

SECURITIES AND EXCHANGE COMMISSION
Release No. 34-81457; File No. SR-BatsEDGX-2017-34

August 22, 2017

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 11.6, Definitions, 11.8, Order Types, and 11.10, Order Execution

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 11, 2017, Bats EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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 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: (i) add new optional functionality to orders that include the Minimum Execution Quantity instruction by amending paragraph (h) of Exchange Rule 11.6, Definitions; (ii) amend paragraph (b)(3) of Exchange Rule 11.8 to specify that a Minimum Execution Quantity instruction may be included on a Limit Order with a TIF of IOC; and (iii) amend paragraph (e)(3) of Exchange Rule 11.10, Order Execution, to specify that a change to the

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).

minimum quantity of an order with a Minimum Execution Quantity instruction may be included in a Replace message. The proposed amendments are substantially similar to the rules of the Nasdaq Stock Market LLC (“Nasdaq”) and the Investors Exchange LLC (“IEX”).⁵

The text of the proposed rule change is available at the Exchange’s website at www.bats.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: (i) add new optional functionality to orders that include the Minimum Execution Quantity instruction by amending paragraph (h) of Exchange Rule 11.6, Definitions; (ii) amend paragraph (b)(3) of Exchange Rule 11.8 to specify that a Minimum

⁵ See Nasdaq Rule 4703(e) (defining Minimum Quantity). See also Securities Exchange Act Release No. 73959 (December 30, 2014), 80 FR 582 (January 6, 2015) (order approving new optional functionality for Minimum Quantity Orders). See IEX Rule 11.190(b)(11) and Supplementary Material .03 (defining Minimum Quantity Orders and MinExec with Cancel Remaining and MinExec with AON Remaining). See also Securities Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41141 (June 23, 2016) (order approving the IEX exchange application, which included IEX’s Minimum Quantity Orders). See also IEX Rule 11.190(d)(3) (allowing the minimum quantity size of an order to be changed via a replace message).

Execution Quantity instruction may be included on a Limit Order with a TIF of IOC; and (iii) amend paragraph (e)(3) of Exchange Rule 11.10, Order Execution, to specify that a change to the minimum quantity of an order with a Minimum Execution Quantity instruction may be included in a Replace message. These proposed amendments are substantially similar to the rules of Nasdaq and IEX.⁶

Exchange Rule 11.6(h), Proposed Individual Minimum Size

The Exchange proposes to add new optional functionality that would enhance the utility of the Minimum Execution Quantity instruction by amending paragraph (h) of Exchange Rule 11.6, Definitions. In sum, the proposal would permit an incoming order with a Minimum Execution Quantity to forego executions where multiple resting orders could otherwise be aggregated to satisfy the order's minimum quantity.

A Minimum Execution Quantity enables a User⁷ to specify a minimum share amount at which the order will execute. An order with a Minimum Execution Quantity will not execute unless the volume of contra-side liquidity available to execute against the order meets or exceeds the designated minimum. Specifically, Minimum Execution Quantity is an instruction a User may attach to an order with a Non-Displayed⁸ instruction or a TIF of IOC⁹ requiring the

⁶ See id.

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(ee).

⁸ The term "Non-Displayed" is defined as "[a]n instruction the User may attach to an order stating that the order is not to be displayed by the System on the EDGX Book." See Exchange Rule 11.6(e)(2).

⁹ As discussed below, the Exchange also proposes to clarify within Rule 11.6(h) that a Minimum Quantity instruction may also be added to an order with a TIF of IOC. See e.g., Exchange Rules 11.8(a)(3) and (c)(2) (specifying that the Minimum Quantity instruction may be included on Market Orders and ISOs with a TIF of IOC).

System¹⁰ to execute the order only to the extent that a minimum quantity can be satisfied by execution against a single order or multiple aggregated orders simultaneously.¹¹ Today, an order with a Minimum Execution Quantity will execute upon entry against a single order or multiple orders if the sum of those orders is equal to or greater than its minimum quantity. An order with a Minimum Execution Quantity instruction may be partially executed upon entry so long as the execution size is equal to or exceeds the minimum quantity provided in the instruction. Any shares remaining after a partial execution will continue to be executed at a size that is equal to or exceeds the quantity provided in the instruction. Where the number of shares remaining after a partial execution are less than the quantity provided in the instruction, the Minimum Execution Quantity shall be equal to the number of shares remaining. The Minimum Execution Quantity instruction may be coupled with Market Orders with a TIF of IOC,¹² Limit Orders with a Non-Displayed instruction¹³ or TIF of IOC (as discussed below), Intermarket Sweep Orders (“ISO”) with a TIF of IOC,¹⁴ MidPoint Peg Orders,¹⁵ and Supplemental Peg Orders.¹⁶

The Exchange has observed that some market participants avoid sending large orders with a Minimum Execution Quantity instruction to the Exchange out of concern that such orders

¹⁰ 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.” See Exchange Rule 1.5(cc).

¹¹ Today, the System will aggregate multiple resting orders to satisfy the incoming order’s minimum quantity and a User cannot elect the incoming order to execute against a single resting contra-side order.

¹² See Exchange Rule 11.8(a)(3).

¹³ See Exchange Rule 11.8(b)(3).

¹⁴ See Exchange Rule 11.8(c)(2).

¹⁵ See Exchange Rule 11.8(d)(2).

¹⁶ See Exchange Rule 11.8(f)(2).

may interact with small orders entered by professional traders, possibly adversely impacting the execution of their larger order. Institutional orders are often much larger in size than the average order in the marketplace. To facilitate the liquidation or acquisition of a large position, market participants tend to submit multiple orders into the market that may only represent a fraction of the overall institutional position to be executed. Various strategies used by institutional market participants to execute large orders are intended to limit price movement of the security at issue. Executing in small sizes, even if in the aggregate it meets the order's minimum quantity, may impact the market for that security such that the additional orders the market participant has yet to enter into the market may be more costly to execute. If an institution is able to execute in larger sizes, the contra-party to the execution is less likely to be a participant that reacts to short term changes in the stock price, and as such, the price impact to the stock may be less acute when larger individual executions are obtained.¹⁷ As a result, these orders are often executed away from the Exchange in dark pools or other exchanges that offer the same functionality as proposed herein,¹⁸ or via broker-dealer internalization.

To attract larger orders with a Minimum Execution Quantity, the Exchange proposes to add new optional functionality that would enhance the utility of the Minimum Execution Quantity instruction. In sum, the proposal would permit a User to elect that its incoming order with a Minimum Execution Quantity execute solely against one or more resting individual

¹⁷ The Commission has long recognized this concern: “[a]nother type of implicit transaction cost reflected in the price of a security is short-term price volatility caused by temporary imbalances in trading interest. For example, a significant implicit cost for large investors (who often represent the consolidated investments of many individuals) is the price impact that their large trades can have on the market. Indeed, disclosure of these large orders can reduce the likelihood of their being filled.” See Securities Exchange Act Release No. 42450 (February 23, 2000), 65 FR 10577, 10581 (February 28, 2000) (SR-NYSE-99-48).

¹⁸ See supra note 5.

orders, each of which must satisfy the order's minimum quantity condition. In such case, the order would forego executions where multiple resting orders could otherwise be aggregated to satisfy the order's minimum quantity, but do not individually satisfy the minimum quantity condition.¹⁹ As discussed above, under the current rule an order with a Minimum Execution Quantity will execute upon entry against any number of smaller contra-side orders that, in aggregate, meet the minimum quantity set by the User. This default behavior will remain. For example, assume there are two orders to sell resting on the EDGX Book²⁰ – the first for 300 shares and a second for 400 shares, with the 300 share order having time priority ahead of the 400 share order. If a User entered an order with a Minimum Execution Quantity to buy 1,000 shares at \$10.00 with a minimum quantity of 500 shares, and the order was marketable against the two resting sell orders for 300 and 400 shares, the System would aggregate both sell orders for purposes of meeting the minimum quantity, thus resulting in executions of 300 shares and then 400 shares respectively with the remaining 300 shares of the an order with a Minimum Execution Quantity being posted to the EDGX Book with a minimum quantity restriction of 300 shares.

The proposed new optional functionality will not allow aggregation of smaller executions to satisfy the minimum quantity of an incoming order with a Minimum Execution Quantity. Using the same scenario as above, but with the proposed new functionality and a Minimum Execution Quantity requirement of 400 shares selected by the User, the order with a Minimum Execution Quantity would not execute against the two sell orders because the 300 share order

¹⁹ If no election is made, the System will aggregate multiple resting orders to satisfy the incoming order's minimum quantity.

²⁰ The term "EDGX Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(d).

with time priority at the top of the EDGX Book is less than the incoming order's 400 share Minimum Execution Quantity. The new functionality will cause the order with a Minimum Execution Quantity to be cancelled or posted to the EDGX Book, Non-Displayed, in accordance with the characteristics of the underlying order type²¹ when encountering an order with time priority that is of insufficient size to satisfy the minimum execution requirement. If posted, the order with a Minimum Execution Quantity will operate as it does currently and will only execute against individual orders that satisfy its minimum quantity as proposed herein. The Exchange notes that the User entering the order with a Minimum Execution Quantity has expressed its intention not to execute against liquidity below a certain minimum size, and therefore, cedes execution priority when it would lock an order against which it would otherwise execute if it were not for the minimum execution size restriction. The Exchange proposes to add language to paragraph (h) of Rule 11.6 to make clear that the order would cede execution priority in such in scenario.

As amended, the description of Minimum Execution Quantity under paragraph (h) of Exchange Rule 11.6 would set forth the default behavior of the Minimum Quantity instruction of executing upon entry against a single order or multiple aggregated orders simultaneously. Amended Rule 11.6(h) would set forth the proposed optional functionality where a User may alternatively specify that the incoming order's minimum quantity condition be satisfied by each order resting on the EDGX Book that would execute against the order with the Minimum Execution Quantity instruction. If there are such orders, but there are also orders that do not satisfy the minimum quantity condition, the incoming order with the Minimum Execution

²¹ See supra notes 11 through 16 for a description of the functionality associated with orders that may include a Minimum Execution Quantity.

Quantity instruction will execute against orders resting on the EDGX Book in accordance with Rule 11.9, Order Priority, until it reaches an order that does not satisfy the minimum quantity condition at which point it would be posted to the EDGX Book or cancelled in accordance with the terms of the order. If, upon entry, there are no orders that satisfy the minimum quantity condition resting on the EDGX Book, the order will either be posted to the EDGX Book or cancelled in accordance with the terms of the order.

The Exchange also proposes to re-price incoming orders with a Minimum Execution Quantity instruction where that order may cross an order posted on the EDGX Book. Specifically, where there is insufficient size to satisfy an incoming order's minimum quantity condition and that incoming order, if posted at its limit price, would cross an order(s) resting on the EDGX Book, the order with the minimum quantity condition will be re-priced to and ranked at the Locking Price.²² For example, an order to buy at \$11.00 with a minimum quantity condition of 500 shares is entered and there is an order resting on the EDGX Book to sell 200 shares at \$10.99. The resting order to sell does not contain sufficient size to satisfy the incoming order's minimum quantity condition of 500 shares. The price of the incoming buy order, if posted to the EDGX Book, would cross the price of the resting sell order. In such case, to avoid an internally crossed book, the System will re-price the incoming buy order to \$10.99, the Locking Price. This behavior is similar to how the Exchange currently reprices Non-Displayed

²² "Locking Price" is defined as "[t]he price at which an order to buy (sell), that if displayed by the System on the EDGX Book, either upon entry into the System, or upon return to the System after being routed away, would be a Locking Quotation." See Exchange Rule 11.6(f).

orders that cross the Protected Quotation of an external market.²³ In addition, both IEX and Nasdaq also re-price similar orders to avoid an internally crossed book.²⁴

The rule would further be amended to account for the partial execution against an individual order in accordance with the proposed rule change. Specifically, paragraph (h) of Exchange Rule 11.6 would further be amended to state that that an order with a Minimum Execution Quantity instruction may be partially executed so long as the execution size of the individual order or aggregate size of multiple orders, as applicable, are equal to or exceed the minimum quantity provided in the instruction.

The Exchange also proposes to amend the description of the Minimum Execution Quantity instruction to clarify its operation upon order entry and when the order is posted to the EDGX Book. The Exchange proposes to clarify that upon entry, and by default, an order with a Minimum Execution Quantity will execute against a single order or multiple aggregated orders simultaneously or only against orders that individually satisfy the order's minimum quantity condition, as proposed herein. Once posted to the EDGX Book,²⁵ the order may only execute against individual incoming orders with a size that satisfies the minimum quantity condition. The Exchange also proposed to clarify that an order that includes a Minimum Execution Quantity instruction is not eligible to be routed to another Trading Center in accordance with Exchange Rule 11.11, Routing to Away Trading Centers. These proposed changes would add

²³ See Exchange Rule 11.6(1)(3).

²⁴ See Nasdaq Rule 4703(e). See IEX Rule 11.190(h)(2).

²⁵ Orders will only post to the EDGX Book if they are designated with a TIF instruction that allows for posting. For example, an order a TIF of IOC or FOK will never post to the EDGX Book.

additional specificity to the operation of the Minimum Execution Quantity instruction and are consistent with similar functionality offered by IEX and Nasdaq.²⁶

Exchange Rule 11.8(b)(3), Limit Order Clarification

The Exchange also proposes to amend paragraph (b)(3) of Exchange Rule 11.8 to specify that a Minimum Execution Quantity instruction may be included on a Limit Order with a TIF of IOC. Currently, paragraph (b)(3) of Exchange Rule 11.8 states that Minimum Execution Quantity instruction may be placed on a Limit Order with a Non-Displayed instruction. As stated above, the Minimum Execution Quantity instruction may be coupled with, among other order types, Market Orders with a TIF of IOC and ISOs with a TIF of IOC. A Limit Order with a TIF of IOC will never be displayed or posted on the EDGX Book because, by instruction, it is to only execute upon entry, route or cancel back to the User and will never be posted to the EDGX Book.²⁷ Therefore, current functionality allows a Minimum Execution Quantity instruction to be included on a Limit Order with a TIF of IOC, as that order would not be displayed on the EDGX Book. The Exchange now seeks to add additional specificity to paragraph (b)(3) of Exchange Rule 11.6 to expressly state that a Minimum Execution Quantity instruction may be included on a Limit Order with a TIF of IOC. The Exchange notes that this is also consistent with the treatment of Minimum Quantity Orders on Bats BZX Exchange, Inc. (“BZX”).²⁸

Exchange Rule 11.10(e)(3), Replace Messages

The Exchange also proposes to amend paragraph (e)(3) of Rule 11.10, Order Execution,

²⁶ See supra note 5.

²⁷ See Exchange Rule 11.6(q)(1).

²⁸ See BZX Rule 11.9(c)(5) (stating that BZX will only honor a specified minimum quantity on BZX Only Orders that are non-displayed or IOCs).

to specify that a change to the minimum quantity of an order with a Minimum Execution Quantity instruction may be included in a Replace message. The rule currently states that other than changing a Limit Order to a Market Order, only the price, Stop Price,²⁹ the sell long indicator, Short Sale instruction,³⁰ Max Floor³¹ and quantity terms of the order may be changed with a Replace message.³² As amended, paragraph (e)(3) of Rule 11.10 would also provide for a change to the minimum quantity of an order to be included in a Replace message.³³ If a User desires to change any other terms of an existing order, the existing order must be cancelled and a new order must be entered. The Exchange notes that specifying within Rule 11.10(e)(3) that a change to the minimum quantity of an order may be included in a Replace message is consistent with current functionality offered by IEX.³⁴

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act³⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act³⁶ in particular, in that it is

²⁹ See Exchange Rules 11.8(a)(1) and (b)(1).

³⁰ See Exchange Rule 11.6(o).

³¹ See Exchange Rule 11.6(m)(1).

³² The Exchange also proposes to amend this paragraph to specify that the Max Floor is associated with an order with a Reserve Quantity and to replace the phrase “and quantity terms” with the word “size”. The Exchange believes these changes will add additional specificity to the rule and ensure the rule uses terminology consistent with the description of Replace messages and their impact on an order’s priority under Exchange Rule 11.9(a)(4).

³³ A change to the minimum quantity of an order via a Replace message will result in such order losing time priority as compared to other orders in the EDGX Book and the time stamp for such order being revised to reflect the time of the modification.

³⁴ See IEX Rule 11.190(d)(3) (allowing a replace message to change the minimum quantity of a Minimum Quantity Order).

³⁵ 15 U.S.C. 78f(b).

³⁶ 15 U.S.C. 78f(b)(5).

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.

Exchange Rule 11.6(h), Proposed Individual Minimum Size

The proposed rule change would remove impediments to and promote just and equitable principles of trade because it would provide Users with optional functionality that enhances the use of the Minimum Execution Quantity instruction. The proposed change to the functioning of the Minimum Execution Quantity instruction will provide market participants, including institutional firms who ultimately represent individual retail investors in many cases, with better control over their orders, thereby providing them with greater potential to improve the quality of their order executions. Currently, the rule allows Users to designate a minimum acceptable quantity on an order that may aggregate multiple executions to meet the minimum quantity requirement. Once posted to the book, however, the minimum quantity requirement is equivalent to a minimum execution size requirement. The Exchange is now proposing to provide Users with control over the execution of their orders with a Minimum Execution Quantity instruction by allowing them an option to designate the minimum individual execution size upon entry. The control offered by the proposed change is consistent with the various types of control currently provided by exchange order types. For example, the Exchange and other exchanges offer limit orders, which allow a market participant control over the price it will pay or receive for a stock.³⁷ Similarly, exchanges offer order types that allow market participants to

³⁷ See Exchange Rule 11.8(b).

structure their trading activity in a manner that is more likely to avoid certain transaction cost related economic outcomes.³⁸

As discussed above, the functionality proposed herein would enable Users to avoid transacting with smaller orders that they believe ultimately increases the cost of the transaction. Because the Exchange does not have this functionality, market participants, such as large institutions that transact a large number of orders on behalf of retail investors, have avoided sending large orders to the Exchange to avoid potentially more expensive transactions.³⁹ In this regard, the Exchange notes that the proposed new optional functionality may improve the Exchange's market by attracting more order flow. Such new order flow will further enhance the depth and liquidity on the Exchange, which supports just and equitable principals of trade. Furthermore, the proposed modification to the Minimum Execution Quantity instruction is consistent with providing market participants with greater control over the nature of their executions so that they may achieve their trading goals and improve the quality of their executions.

The Exchange also believes that re-pricing incoming orders with a Minimum Execution Quantity instruction where that order may cross an order posted on the EDGX Book promotes just and equitable principles of trade because it enables the Exchange to avoid an internally crossed book. The proposed re-pricing is also similar to how the Exchange currently reprices Non-Displayed orders that cross the Protected Quotation of an external market.⁴⁰ In addition,

³⁸ For example, the Exchange's Post Only instruction. See Exchange Rule 11.6(n)(4).

³⁹ As noted, the proposal is designed to attract liquidity to the Exchange by allowing market participants to designate a minimum size of a contra-side order to interact with, thus providing them with functionality available to them on dark markets.

⁴⁰ See Exchange Rule 11.6(1)(3).

both IEX and Nasdaq also re-price minimum quantity orders to avoid an internally crossed book. In certain circumstances, Nasdaq re-prices buy (sell) orders to one minimum price increment below (above) the lowest (highest) price of such orders.⁴¹ IEX re-prices non-displayed orders, such as minimum quantity orders, that include a limit price more aggressive than the midpoint of the NBBO to the midpoint of the NBBO.⁴²

Moreover, the proposed optional functionality for the Minimum Execution Quantity instruction is substantially similar to that offered by Nasdaq and IEX, both of which have been recently approved by the Commission.⁴³ Lastly, the proposed clarifications of the handling [sic] of orders with a Minimum Execution Quantity upon entry and once posted to the EDGX Book would add additional specificity to the operation of the Minimum Execution Quantity instruction and are consistent with similar functionality offered by Nasdaq.⁴⁴

Clarification to Exchange Rules 11.8(b)(3) and 11.10(e)(3)

The Exchange believes the proposed amendments to paragraph (b)(3) of Rule 11.8 and paragraph (e)(3) of Rule 11.10 are also consistent with the Act in that they will add additional specificity to the rules. In particular, the proposed amendments to paragraph (b)(3) to Rule 11.8 would add additional specificity regarding the order type instructions that may be coupled with a Limit Order. The Exchange notes that this is also consistent with the treatment of Minimum

⁴¹ See Nasdaq Rule 4703(e).

⁴² See IEX Rule 11.190(h)(2).

⁴³ See supra note 5. The Exchange also notes that a letter was submitted in strong support of Nasdaq at the time they proposed similar changes to the operation of their Minimum Quantity order attribute under Nasdaq Rule 4703(e). See letter to the Commission from James J. Angel, Associate Professor of Finance, Georgetown University, dated November 26, 2014.

⁴⁴ See supra note 5.

Quantity Orders on BZX,⁴⁵ thereby making the rule clearer and avoiding potential investor confusion. Also, the amendments to paragraph (e)(3) of Rule 11.10 will ensure the rule uses terminology consistent with the description of Replace messages and their impact on an order's priority under Exchange Rule 11.9(a)(4). Also, the Exchange notes that specifying within Rule 11.10(e)(3) that a change to the minimum quantity of an order with a Minimum Execution Quantity instruction may be included in a Replace message is consistent with current functionality offered by IEX.⁴⁶

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. On the contrary, the Exchange believes the proposed rule change promotes competition because it will enable the Exchange to offer functionality substantially similar to that offered by Nasdaq and IEX.⁴⁷ In addition, the proposed amendments to paragraph (b)(3) of Rule 11.8 and paragraph (e)(3) of Rule 11.10 would not have any impact on competition as they simply add additional details to each rule and do not alter current System functionality. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

⁴⁵ See BZX Rule 11.9(c)(5) (stating that BZX will only honor a specified minimum quantity on BZX Only Orders that are non-displayed or IOCs).

⁴⁶ See IEX Rule 11.190(d)(3).

⁴⁷ See supra note 5.

No comments were solicited or received 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: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act⁴⁸ and paragraph (f)(6) of Rule 19b-4 thereunder,⁴⁹ the Exchange has designated this rule filing as non-controversial. The Exchange has given 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.

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: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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.

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:

⁴⁸ 15 U.S.C. 78s(b)(3)(A).

⁴⁹ 17 CFR 240.19b-4.

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-BatsEDGX-2017-34 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 Number SR-BatsEDGX-2017-34. 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 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-BatsEDGX-2017-34 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.⁵⁰

Eduardo A. Aleman
Assistant Secretary

⁵⁰ 17 CFR 200.30-3(a)(12).