

Required fields are shown with yellow backgrounds and asterisks.

Filing by BATS Y-Exchange, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Amendments to the fee schedule of BATS Y-Exchange, Inc.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Anders Last Name \* Franzon

Title \* VP, Associate General Counsel

E-mail \* afranzon@bats.com

Telephone \* (913) 815-7154 Fax (913) 815-7119

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 03/17/2015 VP, Associate General Counsel

By Anders Franzon

(Name \*)

afranzon@bats.com

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> BATS Y-Exchange, Inc. (the “Exchange” or “BYX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule applicable to Members<sup>3</sup> and non-members of the Exchange pursuant to BYX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

(a) The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> A Member is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

Eric Swanson  
EVP, General Counsel  
(913) 815-7000

Anders Franzon  
VP, Associate General Counsel  
(913) 815-7154

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) Purpose

The Exchange proposes to amend its fee schedule in order to: (i) adjust rebates for orders that yield fee code A; (ii) add new fee code RN; and (iii) add a clarifying statement regarding fee codes applicable to certain orders routed to NYSE Arca, Inc. ("NYSE Arca").

Fee Code A

In securities priced at or above \$1.00, the Exchange currently provides a rebate of \$0.0015 per share for Members' orders that yield fee code A, which routes to Nasdaq Stock Market LLC ("Nasdaq") and adds liquidity. The Exchange proposes to amend its Fee Schedule to decrease this rebate to \$0.0004 per share for Members' orders that yield fee code A. The proposed change represents a pass through of the lowest possible rebate that BATS Trading, Inc. ("BATS Trading"), the Exchange's affiliated routing broker-dealer, receives for adding liquidity on Nasdaq. When BATS Trading routes and adds liquidity to Nasdaq, it is rebated a standard rate of \$0.0004 per share for orders in select symbols ("Nasdaq's Select Symbol Program"). When BATS Trading routes to Nasdaq in other symbols, it is rebated a standard rate of \$0.0015 per share. Further, BATS Trading might qualify for tiered pricing that would increase the amount of the rebate received. However, due to billing system limitations that do not allow for separate rates on a security by security basis and in order to maintain a simple to understand fee schedule,

the Exchange will provide a rebate of \$0.0004 per share for executions in all Tapes A, B & C securities routed to Nasdaq that yield fee code A.

The Exchange notes that the proposed change is in response to Nasdaq's January 2015 fee change where Nasdaq decreased the rebate it provides its customers, such as BATS Trading, for orders in symbols included in Nasdaq's Select Symbol Program from a rebate of \$0.0015 per share to a rebate of \$0.0004 per share.<sup>4</sup>

#### Fee Code RN

The Exchange proposes to adopt new fee code RN, which would be applied to orders routed to Nasdaq using the ROOC routing strategy that add liquidity. Orders that yield fee code RN will receive a rebate of \$0.0015 per share. The ROOC Routing strategy routes orders to participate in the opening, re-opening (following a halt, suspension, or pause), or closing process of a primary listing market if received before the opening/re-opening/closing time of such market. In turn, an order that has been sent to participate in an opening or closing process may add liquidity prior to the commencement of such process. Proposed fee code RN represents a pass through of the standard rebate that BATS Trading, the Exchange's affiliated routing broker-dealer, is rebated for added liquidity on Nasdaq in securities not included in Nasdaq's Select Symbol Program (presuming it does not qualify for a volume tiered rebate). When BATS Trading routes to Nasdaq using the ROOC routing strategy and an order adds liquidity, BATS Trading receives a standard rebate of \$0.0015 per share for securities that are not included in Nasdaq's Select Symbol Program. As noted above, due to billing system

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<sup>4</sup> See Securities Exchange Act Release No. 73967 (December 30, 2014), 80 FR 594 (January 6, 2015) (SR-Nasdaq-2014-128).

limitations that do not allow for separate rates on a security by security basis and in order to maintain a simple to understand fee schedule, the Exchange will pass through the rebate of \$0.0015 per share for executions in all Tapes A, B & C securities routed to Nasdaq that yield fee code RN. The Exchange notes that fee code A above will continue to be applied to all orders routed to Nasdaq not utilizing the ROOC routing strategy that add liquidity.

Orders routed via ROOC that add liquidity at Nasdaq have previously yielded fee code A, and thus, have received a rebate of \$0.0015 per share. The Exchange has proposed to add fee code RN to maintain the applicable pricing (i.e., a rebate of \$0.0015 per share) for orders that are routed via ROOC and add liquidity at Nasdaq. The Exchange notes that it has proposed to pass on the standard rebate for executions that yield fee code RN even though the Exchange will receive a lower rebate per share, \$.0004 per share, for executions of securities that are included in Nasdaq's Select Symbol Program.

#### NYSE and NYSE MKT Rule 49

The Exchange proposes to add a bullet under the General Notes section of the Fee Schedule to describe the rates that would apply where the New York Stock Exchange, Inc. ("NYSE") or NYSE MKT LLC ("NYSE MKT") declare an emergency condition under their Rule 49. Under NYSE and NYSE MKT Rule 49, the NYSE or NYSE MKT may invoke their emergency powers during an emergency condition and designate NYSE Arca as their backup facility to receive and process bids and offers and to execute orders on behalf of the NYSE or NYSE MKT. In such case, the Exchange will route any order that was intended to be routed to the NYSE or NYSE MKT to NYSE Arca and the

Exchange's System will identify such trades as being executed on NYSE Arca, not the NYSE or NYSE MKT. Because the executions occurred on NYSE Arca, NYSE Arca will charge BATS Trading their applicable fee or rebate, and BATS Trading will pass through that fee or rebate to the Exchange who would, in turn, pass that rate along to its Members. Therefore, the Exchange proposes to add a bullet to its Fee Schedule stating that fee codes applicable to orders routed to NYSE Arca will be applied to orders routed to the NYSE or NYSE MKT where, pursuant to NYSE and NYSE MKT Rule 49, the NYSE or NYSE MKT have designated NYSE Arca as their backup facility to receive and process bids and offers and to execute orders on behalf of the NYSE or NYSE MKT.

#### Implementation Date

The Exchange proposes to implement the amendments to its fee schedule effective immediately.

#### (b) Statutory Basis

The Exchange believes that the proposed rule change 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 of the Act.<sup>5</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Sections 6(b)(4) of the Act and 6(b)(5) of the Act,<sup>6</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can

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<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).

readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

#### Fee Code A

The Exchange believes that its proposal to decrease the pass through rebate for Members' orders that yield fee code A from \$0.0015 to \$0.0004 per share represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to the changes related to the Nasdaq Select Symbol Program, Nasdaq provided BATS Trading a rebate of \$0.0015 per share for orders that added liquidity, which BATS Trading passed through to the Exchange and the Exchange passed through to its Members pursuant to fee code A. In January 2015, Nasdaq decreased the standard rebate it provides its customers, such as BATS Trading, from a rebate of \$0.0015 per share to a rebate of \$0.0004 per share for orders that add liquidity on Nasdaq in symbols included in its Select Symbol Program.<sup>7</sup> Therefore, the Exchange believes that the proposed change in fee code A from a rebate of \$0.0015 per share to a rebate of \$0.0004 per share is equitable and reasonable because it accounts for the pricing changes on Nasdaq and is necessary due to billing system limitations and to maintain a simple to understand fee schedule. The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

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<sup>7</sup> See supra note 4.

Fee Code RN

The Exchange believes its proposal to adopt new fee code RN, which would be applied to orders routed to Nasdaq using the ROOC routing strategy that add liquidity, represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to Nasdaq through BATS Trading using the ROOC routing strategy. Proposed fee code RN represents a pass through of the standard rebate that BATS Trading, the Exchange's affiliated routing broker-dealer, receives for adding liquidity to Nasdaq in securities not included in Nasdaq's Select Symbol Program (presuming BATS Trading does not qualify for a volume tiered rebate). The Exchange believes the proposal to provide proposed fee code RN a rebate of \$0.0015 per share is equitable and reasonable because it accounts for pricing on Nasdaq in securities not subject to the Select Symbol Program and it allows the Exchange to continue to provide its Members a pass-through rebate of \$0.0015 per share for orders that are routed to Nasdaq using the ROOC routing strategy. The Exchange notes that it has proposed to pass on the standard rebate of \$0.0015 for executions that yield fee code RN even though the Exchange will receive a lower rebate per share, \$0.0004 per share, for executions of securities that are included in Nasdaq's Select Symbol Program. The Exchange believes that the proposed fee structure is equitable and reasonable because it does not represent a change from the current pricing applicable to orders sent through such strategy that add liquidity at Nasdaq and because orders that use the ROOC routing strategy could only add liquidity at Nasdaq immediately prior to the opening or closing processes rather than throughout the day.

The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

#### NYSE and NYSE MKT Rule 49

The Exchange believes that adding a bullet under the General Notes section of the Fee Schedule to describe the rates that would apply where the NYSE or NYSE MKT declare an emergency condition under their Rule 49 is reasonable because it is designed to provide greater transparency to Members by describing which rates would apply in such circumstances. In the case when NYSE or NYSE MKT invoke their Rule 49, the Exchange will route any order that was intended for the NYSE or NYSE MKT to NYSE Arca and the Exchange's System will identify such trades as being executed on NYSE Arca, not the NYSE or NYSE MKT. Because the executions occurred on NYSE Arca, NYSE Arca will charge their applicable fee or rebate. The proposed bullet is intended to make clear within the Fee Schedule which rate would apply where the NYSE or NYSE MKT invoke their emergency powers under their Rule 49, thereby eliminating potential investor confusion, 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. The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

#### 4. Self-Regulatory Organization's Statement on Burden on Competition

As further described below, 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. The Exchange does not believe that the proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

#### Fee Code A

The Exchange also believes that its proposal to amend the pricing for orders routed to Nasdaq would enhance the Exchange's ability to compete because the change is designed to insure that it is not providing a greater rebate than is being provided to BATS Trading by Nasdaq for an execution. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

#### Fee Code RN

The Exchange believes that its proposal to add fee code RN for orders that route to Nasdaq using the ROOC routing strategy and pass through a rebate of \$0.0015 per share to Members would increase intermarket competition because it offers customers an alternative means to route orders to Nasdaq to participate in their opening, re-opening or closing process for a similar rate as entering orders in certain symbols on Nasdaq directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

#### NYSE and NYSE MKT Rule 49

The Exchange believes that adding a bullet under the General Notes section of the Fee Schedule to describe which rates that would apply where the NYSE or NYSE MKT declare an emergency condition under their Rule 49 would not affect intermarket nor intramarket competition because none of these changes are designed to amend any rebate or alter the manner in which the Exchange calculates rebates. This change is not designed to have a competitive impact. Rather, it is intended to make clear to Members and investors within the Fee Schedule which rate would apply where the NYSE or NYSE MKT invoke their emergency powers under their Rule 49, thereby eliminating potential investor confusion.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and Rule 19b-4(f)(2) thereunder,<sup>9</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to the Exchange's Members and non-members, which renders the proposed rule change effective upon filing.

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

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.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibit 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BYX-2015-18)

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Y-Exchange, Inc.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, 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, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change 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 the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to BYX Rules 15.1(a) and (c). Changes to

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange's website at [www.batstrading.com](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 proposes to amend its fee schedule in order to: (i) adjust rebates for orders that yield fee code A; (ii) add new fee code RN; and (iii) add a clarifying statement regarding fee codes applicable to certain orders routed to NYSE Arca, Inc. ("NYSE Arca").

Fee Code A

In securities priced at or above \$1.00, the Exchange currently provides a rebate of \$0.0015 per share for Members' orders that yield fee code A, which routes to Nasdaq Stock Market LLC ("Nasdaq") and adds liquidity. The Exchange proposes to amend its Fee Schedule to decrease this rebate to \$0.0004 per share for Members' orders that yield fee code A. The proposed change represents a pass through of the lowest possible rebate that BATS Trading, Inc. ("BATS Trading"), the Exchange's affiliated routing broker-

dealer, receives for adding liquidity on Nasdaq. When BATS Trading routes and adds liquidity to Nasdaq, it is rebated a standard rate of \$0.0004 per share for orders in select symbols (“Nasdaq’s Select Symbol Program”). When BATS Trading routes to Nasdaq in other symbols, it is rebated a standard rate of \$0.0015 per share. Further, BATS Trading might qualify for tiered pricing that would increase the amount of the rebate received. However, due to billing system limitations that do not allow for separate rates on a security by security basis and in order to maintain a simple to understand fee schedule, the Exchange will provide a rebate of \$0.0004 per share for executions in all Tapes A, B & C securities routed to Nasdaq that yield fee code A.

The Exchange notes that the proposed change is in response to Nasdaq’s January 2015 fee change where Nasdaq decreased the rebate it provides its customers, such as BATS Trading, for orders in symbols included in Nasdaq’s Select Symbol Program from a rebate of \$0.0015 per share to a rebate of \$0.0004 per share.<sup>6</sup>

#### Fee Code RN

The Exchange proposes to adopt new fee code RN, which would be applied to orders routed to Nasdaq using the ROOC routing strategy that add liquidity. Orders that yield fee code RN will receive a rebate of \$0.0015 per share. The ROOC Routing strategy routes orders to participate in the opening, re-opening (following a halt, suspension, or pause), or closing process of a primary listing market if received before the opening/re-opening/closing time of such market. In turn, an order that has been sent to participate in an opening or closing process may add liquidity prior to the

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<sup>6</sup> See Securities Exchange Act Release No. 73967 (December 30, 2014), 80 FR 594 (January 6, 2015) (SR-Nasdaq-2014-128).

commencement of such process. Proposed fee code RN represents a pass through of the standard rebate that BATS Trading, the Exchange's affiliated routing broker-dealer, is rebated for added liquidity on Nasdaq in securities not included in Nasdaq's Select Symbol Program (presuming it does not qualify for a volume tiered rebate). When BATS Trading routes to Nasdaq using the ROOC routing strategy and an order adds liquidity, BATS Trading receives a standard rebate of \$0.0015 per share for securities that are not included in Nasdaq's Select Symbol Program. As noted above, due to billing system limitations that do not allow for separate rates on a security by security basis and in order to maintain a simple to understand fee schedule, the Exchange will pass through the rebate of \$0.0015 per share for executions in all Tapes A, B & C securities routed to Nasdaq that yield fee code RN. The Exchange notes that fee code A above will continue to be applied to all orders routed to Nasdaq not utilizing the ROOC routing strategy that add liquidity.

Orders routed via ROOC that add liquidity at Nasdaq have previously yielded fee code A, and thus, have received a rebate of \$0.0015 per share. The Exchange has proposed to add fee code RN to maintain the applicable pricing (i.e., a rebate of \$0.0015 per share) for orders that are routed via ROOC and add liquidity at Nasdaq. The Exchange notes that it has proposed to pass on the standard rebate for executions that yield fee code RN even though the Exchange will receive a lower rebate per share, \$.0004 per share, for executions of securities that are included in Nasdaq's Select Symbol Program.

NYSE and NYSE MKT Rule 49

The Exchange proposes to add a bullet under the General Notes section of the Fee

Schedule to describe the rates that would apply where the New York Stock Exchange, Inc. (“NYSE”) or NYSE MKT LLC (“NYSE MKT”) declare an emergency condition under their Rule 49. Under NYSE and NYSE MKT Rule 49, the NYSE or NYSE MKT may invoke their emergency powers during an emergency condition and designate NYSE Arca as their backup facility to receive and process bids and offers and to execute orders on behalf of the NYSE or NYSE MKT. In such case, the Exchange will route any order that was intended to be routed to the NYSE or NYSE MKT to NYSE Arca and the Exchange’s System will identify such trades as being executed on NYSE Arca, not the NYSE or NYSE MKT. Because the executions occurred on NYSE Arca, NYSE Arca will charge BATS Trading their applicable fee or rebate, and BATS Trading will pass through that fee or rebate to the Exchange who would, in turn, pass that rate along to its Members. Therefore, the Exchange proposes to add a bullet to its Fee Schedule stating that fee codes applicable to orders routed to NYSE Arca will be applied to orders routed to the NYSE or NYSE MKT where, pursuant to NYSE and NYSE MKT Rule 49, the NYSE or NYSE MKT have designated NYSE Arca as their backup facility to receive and process bids and offers and to execute orders on behalf of the NYSE or NYSE MKT.

#### Implementation Date

The Exchange proposes to implement the amendments to its fee schedule effective immediately.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change 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 of the

Act.<sup>7</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Sections 6(b)(4) of the Act and 6(b)(5) of the Act,<sup>8</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

#### Fee Code A

The Exchange believes that its proposal to decrease the pass through rebate for Members' orders that yield fee code A from \$0.0015 to \$0.0004 per share represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. Prior to the changes related to the Nasdaq Select Symbol Program, Nasdaq provided BATS Trading a rebate of \$0.0015 per share for orders that added liquidity, which BATS Trading passed through to the Exchange and the Exchange passed through to its Members pursuant to fee code A. In January 2015, Nasdaq decreased the standard rebate it provides its customers, such as BATS Trading, from a rebate of \$0.0015 per share to a rebate of \$0.0004 per share for orders that add

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<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

liquidity on Nasdaq in symbols included in its Select Symbol Program.<sup>9</sup> Therefore, the Exchange believes that the proposed change in fee code A from a rebate of \$0.0015 per share to a rebate of \$0.0004 per share is equitable and reasonable because it accounts for the pricing changes on Nasdaq and is necessary due to billing system limitations and to maintain a simple to understand fee schedule. The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

#### Fee Code RN

The Exchange believes its proposal to adopt new fee code RN, which would be applied to orders routed to Nasdaq using the ROOC routing strategy that add liquidity, represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to Nasdaq through BATS Trading using the ROOC routing strategy. Proposed fee code RN represents a pass through of the standard rebate that BATS Trading, the Exchange's affiliated routing broker-dealer, receives for adding liquidity to Nasdaq in securities not included in Nasdaq's Select Symbol Program (presuming BATS Trading does not qualify for a volume tiered rebate). The Exchange believes the proposal to provide proposed fee code RN a rebate of \$0.0015 per share is equitable and reasonable because it accounts for pricing on Nasdaq in securities not subject to the Select Symbol Program and it allows the Exchange to continue to provide its Members a pass-through rebate of \$0.0015 per

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<sup>9</sup> See supra note 6.

share for orders that are routed to Nasdaq using the ROOC routing strategy. The Exchange notes that it has proposed to pass on the standard rebate of \$0.0015 for executions that yield fee code RN even though the Exchange will receive a lower rebate per share, \$0.0004 per share, for executions of securities that are included in Nasdaq's Select Symbol Program. The Exchange believes that the proposed fee structure is equitable and reasonable because it does not represent a change from the current pricing applicable to orders sent through such strategy that add liquidity at Nasdaq and because orders that use the ROOC routing strategy could only add liquidity at Nasdaq immediately prior to the opening or closing processes rather than throughout the day. The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

#### NYSE and NYSE MKT Rule 49

The Exchange believes that adding a bullet under the General Notes section of the Fee Schedule to describe the rates that would apply where the NYSE or NYSE MKT declare an emergency condition under their Rule 49 is reasonable because it is designed to provide greater transparency to Members by describing which rates would apply in such circumstances. In the case when NYSE or NYSE MKT invoke their Rule 49, the Exchange will route any order that was intended for the NYSE or NYSE MKT to NYSE Arca and the Exchange's System will identify such trades as being executed on NYSE Arca, not the NYSE or NYSE MKT. Because the executions occurred on NYSE Arca, NYSE Arca will charge their applicable fee or rebate. The proposed bullet is intended to make clear within the Fee Schedule which rate would apply where the NYSE or NYSE

MKT invoke their emergency powers under their Rule 49, thereby eliminating potential investor confusion, 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. The Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

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

As further described below, 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. The Exchange does not believe that the proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

Fee Code A

The Exchange also believes that its proposal to amend the pricing for orders routed to Nasdaq would enhance the Exchange's ability to compete because the change is designed to insure that it is not providing a greater rebate than is being provided to BATS Trading by Nasdaq for an execution. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

Fee Code RN

The Exchange believes that its proposal to add fee code RN for orders that route to Nasdaq using the ROOC routing strategy and pass through a rebate of \$0.0015 per share to Members would increase intermarket competition because it offers customers an alternative means to route orders to Nasdaq to participate in their opening, re-opening or closing process for a similar rate as entering orders in certain symbols on Nasdaq directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

NYSE and NYSE MKT Rule 49

The Exchange believes that adding a bullet under the General Notes section of the Fee Schedule to describe which rates that would apply where the NYSE or NYSE MKT declare an emergency condition under their Rule 49 would not affect intermarket nor intramarket competition because none of these changes are designed to amend any rebate or alter the manner in which the Exchange calculates rebates. This change is not designed to have a competitive impact. Rather, it is intended to make clear to Members and investors within the Fee Schedule which rate would apply where the NYSE or NYSE MKT invoke their emergency powers under their Rule 49, thereby eliminating potential investor confusion.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>11</sup> 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 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
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-BYX-2015-18 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-BYX-2015-18. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f).

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 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-BYX-2015-18 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).

Note: Proposed new language is underlined. Proposed deletions are enclosed in brackets.

BATS BYX Exchange Fee Schedule  
Effective [February 2]March 17, 2015

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Fee Codes and Associated Fees:

Fee Code	Description	Fee/(Rebate)
10 - 9	(No changes.)	
A <sup>10</sup>	Routed to NASDAQ, adds liquidity	( <del>[0.0015]</del> <u>0.0004</u> )
B - RB	(No changes.)	
<u>RN</u>	<u>Routed to NASDAQ using ROOC routing strategy, adds liquidity</u>	<u>(0.0015)</u>
RP - ZR	(No changes.)	

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General Notes:

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- Variable rates provided by tiers apply only to executions in securities priced at or above \$1.00.
- Fee codes applicable to orders routed to NYSE Arca will be applied to orders routed to the NYSE or NYSE MKT where, pursuant to NYSE and NYSE MKT Rule 49, the NYSE or NYSE MKT have designated NYSE Arca as their backup facility to receive and process bids and offers and to execute orders on behalf of the NYSE or NYSE MKT.

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