

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴²

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78746; File No. SR-BatsBZX-2016-52]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Delay the Implementation of Amendments to the Options Regulatory Fee

September 1, 2016.

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 August 22, 2016, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change 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 delay implementation of recently enacted amendments to the fee schedule applicable to Members⁵ and non-Members of the Exchange pursuant to BZX Rules 15.1(a) and (c) regarding its Options Regulatory Fee (“ORF”).

The text of the proposed rule change is available at the Exchange’s Web site 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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange recently submitted a proposed rule change to modify the fee schedule applicable to the Exchange’s options platform (“BZX Options”) to decrease ORF from \$0.0010 per contract side to \$0.0008 per contract.⁶ The Exchange also proposed to expand the application of the per-contract ORF to each Member and non-Member for all options transactions cleared by OCC in the “customer” range, regardless of the exchange on which the transaction occurs. In order to provide market participants additional time to assess the impact of these changes to ORF on their transactions and order execution scenarios, the Exchange is delaying the implementation date of the fee until February 1, 2017.⁷

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of section 6 of the Act.⁸ The Exchange also believes that its proposal furthers the objectives of

⁶ See Securities Exchange Release No. 78453 (August 1, 2016), 81 FR 51954 (August 5, 2016) (SR-BatsBZX-2016-42).

⁷ The Exchange notes that its fee schedule states that it may only increase or decrease the ORF semi-annually, and any such fee change will be effective on the first business day of February or August. See the Exchange’s fee schedule available at http://batstrading.com/support/fee_schedule/bzx/ (dated August 1, 2016). The Exchange initially filed the proposed fee change on August 11, 2016 (SR-BatsBZX-2016-49). On August 19, 2016, the Exchange withdrew SR-BatsBZX-2016-49 and submitted SR-BatsBZX-2016-51. On August 22, 2016, the Exchange withdrew SR-BatsBZX-2016-51 and submitted this filing.

⁸ 15 U.S.C. 78f.

section 6(b)(5) of the Act⁹ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 Exchange believes delaying the implementation of ORF will provide market participants additional time to assess the impact of the ORF on their transactions and order execution scenarios, and that implementation of the fee on February 1, 2017 will benefit investors and the public interest.¹⁰

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 not necessary or appropriate in furtherance of the purposes of the Act. The ORF is not intended to have any impact on competition. Rather, it is designed to enable the Exchange to recover a material portion of the Exchange’s cost related to its regulatory activities. Therefore, the Exchange does not believe delaying the implantation of ORF till February 1, 2017 will have any impact on competition.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A) of the Act¹¹ and paragraph (f) of Rule 19b-4 thereunder.¹² At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ The Exchange notes that other exchanges have delayed the implementation of fees that were previously published by the Commission. See Securities Exchange Act Release Nos. 72605 (July 14, 2014), 79 FR 42066 (July 18, 2014) (SR-Phlx-2014-44); 67068 (May 29, 2012), 77 FR 33256 (June 5, 2012) (SR-Nasdaq-2012-064); 66287 (February 1, 2012), 77 FR 6161 (February 7, 2012) (SR-FINRA-2012-008); and 57183 (January 22, 2008), 73 FR 5249 (January 29, 2008) (SR-Nasdaq-2008-007).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

⁴² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ A Member is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

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 proposed rule change 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 email to rule-comments@sec.gov. Please include File No. SR-BatsBZX-2016-52 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-BatsBZX-2016-52. This file number should be included on the subject line if email 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 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 Web site 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 a.m. and 3:00 p.m. Copies of the filing also will 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-BatsBZX-2016-52, and should be submitted on or before September 29, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78748; File No. SR-BatsEDGA-2016-20]

Self-Regulatory Organizations; Bats EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees

September 1, 2016.

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 August 19, 2016, Bats EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change 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 rule change to amend the fee schedule applicable to Members and non-Members⁵ of the Exchange pursuant to Exchange Rules 15.1(a) and (c). Specifically, the Exchange proposes to adopt new fee code IX, which would be appended to all orders that are routed to the Investors Exchange, Inc. ("IEX") using the using the Destination Specific ("DIRC") routing strategy.⁶

The text of the proposed rule change is available at the Exchange's Web site 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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Commission has approved IEX as a registered national securities exchange,⁷ which is to begin a symbol-by-symbol roll out of symbols on August 19, 2016.⁸ As of that date, the Exchange will begin routing orders to IEX and Members may elect that their orders be routed directly to IEX using the DIRC routing strategy. The Exchange, therefore, proposes to amend its fee schedule to adopt new fee code IX, which would be appended to all orders that are routed to IEX using the DIRC routing strategy. Orders yielding fee code IX in securities priced at or above \$1.00 will be charged a fee of \$0.0010 per share. Orders yielding fee code IX in securities priced below \$1.00 will be charged 0.30% of the transaction's dollar value.

The proposed change would enable the Exchange to charge a rate reasonably related to the rate that Bats Trading, Inc. ("Bats Trading"), the Exchange's affiliated routing broker-dealer, would be charged for routing orders to IEX, when it does not qualify for a volume tier reduced fee.⁹ As a result, when Bats Trading routes an order to IEX which removes liquidity against a non-displayed order, it will be charged a standard rate of \$0.0009 per share in securities priced at or above \$1.00 and

⁷ See Securities Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41141 (June 23, 2016) ("IEX Approval Order").

⁸ See Letter from Brad Katsuyama, CEO, IEX, to IEX's Sell-Side and Buy-Side Partners, dated June 17, 2016 (<https://www.iextrading.com/>) (stating that IEX will commence a symbol-by-symbol roll-out on August 19, 2016, concluding on September 2, 2016).

⁹ The Exchange notes that IEX does not currently offer volume tiered pricing.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

⁶ See Exchange Rule 11.11(g)(14).