

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75547; File No. SR-BYX-2015-33)

July 29, 2015

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 11.13, Order Execution and Routing

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 July 21, 2015, BATS Y-Exchange, Inc. (the “Exchange” or “BYX”) 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 11.13, Order Execution and Routing, to: (i) delete references to the ROOC routing option; and (ii) update routing options IOCM and ICMT to reflect a recent proposed rule change by EDGX Exchange, Inc. (“EDGX”) in which EDGX replaced the MidPoint Match Order with the MidPoint Peg Order.⁵

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).

⁵ See Securities Exchange Act Release No. 75479 (July 17, 2015) (SR-EDGX-2015-33).

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 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 11.13, Order Execution and Routing, to: (i) delete references to the ROOC routing option; and (ii) update routing options IOCM and ICMT to reflect a recent proposed rule change by EDGX in which EDGX replaced the MidPoint Match Order with the MidPoint Peg Order.⁶

ROOC Routing Option

Under Rule 11.13(b)(3)(N), an order utilizing the ROOC routing option is designated by the User⁷ to participate in the opening, re-opening (following a halt, suspension, or pause), or closing process of a primary listing market (BATS BZX, NYSE, Nasdaq, NYSE MKT, or NYSE Arca) if received before the opening/re-opening/closing time of such market. If shares remain

⁶ See supra note 5.

⁷ The term "User" is defined as "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3." See Exchange Rule 1.5(cc).

unexecuted after attempting to execute in the opening, re-opening, or closing process, they are either posted to the BATS Book,⁸ executed, or routed to destinations on the System⁹ routing table.¹⁰

Because few Users elect the ROOC routing option, the Exchange has determined that the current demand does not warrant the infrastructure and ongoing maintenance expenses required to support the product. Therefore, the Exchange proposes to delete the ROOC routing option under 11.13(b)(3)(N). Users seeking to route orders to participate in the opening, re-opening, or closing process of a primary listing market may use alternative methods, such as connecting to those markets directly or through a third party service provider, or electing another routing option offered by the Exchange that enables a User to post an order to certain primary listing markets.¹¹

⁸ The term “BATS Book” is defined as “the System’s electronic file of orders.” Rule 1.5(e).

⁹ The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” Rule 1.5(aa).

¹⁰ The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. Rule 11.13(b)(3). The ROOC routing option does not route to the reopening process for BATS BZX. Rule 11.13(b)(3)(N).

¹¹ See e.g., Rule 11.13(b)(3)(J) (describing the INET routing option under which an order checks the System for available shares and then is sent to Nasdaq. If shares remain unexecuted after routing, they are posted on the Nasdaq book, unless otherwise instructed by the User), Rule 11.13(b)(3)(K) (describing the RDOT routing option under which an order checks the System for available shares and then is sent to destinations on the System routing table. If shares remain unexecuted after routing, they are sent to the NYSE and can be re-routed by the NYSE. Any remainder will be posted to the NYSE, unless otherwise instructed by the User), and 11.13(b)(3)(L) (describing the RDOX routing option under which an order checks the System for available shares, is then sent to the NYSE and can be re-routed by the NYSE. If shares remain unexecuted after routing, they are posted on the NYSE book, unless otherwise instructed by the User).

IOCM and ICMT Routing Options

The Exchange also proposes to amend Rules 11.13(b)(3)(O) and (P) to update routing options IOCM and ICMT to reflect a recent rule change by EDGX in which EDGX replaced the MidPoint Match Order with the MidPoint Peg Order.¹² Rule 11.13(b)(3)(O) describes IOCM as a routing option under which an order checks the System for available shares and then is sent, as a MidPoint Match Order with a Time-in-Force of IOC¹³ to EDGX. Similarly, Rule 11.13(b)(3)(P) describes ICMT as a routing option under which an order checks the System for available shares, then is sent to destinations on the System routing table and then is sent, as a MidPoint Match Order with a Time-in-Force of IOC to EDGX. Under ICMT, if shares remain unexecuted after routing, they are posted to the BATS Book, unless otherwise instructed by the User.

On July 8, 2015, EDGX filed a proposed rule change with the Commission for immediate effectiveness to, among other things, replace the MidPoint Match Order with the MidPoint Peg Order.¹⁴ Therefore, the Exchange proposes to update the description of the IOCM and ICMT routing options to replace references to the MidPoint Match Order with the MidPoint Peg Order.

Implementation Date

The Exchange intends to implement the proposed changes to the descriptions of the IOCM and ICMT routing option immediately.¹⁵ The Exchange will alert Users via a Trading Notice of the date upon which it will discontinue the ROOC routing option.

¹² See supra note 5.

¹³ See Rule 11.9(q)(1).b [sic]

¹⁴ See supra note 5.

¹⁵ Implementation of the proposed rule change immediately upon filing is contingent upon the Commission granting a waiver of the 30-day operative delay. 17 CFR 240.19b-4(f)(6)(iii).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁷ in particular, 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 does not believe that this proposal will permit unfair discrimination among customers, brokers, or dealers because the ROOC routing option will no longer be available and the updates to the IOCM and ICMT routing options would apply to all Users equally. The Exchange has few Users electing the ROOC routing option and has determined that the current demand does not warrant the infrastructure and ongoing maintenance expense required to support the product. Routing through the Exchange is voluntary and alternative routing options offered by the Exchange as well as other methods remain available to Users that wish to route orders to participate in the opening, re-opening, or closing process of the primary listing market.¹⁸ In addition, the ROOC routing option is not a core product offering by the Exchange, nor is the Exchange required by the Act to offer such a product. The proposed updates to routing options IOCM and ICMT are in response to a recent rule change by EDGX in which EDGX replaced the MidPoint Match Order with the MidPoint Peg Order.¹⁹ The proposal is intended to accurately describe how orders utilizing the IOCM or ICMT routing options are to be handled by

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ See supra note 11 and accompanying text.

¹⁹ See supra note 5.

the Exchange in light of the EDGX proposed rule change mentioned above. Therefore, the Exchange believes the proposed rule change would make its rules clearer and less confusing for investors; thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

(B) Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposal will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather avoid investor confusion by eliminating the ROOC routing option that is to be discontinued by the Exchange as well as update the IOCM and ICMT routing options in response to a recent proposed rule change by EDGX.²⁰

(C) 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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.²¹

²⁰ Id.

²¹ In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s intent to file the proposed rule change, along with a brief

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. Waiver of the 30-day operative delay would allow the Exchange to modify its rules in a timely manner by: (i) eliminating a rule that accounts for a service the Exchange intends to discontinue; and (ii) updating its rules to accurately describe how orders utilizing those routing options function in light of the recent proposed rule change by EDGX, thereby avoiding potential investor confusion during the operative delay period. Based on the foregoing, the Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest.²² The Commission hereby grants the waiver and designates the proposal operative upon filing.

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 necessary or appropriate in the public interest, for the protection of investors, or 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.

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 has satisfied this requirement.

²² For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-BYX-2015-33 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-BYX-2015-33. 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 a.m. and 3:00 p.m. Copies of the 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 Number SR-BYX-2015-33 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

Robert W. Errett
Deputy Secretary

²³ 17 CFR 200.30-3(a)(12).