

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62595; File No. SR-BATS-2010-019)

July 29, 2010

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Add Seventy-Five Options Classes to the Penny Pilot Program.

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 26, 2010, BATS Exchange, Inc. (the “Exchange” or “BATS”) 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 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 is filing with the Commission a proposal for the BATS Exchange Options Market (“BATS Options”) to designate seventy-five options classes to be added to the Penny Pilot Program (“Penny Pilot”) on August 2, 2010. The Exchange is not proposing to amend any rule text, but simply administering or enforcing an existing rule.³

The text of the proposed rule change is available at the Exchange’s Web site at <http://www.batstrading.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Rule 21.5 regarding the Penny Pilot.

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 purpose of this filing is to identify the next seventy-five options classes to be added to the Penny Pilot effective August 2, 2010. In the Exchange's filing to adopt rules to govern BATS Options,⁴ the Exchange proposed commencing operations for BATS Options by trading all options classes that were, as of such date, traded by other options exchanges pursuant to the Penny Pilot and then expanding the Penny Pilot on a quarterly basis, 75 classes at a time, through August 2010. Each such quarterly expansion would be of the seventy-five most actively traded multiply listed options classes based on the national average daily volume ("ADV") for the six months prior to selection, closing under \$200 per share on the Expiration Friday prior to expansion, except that the month immediately preceding the addition of options to the Penny Pilot would not be used for the purpose of the six month analysis. Index option products would be included in the quarterly expansions if the underlying index levels were under 200.

⁴ See Securities Exchange Act Release No. 61097 (December 2, 2009), 74 FR 64788 (December 8, 2009) (SR-BATS-2009-031) (Notice of Filing of Proposed Rule Change to Establish Rules Governing the Trading of Options on the BATS Options Exchange).

The Exchange is identifying, in the chart below, seventy-five options classes that it will add to the Penny Pilot on August 2, 2010, based on ADVs for the six months ending June 30, 2010.

<u>Nat'l Ranking</u>	<u>Symbol</u>	<u>Security Name</u>	<u>Nat'l Rankin g</u>	<u>Symbol</u>	<u>Security Name</u>
199	MBI	MBIA Inc	316	CB	Chubb Corp
205	MA	Mastercard Inc	320	ADM	Archer-Daniels-Midland Co
224	ATPG	ATP Oil & Gas Corp/United States	322	HSY	Hershey Co/The
226	YUM	Yum! Brands Inc	323	TXT	Textron Inc
232	RCL	Royal Caribbean Cruises Ltd	324	GGP	General Growth Properties Inc
238	BPOP	Popular Inc	325	NOV	National Oilwell Varco Inc
248	EK	Eastman Kodak Co	326	TWX	Time Warner Inc
252	CNX	Consol Energy Inc	327	XOP	SPDR S&P Oil & Gas Exploration & Production ETF
260	DCTH	Delcath Systems Inc	328	MYL	Mylan Inc/PA
274	MTG	MGIC Investment Corp	329	TSO	Tesoro Corp
277	PXP	Plains Exploration & Production Co	330	CI	CIGNA Corp
278	GPS	Gap Inc/The	331	ESI	ITT Educational Services Inc
280	TSL	Trina Solar Ltd	332	NKE	NIKE Inc
282	EWV	iShares MSCI Mexico Investable Market Index Fund	335	FIS	Fidelity National Information Services Inc
283	CRM	Salesforce.com Inc	336	SUN	Sunoco Inc
286	SWN	Southwestern Energy Co	338	BBBY	Bed Bath & Beyond Inc
287	HBAN	Huntington Bancshares Inc/OH	340	APWR	A-Power Energy Generation Systems Ltd
288	EOG	EOG Resources Inc	341	FWLT	Foster Wheeler AG
290	APA	Apache Corp	342	LNC	Lincoln National Corp
291	VVUS	Vivus Inc	343	RSH	RadioShack Corp
292	JDSU	JDS Uniphase Corp	344	TYC	Tyco International Ltd
293	ACI	Arch Coal Inc	345	CL	Colgate-Palmolive Co
294	NE	Noble Corp	346	FXP	ProShares UltraShort

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296	BAX	Baxter International Inc	347	NTAP	NetApp Inc
297	ADSK	Autodesk Inc	348	SO	Southern Co
299	KRE	SPDR KBW Regional Banking ETF	349	PHM	Pulte Group Inc
300	XL	XL Group Plc	350	HOT	Starwood Hotels & Resorts Worldwide Inc
302	WLT	Walter Energy Inc	351	QLD	ProShares Ultra QQQ
303	IBN	ICICI Bank Ltd	352	VRSN	VeriSign Inc
305	EWY	iShares MSCI South Korea Index Fund	353	PCL	Plum Creek Timber Co Inc
306	WHR	Whirlpool Corp	354	NBR	Nabors Industries Ltd
307	BHI	Baker Hughes Inc	355	ESRX	Express Scripts Inc
308	KMP	Kinder Morgan Energy Partners LP	356	ACAS	American Capital Ltd
309	MRO	Marathon Oil Corp	357	XLNX	Xilinx Inc
310	AGO	Assured Guaranty Ltd	358	DO	Diamond Offshore Drilling Inc
311	GIS	General Mills Inc	359	CMA	Comerica Inc
312	ANR	Alpha Natural Resources Inc	360	KEY	KeyCorp
314	GENZ	Genzyme Corp			

2. Statutory Basis

The Exchange believes that its proposal 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(b) of the Act.⁵ In particular, the Exchange believes that the proposal is consistent with Section 6(b)(5) of the Act,⁶ because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, by identifying the options classes to be added to the Penny Pilot in a manner consistent with prior approvals and filings.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change imposes any burden on competition.

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

Pursuant to Section 19(b)(3)(A)(i) of the Act⁷ and paragraph (f)(1) of Rule 19b-4 thereunder,⁸ the Exchange has designated this proposal as one constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

At any time within the 60-day period beginning on the date 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.

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

⁷ 15 U.S.C. 78s(b)(3)(A)(i).

⁸ 17 CFR 240.19b-4(f)(1).

- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-2010-019 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-BATS-2010-019. 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 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 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-BATS-2010-019 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.⁹

Florence E. Harmon
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).