

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65307; File No. SR-BATS-2011-034)

September 9, 2011

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Offer a Bulk-Quoting Interface to All Users of BATS Options

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 September 2, 2011, 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 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.

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).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange filed a proposal for the BATS Options Market ("BATS Options") to extend the availability of a recently introduced bulk-quoting interface for BATS Options Market Makers⁵ to all Users⁶ of BATS Options.

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.

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 currently offers an order-based interface for entering orders into the BATS Options trading platform. The Exchange also recently proposed modification to its systems to

⁵ As defined in BATS Rule 16.1(a)(37), an "Options Market Maker" is a member of BATS Options registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter XXII of the Exchange's Rules.

⁶ As defined in BATS Rule 16.1(a)(62), a "User" on BATS Options is either a member of BATS Options ("Options Member") or a sponsored participant who is authorized to obtain access to the Exchange's system pursuant to BATS Rule 11.3 ("Sponsored Participant").

permit BATS Options Market Makers to utilize a bulk-quoting interface to enter orders into BATS Options.⁷ The Exchange proposes to modify this interface to permit all Options Users to use this interface to provide one or more quotations on BATS Options. Prior to releasing bulk-quoting for Options Market Makers, the only interface for order entry to BATS Options has been an order-based interface. Through this order-based interface, a User seeking to enter a two-sided quotation must enter both a buy and a sell order. The Exchange proposes to make the bulk-quoting interface available to all Users of BATS Options rather than limiting bulk-quoting to Options Market Makers.

The proposed bulk-quoting market making interface will be used by Users to submit and update their quotations in the marketplace much like the current order-based interface is used by such Users today. The bulk-quoting interface, however, allows Users to provide both a bid and an offer in one message. In addition, the bulk-quoting interface allows Users to bundle several quote updates into one bulk message. This is a useful feature for Users that provide quotations in many different options.

BATS Options does not require any Users to register as Options Market Makers in order to participate on BATS Options, nor does BATS Options limit the ability to post liquidity on both sides of the market to Options Market Makers. In fact, there are several Users that provide significant liquidity to BATS Options but are not registered as Options Market Makers. Some of these Users are registered on other options exchanges as market makers and others are not. Due to the enhanced liquidity and efficiencies the interface can provide, the Exchange believes that the bulk-quoting functionality should be available to all Users, not only Options Market Makers.

2. Statutory Basis

⁷ See Securities Exchange Act Release No. 65133 (August 15, 2011), 76 FR 52032 (August 19, 2011) (SR-BATS-2011-029).

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act⁹ in particular, in that it is designed 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 Exchange believes this proposal is in keeping with those principles by protecting investors and the public interest, as well as promoting just and equitable principles of trade, by making available on an equal basis a new market making interface option for all Users of BATS Options, which will help to enhance market liquidity for investors.

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

Because the foregoing 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, if consistent with the protection of investors and the public

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

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 immediately offer the interface to all Users without undue delay. The Exchange notes that the proposed rule change does not require any significant system change as the functionality is already available to BATS Options Market Makers. The Commission believes that waiving the 30-day operative delay¹² is consistent with the protection of investors and the public interest 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.

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:

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the self-regulatory organization to submit to the Commission written notice of its intent to file the proposed rule change, along with a brief 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.

¹² For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- 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-BATS-2011-034 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 Number SR-BATS-2011-034. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such 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 Number SR-BATS-2011-034 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.¹³

Elizabeth M. Murphy
Secretary

¹³ 17 CFR 200.30-3(a)(12).