act, on his or her own motion, to review erroneous transactions. The proposed rule change is based on the rules of NYSE Arca and the ISE.⁵

According to the proposal, in the event of any verifiable disruption or malfunction in the use or operation of an Exchange automated quotation, dissemination, execution, or

⁵ See supra note 3.

communication system, in which the nullification or modification of transactions may be necessary to maintain a fair and orderly market or the protection of investors and the public interest exists, an Official, on his or her own motion, may review such transactions and declare the transactions occurring during such period null and void or adjust the price of those transaction to their Theoretical Price, as defined in paragraph (b) of Rule 20.6. Pursuant to the proposal, an Official, absent extraordinary circumstances, must initiate action under this authority within sixty (60) minutes of the occurrence of the erroneous transaction that was a result of a verifiable disruption or malfunction.

Each Options Member involved in the transaction shall be notified as soon as practicable, and any Options Member aggrieved by the action may appeal such action in accordance with the provisions of proposed renumbered paragraph (l) of Rule 20.6. Current subparagraph (k), which sets for the appeals process of decisions made by an Official⁶ pursuant to Rule 20.6, would be renumbered as paragraph (l) and cross references to current paragraph (k) within Rule 20.6 would be updated to reference renumbered paragraph (l) accordingly.

The Exchange notes that the Commission recently approved amendments to Rule 20.6⁷ and that other options markets are to file proposed rule changes with the Commission to harmonize their respective obvious and catastrophic error rules with Rule

⁶ An Official is defined under current Rule 20.6(d) as “[a]n Officer of the Exchange or such other employee designee of the Exchange that is trained in the application of this rule [20.6].”

⁷ See Securities Exchange Act. Release No. 74556 (March 20, 2015) (SR-BATS-2014-067). The Exchange notes that a comment letter received in response to the proposed rule change suggesting that the Exchange also include a rule provision covering verifiable disruptions or malfunctions of Exchange systems as proposed herein. See letter from Joanna Fields, Principal, Aplomb Strategies Inc. to Brent Fields, Secretary, Commission, dated March 23, 2015.

20.6. The Exchange understands that the provision it proposes to add to Rule 20.6 herein is to be retained by other options exchanges as part of their harmonized rules. Therefore, the Exchange believes it is critical to its ability to maintain fair and orderly markets and to protect investors to propose to add this provision to its rules.

The Exchange believes it is appropriate to provide the flexibility and authority provided for in proposed paragraph (k) to Rule 20.6 so as not to limit the Exchange's ability to plan for and respond to unforeseen problems and malfunctions. The proposed rule change would provide the Exchange with the same authority to nullify or adjust trades in the event of a "verifiable disruption or malfunction" in the use or operation of its systems as other exchanges have.⁸ For this reason, the Exchange believes that, in the interest of maintaining a fair and orderly market and for the protection of investors, authority to nullify or adjust trades in these circumstances, consistent with the authority on other exchanges, is warranted.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁹ which requires, among other things, that the Exchange's rules be 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes the proposed rule change would remove impediments to

⁸ See supra note 3.

⁹ 15 U.S.C. 78f(b)(5).

and perfect the mechanism of a free and open market and national market system and promote a fair and orderly market because it would provide authority to the Exchange to nullify or adjust trades that may have resulted from a verifiable systems disruption or malfunction. The Exchange believes that it is appropriate to provide the flexibility and authority provided for in the proposed rule change so as not to limit the Exchange's ability to plan for and respond to unforeseen systems problems or malfunctions that may result in harm to the public. Allowing for the nullification or modification of transactions that result from verifiable disruptions and/or malfunctions of Exchange systems will offer market participants on the Exchange a level of relief not presently available. The Exchange further notes that when acting under its own motion of nullify or adjust trades pursuant to proposed paragraph (k) of Rule 20.6, the Exchange must consider whether taking such action would be in the interest of maintaining a fair and orderly market and for the protection of investors. The Exchange also notes that proposed rule change is based on the rules of other exchanges.¹⁰

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 purposes of the Act. Rather, the Exchange believes the proposed rule change will enhance competition because it will align the Exchange's rules with the rules of other markets, including CBOE, NYSE Arca, the ISE, and PHLX. By adopting paragraph (k) to Rule 20.6 the Exchange will be in a position to treat transactions that are the result of a verifiable systems disruption or malfunction in a manner similar to other exchanges.

¹⁰ See supra note 3.

5. 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.

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)¹¹ of the Act and Rule 19b-4(f)(6)¹² 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 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. 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.¹³

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4¹⁴ because it is based on the rules of other exchanges.¹⁵ Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹⁶ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁷

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 Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on ISE Rule 720A, NYSE Arca Rule 6.89, and CBOE Rule 6.25(a)(3). The proposed rule change differs from NYSE Arca Rule 6.89 in that under the proposed rule change, a “verifiable disruption or malfunction” can occur in the use or operation of an Exchange automated quotation whereas NYSE Arca Rule 6.89 does not allow a “verifiable disruption or malfunction” to include automated quotations. The proposal to allow a “verifiable disruption or malfunction” to include an Exchange automated quotation is similar to CBOE Rule 6.25(a)(3) and ISE Rule 720A.¹⁸

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

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ See supra note 3.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ See also NYSE MKT LLC Rule 975NY(a)(9).

Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BATS-2015-26)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 20.6 to Adopt a New Provision to Account for Erroneous Trades Occurring from Disruptions and/or Malfunctions of Exchange Systems

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 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 Act³ 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 filed a proposal to amend Rule 20.6, Nullification and Adjustment of Options Transactions including Obvious Errors, to adopt a new provision to account for erroneous trades occurring from disruptions and/or malfunctions of Exchange

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).

systems. The proposed rule change is based on the rules of NYSE Arca, Inc. (“NYSE Arca”) and the International Securities Exchange, LLC (“ISE”).⁵ Therefore, the Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁶

(b) The Exchange does not believe that the proposed rule change would have any direct or significant indirect effect on any other Exchange rule in effect at the time of this filing.

(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 text of the proposed rule change is available at the Exchange’s website at 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

⁵ See ISE Rule 720A and NYSE Arca Rule 6.89. See also Securities Exchange Act Release No. 72490 (June 27, 2014), 79 FR 38105 (July 3, 2014) (SR-ISE-2014-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish New Rule 720A). The proposed rule change is also based in part on Nasdaq OMX PHLX, LLC (“PHLX”) Rule 1092(c)(ii)(A), and in addition, is substantially similar to Chicago Board Options Exchange, Inc. (“CBOE”) Rule 6.25(a)(3).

⁶ 17 CFR 240.19b-4(f)(6)(iii).

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 Rule 20.6, Nullification and Adjustment of Options Transactions including Obvious Errors, to adopt a new provision to account for erroneous trades occurring from disruptions and/or malfunctions of Exchange systems. Specifically, proposed paragraph (k) to Rule 20.6 would provide that any transaction that arises out of a “verifiable systems disruption or malfunction” in the use or operation of an Exchange automated quotation, dissemination, execution, or communication system may either be nullified or adjusted by an Official. Under the proposed paragraph (k), an Official may act, on his or her own motion, to review erroneous transactions. The proposed rule change is based on the rules of NYSE Arca and the ISE.⁷

According to the proposal, in the event of any verifiable disruption or malfunction in the use or operation of an Exchange automated quotation, dissemination, execution, or communication system, in which the nullification or modification of transactions may be necessary to maintain a fair and orderly market or the protection of investors and the

⁷ See supra note 5.

public interest exists, an Official, on his or her own motion, may review such transactions and declare the transactions occurring during such period null and void or adjust the price of those transaction to their Theoretical Price, as defined in paragraph (b) of Rule 20.6. Pursuant to the proposal, an Official, absent extraordinary circumstances, must initiate action under this authority within sixty (60) minutes of the occurrence of the erroneous transaction that was a result of a verifiable disruption or malfunction.

Each Options Member involved in the transaction shall be notified as soon as practicable, and any Options Member aggrieved by the action may appeal such action in accordance with the provisions of proposed renumbered paragraph (l) of Rule 20.6. Current subparagraph (k), which sets for the appeals process of decisions made by an Official⁸ pursuant to Rule 20.6, would be renumbered as paragraph (l) and cross references to current paragraph (k) within Rule 20.6 would be updated to reference renumbered paragraph (l) accordingly.

The Exchange notes that the Commission recently approved amendments to Rule 20.6⁹ and that other options markets are to file proposed rule changes with the Commission to harmonize their respective obvious and catastrophic error rules with Rule 20.6. The Exchange understands that the provision it proposes to add to Rule 20.6 herein

⁸ An Official is defined under current Rule 20.6(d) as “[a]n Officer of the Exchange or such other employee designee of the Exchange that is trained in the application of this rule [20.6].”

⁹ See Securities Exchange Act. Release No. 74556 (March 20, 2015) (SR-BATS-2014-067). The Exchange notes that a comment letter received in response to the proposed rule change suggesting that the Exchange also include a rule provision covering verifiable disruptions or malfunctions of Exchange systems as proposed herein. See letter from Joanna Fields, Principal, Aplomb Strategies Inc. to Brent Fields, Secretary, Commission, dated March 23, 2015.

is to be retained by other options exchanges as part of their harmonized rules. Therefore, the Exchange believes it is critical to its ability to maintain fair and orderly markets and to protect investors to propose to add this provision to its rules.

The Exchange believes it is appropriate to provide the flexibility and authority provided for in proposed paragraph (k) to Rule 20.6 so as not to limit the Exchange's ability to plan for and respond to unforeseen problems and malfunctions. The proposed rule change would provide the Exchange with the same authority to nullify or adjust trades in the event of a "verifiable disruption or malfunction" in the use or operation of its systems as other exchanges have.¹⁰ For this reason, the Exchange believes that, in the interest of maintaining a fair and orderly market and for the protection of investors, authority to nullify or adjust trades in these circumstances, consistent with the authority on other exchanges, is warranted.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹¹ which requires, among other things, that the Exchange's rules be 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

¹⁰ See supra note 5.

¹¹ 15 U.S.C. 78f(b)(5).

The Exchange believes the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and national market system and promote a fair and orderly market because it would provide authority to the Exchange to nullify or adjust trades that may have resulted from a verifiable systems disruption or malfunction. The Exchange believes that it is appropriate to provide the flexibility and authority provided for in the proposed rule change so as not to limit the Exchange's ability to plan for and respond to unforeseen systems problems or malfunctions that may result in harm to the public. Allowing for the nullification or modification of transactions that result from verifiable disruptions and/or malfunctions of Exchange systems will offer market participants on the Exchange a level of relief not presently available. The Exchange further notes that when acting under its own motion of nullify or adjust trades pursuant to proposed paragraph (k) of Rule 20.6, the Exchange must consider whether taking such action would be in the interest of maintaining a fair and orderly market and for the protection of investors. The Exchange also notes that proposed rule change is based on the rules of other exchanges.¹² 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 purposes of the Act. Rather, the Exchange believes the proposed rule change will enhance competition because it will align the Exchange's rules with the rules of other markets, including CBOE, NYSE Arca, the ISE, and PHLX. By adopting paragraph (k) to Rule

¹² See supra note 5.

20.6 the Exchange will be in a position to treat transactions that are the result of a verifiable systems disruption or malfunction in a manner similar to other exchanges.

(B) 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.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹³ and paragraph (f)(6) of Rule 19b-4 thereunder.¹⁴ 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 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.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 C.F.R. 240.19b-4.

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. Please include File No. SR-BATS-2015-26 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.

All submissions should refer to File No. SR-BATS-2015-26. 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-BATS-2015-26 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.¹⁵

Kevin M. O'Neill
Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).

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

Rules of BATS Exchange, Inc.

* * * * *

CHAPTER XX. REGULATION OF TRADING ON BATS OPTIONS

* * * * *

Approved but not yet operative version of Rule 20.6, as amended by [SR-BATS-2014-067](#), is set forth below. New text is underlined; deletions are bracketed. This Rule will become operative on May 8, 2015, replacing current Rule 20.6 in its entirety.

Rule 20.6. Nullification and Adjustment of Options Transactions including Obvious Errors

(No change).

(a) – (b) (No change).

(c) *Obvious Errors.*

(1) – (2) (No change).

(3) *Official Acting on Own Motion.* An Official may review a transaction believed to be erroneous on his/her own motion in the interest of maintaining a fair and orderly market and for the protection of investors. A transaction reviewed pursuant to this paragraph may be nullified or adjusted only if it is determined by the Official that the transaction is erroneous in accordance with the provisions of this Rule, provided that the time deadlines of sub-paragraph (c)(2) above shall not apply. The Official shall act as soon as possible after becoming aware of the transaction, and ordinarily would be expected to act on the same day that the transaction occurred. In no event shall the Official act later than 8:30 a.m. Eastern Time on the next trading day following the date of the transaction in question. A party affected by a determination to nullify or adjust a transaction pursuant to this provision may appeal such determination in accordance with paragraph ([k]) below; however, a determination by an Official not to review a transaction or determination not to nullify or adjust a transaction for which a review was conducted on an Official's own motion is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of this Rule, no additional relief may be granted under this provision.

(4) (No change).

(d) – (j) (No change).

(k) Verifiable Disruptions or Malfunctions of Exchange Systems.

(1) Transactions arising out of a “verifiable disruption or malfunction” in the use or operation of any Exchange automated quotation, dissemination, execution, or communication system may either be nullified or adjusted by an Official. Transactions that qualify for price adjustment will be adjusted to Theoretical Price, as defined in paragraph (b) above.

(2) Absent extraordinary circumstances, any such action of an Official pursuant to this paragraph (k) shall be initiated within sixty (60) minutes of the occurrence of the erroneous transaction that resulted from a verifiable disruption or malfunction. Each Options Member involved in the transaction shall be notified as soon as practicable.

(3) Any Options Member aggrieved by the action of an Official taken pursuant to paragraph (k)(1) above, may appeal such action in accordance with the provision of paragraph (l) below.

([k]l) Appeals.

(No change).

(1) – (4) (No change.)

(5) If the Obvious Error Panel votes to uphold the decision made pursuant to paragraph ([k]l)(1) above, the Exchange will assess a \$500.00 fee against the Options Member(s) who initiated the request for appeal. In addition, in instances where the Exchange, on behalf of an Options Member, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Options Member.

(6) (No change).

Interpretations and Policies

.01 - .02 (No change).