



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

September 13, 2016

Mr. Eric Swanson
EVP, General Counsel and Secretary
Bats Global Markets, Inc.
17 State Street, 31st Floor
New York, NY 10004

Re: Exemption Under Rule 608(e) of Regulation NMS under the Securities Exchange Act of 1934 from a Certain Provision of the “Plan to Implement a Tick Size Pilot Program”

Dear Mr. Swanson,

In your letter dated September 9, 2016,¹ Bats BZX Exchange, Inc., Bats BYX Exchange, Inc., Bats EDGA Exchange, and Bats EDGX, Inc., on behalf of themselves and the Chicago Stock Exchange, Inc., the Investors Exchange LLC, the National Stock Exchange, Inc., New York Stock Exchange LLC (“NYSE”), NYSE MKT LLC, NYSE Arca, Inc., NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, the Nasdaq Stock Market LLC (“Nasdaq”), and the Financial Industry Regulatory Authority, Inc. (“FINRA”) (collectively, “Participants”) request that the Commission grant an extension of the implementation deadline of the Plan to Implement a Tick Size Pilot Program (“Tick Size Pilot”)² to permit the Pilot Period³ to begin with a phased rollout of Pilot Securities starting on October 3, 2016 and ending on October 31, 2016, as described below.

¹ See letter from Eric Swanson, EVP, General Counsel and Secretary, Bats Global Markets, Inc., to Brent J. Fields, Secretary, Securities and Exchange Commission (“Commission”) dated September 9, 2016 (“Exemption Request”).

² See Securities Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (May 13, 2015) (“Approval Order”). In the Approval Order, the Commission stated that the Tick Size Pilot was to be implemented within one year after the date of publication. On November 6, 2015, the Commission issued an order granting an exemption to Participants from implementing the Tick Size Pilot until October 3, 2016. See Securities and Exchange Act Release No. 76382, 80 FR 70284 (November 13, 2015).

³ Capitalized terms not otherwise defined herein shall have the same meaning as they are defined in the Tick Size Pilot.

Specifically, the Participants request that the Commission, pursuant to Rule 608(e) of Regulation NMS under the Securities Exchange Act of 1934 (“Exchange Act”), exempt the Participants from the requirements of Rule 608(c) of Regulation NMS that they comply with, and enforce compliance by their members with Section IX of the Plan, which specifies that the Tick Size Pilot will be implemented with an operative period lasting two years from the date of implementation. The date of implementation for the Tick Size Pilot is October 3, 2016.⁴

Rule 608(c) of Regulation NMS requires the Participants to comply with the terms of the Tick Size Pilot.⁵ Further, Rule 608(c) of Regulation NMS requires each Participant to enforce compliance with the Tick Size Pilot by its members and persons associated with its members.⁶ Rule 608(e) of Regulation NMS provides that the Commission may exempt from the provisions of Rule 608 of Regulation NMS, either conditionally or on specified terms and conditions, any self-regulatory organization, if the Commission determines that such exemption is consistent with the public interest, the protection of investors, the maintenance of fair and orderly markets, and the removal of impediments to, and the perfection of the mechanisms of, a national market system.⁷

As discussed below, the Commission, pursuant to its authority under Rule 608(e) of Regulation NMS, is hereby granting to each Participant a limited exemption from the requirement to fully implement the Tick Size Pilot on October 3, 2016 so long as the Participants implement the Tick Size Pilot pursuant to the phase-in schedule outlined in the Exemption Request and described below.

The Participants propose the following phase-in implementation schedule, which the Operating Committee will oversee.⁸

⁴ See *supra* note 2.

⁵ 17 CFR 242.608(c).

⁶ *Id.*

⁷ 17 CFR 242.608(e).

⁸ The Participants noted that the number of securities shown in the table for each phase of the rollout reflects the number as of the date the listing exchanges identify securities for each phase of the rollout and for the test groups. The actual number of securities assigned to each test group as of each date shown may be less than indicated in the table due to corporate actions, the price of test group securities breaching the \$1 minimum price threshold, and other events.

Date	Action	Additional Details
October 3, 2016	<ul style="list-style-type: none"> • 5 Symbols – Test Group 1 • 5 Symbols – Test Group 2 	<ul style="list-style-type: none"> • All other symbols assigned to Test Group 1, Test Group 2, or Test Group 3 would be placed into the Control Group until they are activated in their respective group. • NYSE, Nasdaq, and FINRA symbol lists will be updated accordingly.
October 10, 2016	<ul style="list-style-type: none"> • 100 Total Symbols - Test Group 1 • 100 Total Symbols - Test Group 2 	
October 17, 2016	<ul style="list-style-type: none"> • 400 Total Symbols – Test Group 1 • 400 Total Symbols – Test Group 2 • 5 Symbols – Test Group 3 	<ul style="list-style-type: none"> • All Test Group 1 and 2 symbols are live.
October 24, 2016	<ul style="list-style-type: none"> • 100 Total Symbols – Test Group 3 	
October 31, 2016	<ul style="list-style-type: none"> • 400 Total Symbols – Test Group 3 	<ul style="list-style-type: none"> • All Test Group 3 symbols are live.

As proposed, the ninety-five securities assigned to the October 10, 2016 rollout for Test Group 1 and Test Group 2, and the October 24, 2016 rollout for Test Group 3 will be chosen randomly. Securities assigned to the October 3, 2016 rollout for Test Group 1 and Test Group 2, and the October 17, 2016 rollout of five symbols for Test Group 3 will be chosen from the remaining symbols in each test group. The symbols may be selected based on listing venue, liquidity characteristics, random assignment, or alpha range.

If a symbol is removed from the Tick Size Pilot or changes its listing venue for the October 3, 2016 rollout, or the October 17, 2016 Test Group 3 rollout, it may be replaced by choosing a new symbol from the remaining symbols available in the same Test Group to ensure a balanced five symbol rollout. If a symbol is removed from the Tick Size Pilot or changes its listing venue for the October 10, 2016 or October 24, 2016 rollouts, it will not be replaced

The Participants expressed their belief that on the date of implementation, the proposed phased rollout of Pilot Securities, as opposed to an immediate introduction of all Pilot Securities, would limit the impact of any potential systems issue to a discrete group of securities, thereby diminishing the technological risk on the operation of the Tick Size Pilot. The Participants propose that this schedule would allow them and the market as a whole to address, in a timely manner, any systems issues that may occur at

the start of the Pilot Period without impacting all Pilot Securities within a particular test group or all Pilot Securities in the Tick Size Pilot.

The Commission hereby grants the exemption to each Participant from the requirement to fully implement the Tick Size Pilot on October 3, 2016 so long as the Participants implement the phase-in schedule as described in the Exemption Request. This exemption will allow the Participants to follow the phased rollout schedule to implement the Tick Size Pilot. The Commission believes that this exemption is consistent with the public interest, the protection of investors, the maintenance of fair and orderly markets and the removal of impediments to, and the perfection of a national market system, because it should facilitate an effective transition to the rules for quoting and trading for Pilot Securities under the Tick Size Pilot. Further, the Commission believes that the phased rollout could minimize any potential disruption to the operation of the Tick Size Pilot and trading of Pilot Securities due to potential, unforeseen technological systems issues.

* * *

This exemption is conditioned on the facts and representations presented in your letter. In the event any material change occurs with respect to any of the facts or representations presented, the exemption will expire and the Participants must immediately resume operating in accordance with all of the provisions in the Tick Size Pilot.

For the Commission,
by the Division of Trading and Markets,
pursuant to delegated authority.⁹



David S. Shillman
Associate Director

cc: Chicago Stock Exchange, Inc.
Investors Exchange LLC
National Stock Exchange, Inc.
New York Stock Exchange LLC
NYSE MKT LLC
NYSE Arca, Inc.
NASDAQ OMX BX, Inc.
NASDAQ OMX PHLX LLC
The Nasdaq Stock Market LLC
Financial Industry Regulatory Authority, Inc.

⁹ 17 CFR 200.30-3(a)(42).