



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69589; File No. SR-BYX-2013-014)

May 16, 2013

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of 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”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 3, 2013, 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 Act³ and Rule 19b-4(f)(2) thereunder,⁴ 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the fee schedule applicable to Members⁵ and non-members of the Exchange pursuant to BYX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal will be effective upon filing.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ A Member is any registered broker or dealer that has been admitted to membership in the Exchange.

The text of the proposed rule change is available at the Exchange's website 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 proposes to modify fees applicable to Members and non-members in order to encourage use of connectivity that provides redundant access to the Exchange by eliminating any potential fees for logical ports⁶ in connection with such redundant access.

The Exchange currently charges a monthly fee for ports used to enter orders in the Exchange's trading system and to receive data from the Exchange. The Exchange currently charges \$400.00 per month per "pair" of any port type other than a Multicast PITCH Spin Server Port or a GRP Port.⁷ Each pair of ports consists of one port at the Exchange's primary data

⁶ A logical port is commonly referred to as a TCP/IP port, and represents a port established by the Exchange within the Exchange's system for trading and billing purposes. Each logical port established is specific to a Member or non-member and grants that Member or non-member the ability to operate a specific application, such as FIX order entry or Multicast PITCH data receipt.

⁷ Thus, the charges apply to all Exchange FIX, FIXDROP, BOE, DROP, TCP PITCH, and TOP ports.

center and one port at the Exchange's secondary data center. Rather than stating that the fee for logical ports is per "pair", the Exchange proposes to simplify the fee schedule by adding a footnote that states that logical port fees are limited to logical ports in the Exchange's primary data center and that no logical port fees will be assessed for redundant secondary data center ports. Although this change to fee schedule language will not result in any substantive change to Members or non-members, as the Exchange is already providing secondary data center ports free of charge, the Exchange believes that this is a simpler way to bill for ports rather than billing in pairs. Further, this will allow the Exchange to include the concept of a "primary" Multicast PITCH data feed, as described below, without confusion as related to the Exchange's primary data center.

In addition, the Exchange proposes to modify the description of the billing for ports related to the Exchange's Multicast PITCH data feed.⁸ The Exchange currently provides 32 pairs of Multicast PITCH Spin Server Ports free of charge and, if such ports are used, one free pair of GRP Ports.⁹ The Exchange charges customers \$400.00 per month per additional set of 32 Multicast PITCH Spin Server Ports or additional pair of GRP Ports. Consistent with the change described above, the Exchange proposes to eliminate the concept of port "pairs" and instead maintain a fee schedule that imposes fees only for logical ports at the Exchange's primary data

⁸ The Multicast PITCH data feed is defined in Rule 11.22(c) as "an uncompressed data feed that offers depth of book quotations and execution information based on equity orders entered into the System."

⁹ The Exchange notes that its fees for Multicast PITCH customers, including the current provision of certain ports free of charge, are designed to encourage use of the Exchange's Multicast PITCH data feed because the Exchange believes that the feed is its most efficient feed, and thus, will reduce infrastructure costs for both the Exchange and those who utilize the feed. Any Member or non-member that has entered into the appropriate agreements with the Exchange is permitted to receive Multicast PITCH Spin Server Ports and GRP Ports from the Exchange.

center. Thus, the Exchange will continue to provide at the Exchange's primary data center 32 Multicast PITCH Spin Server Ports free of charge and, if such ports are used, one free GRP Port and all redundant Multicast PITCH Spin Server Ports and GRP Ports at the secondary data center will be free of charge. Again, although not a substantive change for Members and non-members, the Exchange believes that this change simplifies the fee schedule and also indicates the Exchange's support for Members and non-members to establish sufficient connectivity for business continuity purposes.

Similarly, the Exchange proposes to modify its fee schedule in order to allow Members and non-members to take redundant Multicast PITCH data feeds from the Exchange. The Exchange's Multicast PITCH data feed is currently offered through two primary feeds, identified as the "A feed" and the "C feed", which contain the same information but differ only in the way such feeds are received. The Exchange is in the process of commencing to offer redundant versions of the Multicast PITCH data feed and does not intend for Members and non-members that connect to such feeds to incur additional port fees. As such, the Exchange is proposing to modify its description of Multicast PITCH logical port fees so that only ports necessary to take a primary feed (either A or C), and not redundant versions of such feed, are subject to logical port fees. Again, the Exchange wishes to encourage Members and non-members to establish connectivity for business continuity purposes, including in the event the Exchange's data center is fully operational but a specific version of an Exchange data feed becomes unavailable.

Based on the proposal, the change applies to Members that obtain ports for direct access to the Exchange, Sponsored Participants sponsored by Members to receive direct access to the Exchange, non-member service bureaus that act as a conduit for orders entered by Exchange Members that are their customers, and market data recipients.

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.¹⁰ Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,¹¹ 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 believes that its proposed changes to logical port fees are reasonable in light of the fact that all such changes are intended to ensure that Members and non-members are able to establish redundant connections to the Exchange without incurring additional logical port fees. In addition, the Exchange believes that the proposed changes to fees are equitably allocated among Exchange constituents as the cost savings for redundant connectivity will be available to all such constituents. The Exchange reiterates that the change to limit logical port fees to logical port fees at the primary data center is not a substantive change in that Exchange constituents currently receive without charge a corresponding port at the secondary data center for any port established at the primary data center.

The Exchange also believes that providing financial incentives to use Exchange technology that the Exchange believes is the most technologically efficient for the Exchange and its constituents is a fair and equitable approach to pricing. Accordingly, the Exchange believes that promotion of its Multicast PITCH data feed through the continued offering of free logical

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(4).

ports is fair and equitable. The Multicast PITCH data feed is available to all Members, and as such, all Members have the ability to receive applicable Multicast PITCH ports free of charge. Further, the Exchange believes that promoting the use of redundant connectivity is reasonable, fair and equitable and not unreasonably discriminatory as it is uniform in application amongst Members and non-members and should enable such participants to enhance their business continuity planning.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange will not assess new fees as part of the proposal. Instead, the proposal is focused on enhancing the clarity of the fee schedule and reducing barriers to Exchange Members and non-member constituents that may be seeking to establish redundant connections to the Exchange.

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

No written comments were solicited or received.

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 Act¹² and paragraph (f) of Rule 19b-4 thereunder.¹³ 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.

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

¹³ 17 CFR 240.19b-4(f).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BYX-2013-014 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-BYX-2013-014. 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 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-BYX-2013-014 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2013-12161 Filed 05/21/2013 at 8:45 am; Publication Date: 05/22/2013]

¹⁴ 17 CFR 200.30-3(a)(12).