pursuant to Section 19(b)(1) of the
Commission (the "Commission"),
the Securities and Exchange
Exchange, Inc.; BATS Y-Exchange, Inc.
(EDGX); EDGA Exchange, Inc.
(BATS); BATS Y-Exchange, Inc.
(Byx); EDGA Exchange, Inc.
(BYX); EDGX Exchange, Inc.
(EDGX); and EDGX Exchange, Inc.
(EDGA); and EDGX Exchange, Inc.
(EDGX)
(Release No. 34–75354;
6 See letters to Brent J. Fields, Secretary,
Commission, from John A. McCarthy, General
Counsel, KCG Holdings, Inc. ("KCG Letter"); and from Theodore K. Lazo, Managing
Director and Associate General Counsel, Securities
Industry and Financial Markets Association (
1.pdf and from Theodore K. Lazo, Managing
Director and Associate General Counsel, Securities
Industry and Financial Markets Association (
"SIFMA"); dated June 15, 2015 ("SIFMA Letter"); available at http://www.sec.gov/comments/sr-bats-
2015-37/bats201537.pdf.
7 The existing provisions of Rule 11.2 will be included in proposed subparagraph (a).
8 See proposed Exchange Rule 11.2(b). Based on
internal statistics, the Exchanges anticipate that
approximately 700 securities would meet this
criterion.
9 See proposed Exchange Rule 11.2(c).
10 See proposed Exchange Rule 11.2(d).
11 See proposed Exchange Rule 11.2(c).
12 See Notices at http://www.sec.gov/comments/sr-bats-
2015-37/bats201537.pdf.
13 See Notice at http://www.sec.gov/comments/sr-bats-
2015-37/bats201537.pdf.
14 See note 6, supra. The KCG Letter was
addressed to File No. SR–BYX–2015–25, and the
SIFMA Letter was addressed to File No. SR–BATS–
2015–37. Because the proposals are substantially
similar, the Commission believes it is appropriate
to consider the comments with respect to all of the
proposals.
a fragmented market.” Another commenter stated that the market quality of less liquid securities could be improved if their exchange trading presence was concentrated on the listing exchange. Both commenters expressed support for similar initiatives by other exchanges, with one commenter encouraging other exchanges to consider expanding the scope of less liquid securities that would be subject to a concentrated trading threshold.

One commenter stated that by providing the primary listing exchange with exclusivity in the quoting and trading of thinly-traded securities, the proposals would allow the listing exchange to better innovate its market structure for these securities, which likely would lead to improved market quality for the securities. At the same time, the commenter stated that the voluntary nature of the program should act as a check to assure that the listing exchange does not abuse its monopoly position. The commenter noted, further, that the proposals are an incremental market structure adjustment, unlike other recent initiatives that the commenter characterized as being larger in scope and potentially disruptive.

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule changes, as amended, are consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission finds that the proposed rule changes, as amended, are consistent with Section 6(b)(5) of the Act, which requires that the rules of the exchange be designed, among other things, 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.

The Commission believes that the proposals will provide transparency by signaling each Exchange’s general intention to voluntarily refrain from trading any security that does not meet the consolidated average daily trading volume threshold established in Rule 11.2(b), and to continue to refrain from trading such a security until the security satisfies the requirements of Rule 11.2(c). The proposals also make clear that the Exchanges will retain discretion to quote and trade the affected securities. In determining whether to exercise this discretion, the Exchanges have represented that they will consider such factors as member and investor feedback, and whether other non-listing exchanges have decided to cease quoting and trading the affected securities.

The Commission notes that each Exchange is required to notify its members at least one trading day in advance of any securities that it is making unavailable for trading pursuant to Rule 11.2(b), and of any securities it is making available for trading pursuant to Rule 11.2(c). The Commission notes, further, that the Exchanges believe that the proposals potentially could enhance the market quality of the affected securities, and that the commenters similarly supported the proposals as a step toward improving the market quality of less liquid securities.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule changes (File Nos. SR-BATS—2015–37; SR-BYX—2015–25; SR-EDGA—2015–19; and SR-EDGX—2015–21), as amended, are approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.

Robert W. Errett, Deputy Secretary.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Expand FINRA’s Alternative Trading System (“ATS”) Transparency Initiative To Publish OTC Equity Volume Executed Outside ATSs

July 2, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that on June 23, 2015, Financial Industry Regulatory Authority, Inc. (“FINRA”), filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. 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

FINRA is proposing to expand FINRA’s alternative trading system (“ATS”) transparency initiative to publish the remaining equity volume executed over-the-counter (“OTC”) by FINRA members, including, among other trading activity, non-ATS electronic trading systems and internalized trades.

The text of the proposed rule change is available on FINRA’s Web site at http://www.finra.org, at the principal office of FINRA 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, FINRA 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. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.