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

File No.* SR - 2017 - * 39

Amendment No. (req. for Amendments *)

Filing by Bats EDGX Exchange, Inc.

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)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

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

The Exchange proposes a rule change to Rule 21.1, Definitions, to modify Stop Orders and Stop Limit Orders applicable to the Exchange's equity options platform in preparation for the C2 Options Exchange, Incorporated technology migration.

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 * Anders Last Name * Franzon

Title * SVP, Associate General Counsel

E-mail * afranzon@bats.com

Telephone * (913) 815-7154 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.

Date 10/10/2017

By Anders Franzon

(Name *)

(Title *)

SVP, Associate General Counsel

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.

afranzon@bats.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS 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 * 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, 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 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

(a) 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 EDGX Exchange, Inc. (the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposal to update Rule 21.1 to make modifications to the Exchange's rules and functionality applicable to the Exchange's options platform ("EDGX Options") in preparation for the technology migration of the Exchange's affiliated options exchange, C2 Options Exchange, Incorporated ("C2"), onto the same technology as the Exchange.

The Exchange has designated this proposal as a non-controversial filing and requests that the Commission waive the 30-day operative delay 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.

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

(a) The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on October 3, 2017.

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

2 17 CFR 240.19b-4.

3 17 CFR 240.19b-4(f)(6)(iii).

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, Executive Vice President, General Counsel and Corporate Secretary, (312) 786-7462, or Anders Franzon, (913) 815-7154, SVP, Associate General Counsel.

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

(a) Purpose

In 2016, the Exchange and its affiliates Bats BZX Exchange, Inc. ("BZX"), Bats BYX Exchange, Inc. ("BYX"), and Bats EDGA Exchange, Inc. ("EDGA") received approval to affect a merger (the "Merger") of the Exchange's indirect parent company, Bats Global Markets, Inc. ("BGM"), with CBOE Holdings, Inc. ("CBOE Holdings"), the direct parent of Chicago Board Options Exchange, Incorporated ("CBOE") and C2 Options Exchange, Incorporated ("C2", and together with the Exchange, BZX, BYX, EDGA, and CBOE the "CBOE Affiliated Exchanges").[4] The CBOE Affiliated Exchanges are working to align certain system functionality, retaining only intended differences between the CBOE Affiliated Exchanges, in the context of a technology migration. Thus, the proposals set forth below are intended to add certain system functionality that is more similar to functionality offered by CBOE and C2 in order to ultimately provide a consistent technology offering for market participants who interact with the CBOE Affiliated Exchanges. Although the Exchange intentionally offers certain features that differ from those offered by its affiliates and will continue to do so, the

4 See Securities Exchange Act Release No. 79585 (December 16, 2016), 81 FR 93988 (December 22, 2016) (SR-BatsBZX-2016-68; SR-BatsBYX-2016-29; SR-BatsEDGA-2016-24; SR-BatsEDGX-2016-60).

Exchange believes that offering similar functionality to the extent practicable will reduce potential confusion for Users.

The Exchange adopt Stop Orders and Stop Limit Orders, to be defined in Rules 21.1(d)(11) and (d)(12), respectively. In order to adopt such rules, the Exchange also proposes to re-number current Rule 21.1(d)(10) (related to "Intermarket Sweep Orders") as Rule 21.1(d)(9) (currently reserved), and current Rule 21.1(d)(11) (related to "Qualified Continent Cross Orders") as Rule 21.1(d)(10).

A Stop Order would be defined in Rule 21.1(d)(11) as an order that becomes a Market Order[5] when the stop price is elected. A Stop Order to buy would be elected when the consolidated last sale in the option occurs at or above, or the NBB is equal to or higher than, the specified stop price. A Stop Order to sell would be elected when the consolidated last sale in the option occurs at or below, or the NBO is equal to or lower than, the specified stop price.

In addition, the Exchange proposes to restrict Stop Orders, which, as described above, are converted to Market Orders when elected, from being elected when the underlying security is in a Limit State, as defined in the Limit Up-Limit Down Plan. Such an order would be held until the end of the Limit State, at which point the order would again become eligible to be elected. This aspect of the proposal is also based on

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5 "Market Orders" are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on are rejected if they are received when the underlying security is subject to a "Limit State" or "Straddle State" as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan"). Any portion of a Market Order that would execute at a price more than $0.50 or 5 percent worse than the NBBO at the time the order initially reaches BZX Options, whichever is greater, will be cancelled. See Exchange Rule 21.1(d)(5).

the rules of CBOE[6] and C2[7] and is consistent with the Exchange's current handling of Market Orders, which are not accepted when the underlying security is in a Limit State.[8] As Stop Orders become Market Orders when elected, the Exchange believes that this change is merely an extension of its existing functionality.

A Stop Limit Order would be defined in Rule 21.1(d)(12) as an order that becomes a limit order when the stop price is elected. A Stop Limit Order to buy would be elected and would become a buy limit order when the consolidated last sale in the option occurs at or above, or the NBB is equal to or higher than, the specified stop price. A Stop Limit Order to sell would be elected and would become a sell limit order when the consolidated last sale in the option occurs at or below, or the NBO is equal to or lower than, the specified stop price.

The Exchange notes that CBOE and C2 also trigger stop orders based trades and quotations.[9] The Exchange further notes that it has proposed to elect Stop Orders and Stop Limit Orders based on consolidated quotations (the NBB and NBO) rather than quotations only on the Exchange.[10]

Below are examples of the proposed functionality for Stop Orders and Stop Limit Orders.

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6 See CBOE Rule 6.53, Interpretation and Policy .01C.

7 See C2 Rule 6.10, Interpretation and Policy .01C.

8 See Exchange Rule 21.1(d)(5).

9 See CBOE Rules 6.53(c)(iii) and (c)(iv) and C2 Rules 6.10(c)(3) and (c)(4).

10 Simultaneous with this proposal, the Exchange's affiliate, BZX, is filing a proposal to elect Stop Orders and Stop Limit Orders based on consolidated quotations. As such, the Exchange's rules, as proposed, would be identical to the rules of BZX. BZX currently elects Stop Orders and Stop Limit Orders based on consolidated trades only. See BZX Rules 21.1(d)(11) and (d)(12).

Example 1A – Stop Order is Triggered (Trade)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Order to buy 500 shares with a stop price of 8.05.

- Assume the NBBO updates to 8.00 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Order, which will convert into a Market Order to buy.

Example 1B – Stop Order is Triggered (Quotation)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Order to buy 500 shares with a stop price of 8.05.

- Assume the NBBO updates to 8.05 by 8.10. The NBB equal to the stop price of the order will trigger the stop price of the Stop Order, which will convert into a Market Order to buy. The result would be the same if the NBB were instead higher than the stop price, such as with an NBBO of 8.10 by 8.15.

Example 2A – Stop Limit Order is Triggered (Trade)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Limit Order to buy 500 shares at 8.04 with stop limit price of 8.05.

- Assume the NBBO updates to 8.03 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Limit Order, which will convert into a limit order to buy at 8.04.

Example 2B – Stop Limit Order is Triggered (Quotation)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Limit Order to buy 500 shares at 8.04 with stop limit price of 8.05.

- Assume the NBBO updates to 8.05 by 8.10. The NBB equal to the stop price of the order will trigger the stop price of the Stop Limit Order, which will convert into a limit order to buy at 8.04. The result would be the same if the NBB were instead higher than the stop price, such as with an NBBO of 8.10 by 8.15.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[11] in general, and furthers the objectives of Section 6(b)(5) of the Act[12] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. In particular, consistent rules and functionality between the Exchange and its affiliated exchanges will reduce complexity and help avoid potential confusion by the Users of the Exchange that are also participants on other CBOE Affiliated Exchanges.[13]

The Exchange believes the proposed amendment will reduce complexity and increase the understanding of the Exchange's operations for all Users of the Exchange. In particular, by offering Stop Orders and Stop Limit Orders, the Exchange's functionality will be more similar to that of CBOE and C2. In turn, when CBOE and C2 are migrated to the same technology as that of the Exchange, Users of the Exchange and other CBOE Affiliated Exchanges will have access to similar functionality. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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[11] 15 U.S.C. 78f(b).

[12] 15 U.S.C. 78f(b)(5).

[13] The Exchange notes that its affiliate, EDGX, also intends to adopt Stop Orders and Stop Limit Orders that would function identical to Stop Orders and Stop Limit Orders on the Exchange, as amended by this proposal. In addition, as CBOE and C2 migrate to the same technology platform as the Exchange, CBOE and C2 intend to modify rules and functionality to be consistent with the Exchange and EDGX, unless the retention of differences is intended.

With respect to Stop Orders not being elected when the underlying security is in a Limit State, this proposal is based on the rules of CBOE and C2 and is also consistent with the Exchange's current handling of Market Orders, which are not accepted when the underlying security is in a Limit State.[14] As Stop Orders become Market Orders when elected, the Exchange believes that this change is merely an extension of its existing functionality in the context of the Exchange's adoption of Stop Orders.

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. The Exchange notes that the proposal will further promote consistency between the Exchange and its affiliated exchanges, and is part of a larger technology integration that will ultimately reduce complexity for Users of the Exchange that are also participants on other CBOE Affiliated Exchanges. The Exchange does not believe that the proposed changes will have any direct impact on competition. Thus, the Exchange does not believe that the proposal creates any significant impact on 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.

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[14] See supra, notes 7-9.

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[15] and paragraph (f)(6) thereunder.[16] 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) 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, or such shorter time as designated by the Commission.[17]

The Exchange believes that the proposed rule change is particularly appropriate for filing on an immediately effective basis under paragraph (f)(6) of Rule 19b-4. As described above, the rule changes proposed herein are to offer Stop Orders and Stop Limit Orders in a manner that is consistent with CBOE and C2 in preparation for the ultimate migration of such exchanges onto the same technology as the Exchange. The Exchange does not believe that the proposal raises any new policy issues. In particular, both CBOE and C2 trigger off of trades and quotations, and also prevent such orders from triggering when the underlying security is in a limit state.

As noted above, the proposed rule changes are based on CBOE Rules 6.53(c)(iii) and (c)(iv), CBOE Rule 6.53, Interpretation and Policy .01C, C2 Rules 6.10(c)(3) and

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

16 17 CFR 240.19b-4.

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

(c)(4), and C2 Rule 6.10, Interpretation and Policy .01C. The only substantive difference between the proposed rules and the CBOE and C2 rules referenced above is that the Exchange has proposed to elect Stop Orders and Stop Limit Orders based on consolidated quotations, whereas CBOE and C2 trigger such orders on quotations on the respective exchange rather than consolidated quotations. The Exchange does not believe that this distinction raises any new or novel policy issues, but rather, is a minor distinction in the implementation of the proposed functionality.

Because this filing is based on rules currently in place for other options exchanges and does not present any new or novel issues that have not been previously considered by the Commission, the Exchange believes this proposal is properly filed pursuant to paragraph (f)(6) of Rule 19b-4.[18]

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the noted operative delay so that the Exchange may, as soon as possible, implement the changes proposed by this filing. The Exchange notes that the proposal will promote consistency between the Exchange and its affiliated exchanges, and is part of a larger technology integration that will ultimately reduce complexity for Users of the Exchange that are also participants on other CBOE Affiliated Exchanges. Therefore, allowing the Exchange to adopt these changes without an operative delay is consistent with the protection of investors and the public interest.

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[18] 17 CFR 240.19b-4(f)(6).

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

As noted above, the proposed rule changes are based on CBOE Rules 6.53(c)(iii) and (c)(iv), CBOE Rule 6.53, Interpretation and Policy .01C, C2 Rules 6.10(c)(3) and (c)(4), and C2 Rule 6.10, Interpretation and Policy .01C. The only substantive difference between the proposed rules and the CBOE and C2 rules referenced above is that the Exchange has proposed to elect Stop Orders and Stop Limit Orders based on consolidated quotations, whereas CBOE and C2 trigger such orders on quotations on the respective exchange rather than consolidated quotations.

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.

Exhibits 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-_____________; File No. SR-BatsEDGX-2017-39)

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 21.1, Definitions, to Modify Stop Orders and Stop Limit Orders Applicable to the Exchange's Equity Options Platform in Preparation for the C2 Options Exchange, Incorporated Technology Migration

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 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 filed a proposal to update Rule 21.1 to make modifications to the Exchange's rules and functionality applicable to the Exchange's options platform ("EDGX Options") in preparation for the technology migration of the Exchange's affiliated options exchange, C2 Options Exchange, Incorporated ("C2"), onto the same

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).

technology as the Exchange.

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

In 2016, the Exchange and its affiliates Bats BZX Exchange, Inc. ("BZX"), Bats BYX Exchange, Inc. ("BYX"), and Bats EDGA Exchange, Inc. ("EDGA") received approval to affect a merger (the "Merger") of the Exchange's indirect parent company, Bats Global Markets, Inc. ("BGM"), with CBOE Holdings, Inc. ("CBOE Holdings"), the direct parent of Chicago Board Options Exchange, Incorporated ("CBOE") and C2 Options Exchange, Incorporated ("C2", and together with the Exchange, BZX, BYX, EDGA, and CBOE the "CBOE Affiliated Exchanges").[5] The CBOE Affiliated Exchanges are working to align certain system functionality, retaining only intended

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5 See Securities Exchange Act Release No. 79585 (December 16, 2016), 81 FR 93988 (December 22, 2016) (SR-BatsBZX-2016-68; SR-BatsBYX-2016-29; SR-BatsEDGA-2016-24; SR-BatsEDGX-2016-60).

differences between the CBOE Affiliated Exchanges, in the context of a technology migration. Thus, the proposals set forth below are intended to add certain system functionality that is more similar to functionality offered by CBOE and C2 in order to ultimately provide a consistent technology offering for market participants who interact with the CBOE Affiliated Exchanges. Although the Exchange intentionally offers certain features that differ from those offered by its affiliates and will continue to do so, the Exchange believes that offering similar functionality to the extent practicable will reduce potential confusion for Users.

The Exchange adopt Stop Orders and Stop Limit Orders, to be defined in Rules 21.1(d)(11) and (d)(12), respectively. In order to adopt such rules, the Exchange also proposes to re-number current Rule 21.1(d)(10) (related to "Intermarket Sweep Orders") as Rule 21.1(d)(9) (currently reserved), and current Rule 21.1(d)(11) (related to "Qualified Continent Cross Orders") as Rule 21.1(d)(10).

A Stop Order would be defined in Rule 21.1(d)(11) as an order that becomes a Market Order[6] when the stop price is elected. A Stop Order to buy would be elected when the consolidated last sale in the option occurs at or above, or the NBB is equal to or higher than, the specified stop price. A Stop Order to sell would be elected when the

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6 "Market Orders" are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on are rejected if they are received when the underlying security is subject to a "Limit State" or "Straddle State" as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan"). Any portion of a Market Order that would execute at a price more than $0.50 or 5 percent worse than the NBBO at the time the order initially reaches BZX Options, whichever is greater, will be cancelled. See Exchange Rule 21.1(d)(5).

consolidated last sale in the option occurs at or below, or the NBO is equal to or lower than, the specified stop price.

In addition, the Exchange proposes to restrict Stop Orders, which, as described above, are converted to Market Orders when elected, from being elected when the underlying security is in a Limit State, as defined in the Limit Up-Limit Down Plan. Such an order would be held until the end of the Limit State, at which point the order would again become eligible to be elected. This aspect of the proposal is also based on the rules of CBOE[7] and C2[8] and is consistent with the Exchange's current handling of Market Orders, which are not accepted when the underlying security is in a Limit State.[9] As Stop Orders become Market Orders when elected, the Exchange believes that this change is merely an extension of its existing functionality.

A Stop Limit Order would be defined in Rule 21.1(d)(12) as an order that becomes a limit order when the stop price is elected. A Stop Limit Order to buy would be elected and would become a buy limit order when the consolidated last sale in the option occurs at or above, or the NBB is equal to or higher than, the specified stop price. A Stop Limit Order to sell would be elected and would become a sell limit order when the consolidated last sale in the option occurs at or below, or the NBO is equal to or lower than, the specified stop price.

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7 See CBOE Rule 6.53, Interpretation and Policy .01C.

8 See C2 Rule 6.10, Interpretation and Policy .01C.

9 See Exchange Rule 21.1(d)(5).

The Exchange notes that CBOE and C2 also trigger stop orders based trades and quotations.[10] The Exchange further notes that it has proposed to elect Stop Orders and Stop Limit Orders based on consolidated quotations (the NBB and NBO) rather than quotations only on the Exchange.[11]

Below are examples of the proposed functionality for Stop Orders and Stop Limit Orders.

Example 1A – Stop Order is Triggered (Trade)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Order to buy 500 shares with a stop price of 8.05.

- Assume the NBBO updates to 8.00 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Order, which will convert into a Market Order to buy.

Example 1B – Stop Order is Triggered (Quotation)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Order to buy 500 shares with a stop price of 8.05.

- Assume the NBBO updates to 8.05 by 8.10. The NBB equal to the stop price of the order will trigger the stop price of the Stop Order, which will convert into a Market Order to buy. The result would be the same if the NBB were instead higher than the stop price, such as with an NBBO of 8.10 by 8.15.

Example 2A – Stop Limit Order is Triggered (Trade)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Limit Order to buy 500 shares at 8.04 with stop limit price of 8.05.

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10 See CBOE Rules 6.53(c)(iii) and (c)(iv) and C2 Rules 6.10(c)(3) and (c)(4).

11 Simultaneous with this proposal, the Exchange's affiliate, BZX, is filing a proposal to elect Stop Orders and Stop Limit Orders based on consolidated quotations. As such, the Exchange's rules, as proposed, would be identical to the rules of BZX. BZX currently elects Stop Orders and Stop Limit Orders based on consolidated trades only. See BZX Rules 21.1(d)(11) and (d)(12).

- Assume the NBBO updates to 8.03 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Limit Order, which will convert into a limit order to buy at 8.04.

Example 2B – Stop Limit Order is Triggered (Quotation)

Assume the NBBO is 7.80 x 8.00. Assume that a User submits a Stop Limit Order to buy 500 shares at 8.04 with stop limit price of 8.05.

- Assume the NBBO updates to 8.05 by 8.10. The NBB equal to the stop price of the order will trigger the stop price of the Stop Limit Order, which will convert into a limit order to buy at 8.04. The result would be the same if the NBB were instead higher than the stop price, such as with an NBBO of 8.10 by 8.15.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[12] in general, and furthers the objectives of Section 6(b)(5) of the Act[13] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. In particular, consistent rules and functionality between the Exchange and its affiliated exchanges will reduce complexity and help avoid potential confusion by the Users of the Exchange that are also participants on other CBOE Affiliated Exchanges.[14]

The Exchange believes the proposed amendment will reduce complexity and increase the understanding of the Exchange's operations for all Users of the Exchange.

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12 15 U.S.C. 78f(b).

13 15 U.S.C. 78f(b)(5).

14 The Exchange notes that its affiliate, EDGX, also intends to adopt Stop Orders and Stop Limit Orders that would function identical to Stop Orders and Stop Limit Orders on the Exchange, as amended by this proposal. In addition, as CBOE and C2 migrate to the same technology platform as the Exchange, CBOE and C2 intend to modify rules and functionality to be consistent with the Exchange and EDGX, unless the retention of differences is intended.

In particular, by offering Stop Orders and Stop Limit Orders, the Exchange's functionality will be more similar to that of CBOE and C2. In turn, when CBOE and C2 are migrated to the same technology as that of the Exchange, Users of the Exchange and other CBOE Affiliated Exchanges will have access to similar functionality. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

With respect to Stop Orders not being elected when the underlying security is in a Limit State, this proposal is based on the rules of CBOE and C2 and is also consistent with the Exchange's current handling of Market Orders, which are not accepted when the underlying security is in a Limit State.[15] As Stop Orders become Market Orders when elected, the Exchange believes that this change is merely an extension of its existing functionality in the context of the Exchange's adoption of Stop Orders.

(B) 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. The Exchange notes that the proposal will further promote consistency between the Exchange and its affiliated exchanges, and is part of a larger technology integration that will ultimately reduce complexity for Users of the Exchange that are also participants on other CBOE Affiliated Exchanges. The Exchange does not believe that the proposed changes will have any direct impact on competition. Thus, the Exchange does not believe that the proposal creates any significant impact on competition.

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15 See supra, notes 8-10.

(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

Because the foregoing proposed rule change does not: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act[16] and paragraph (f)(6) of Rule 19b-4 thereunder,[17] the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

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

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16 15 U.S.C. 78s(b)(3)(A).

17 17 CFR 240.19b-4.

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-BatsEDGX-2017-39 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-BatsEDGX-2017-39. 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-2017-39 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.[18]

Robert W. Errett
Deputy Secretary

[18] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Rules of Bats EDGX Exchange, Inc.

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CHAPTER XXI. TRADING SYSTEMS

Rule 21.1. Definitions

(No change.)

(a)–(c) (No changes.)

(d) The term "Order Type" shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1)–(8) (No changes.)

[(9) (Reserved.)]

[(10)](9) "Intermarket Sweep Orders" or "ISO" are orders that shall have the meaning provided in Rule 27.1 (Definitions). Such orders may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (i.e., may trade through such quotations). The Exchange relies on the marking of an order by a User as an ISO order when handling such order, and thus, it is the entering Member's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. ISOs are not eligible for routing pursuant to Rule 21.9 (Order Routing).

[(11)](10) A "Qualified Contingent Cross Order" is comprised of an originating order to buy or sell at least 1,000 standard option contracts that is identified as being part of a qualified contingent trade, as that term is defined in paragraph (A) below, coupled with a contra-side order or orders totaling an equal number of contracts. For purposes of this order type:

(A) – (D) (No changes.)

(11) Stop Order. A Stop Order is an order that becomes a Market Order when the stop price is elected. A Stop Order to buy is elected when the consolidated last sale in the option occurs at or above, or the NBB is equal to or higher than, the specified stop price. A Stop Order to sell is elected when the consolidated last sale in the option occurs at or below, or the NBO is equal to or lower than, the specified stop price. A Stop Order will not be elected if the underlying security is in a "Limit State" as defined in the Limit

Up-Limit Down Plan. Such order will be held until the end of the Limit State, at which point the order will again become eligible to be elected.

(12) Stop Limit Order. A Stop Limit Order is an order that becomes a limit order when the stop price is elected. A Stop Limit Order to buy is elected and becomes a buy limit order when the consolidated last sale in the option occurs at or above, or the NBB is equal to or higher than, the specified stop price. A Stop Limit Order to sell is elected and becomes a sell limit order when the consolidated last sale in the option occurs at or below, or the NBO is equal to or lower than, the specified stop price.

(e)-(j) (No changes.)

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