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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-77284; File No. SR-BATS-2016-24)

March 3, 2016

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.23, Auctions, to Lengthen the Auction Information Dissemination Periods for the Opening and Closing Auctions in BZX Listed Securities

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 February 25, 2016, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) (f/k/a BATS Exchange, Inc.) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend paragraphs (b)(2)(A) and (c)(2)(A) of Rule 11.23, Auctions, to lengthen the auction information dissemination periods for the Opening and

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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).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

Closing Auctions in BZX listed securities.<sup>5</sup>

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 paragraphs (b)(2)(A) and (c)(2)(A) of Rule 11.23, Auctions, to lengthen the auction information dissemination periods for the Opening and Closing Auctions in BZX listed securities. In sum, Users<sup>6</sup> may begin to enter orders to participate in the Opening or Closing Auction at 8:00 a.m. Eastern Time, the beginning of the Pre-Opening Session.<sup>7</sup> Orders designated to participate in the Opening Auction will be queued until 9:30 a.m. Eastern Time, at which time they will be eligible to execute in the Opening Auction. Orders

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<sup>5</sup> A BZX listed security is a security listed on the Exchange pursuant to Chapter 14 of the Exchange's Rules and includes both corporate listed securities and Exchange Traded Products ("ETPs").

<sup>6</sup> See Exchange Rule 1.5(cc).

<sup>7</sup> See Exchange Rule 11.23(b)(1)(A) and (c)(1)(A). The Pre-Opening Session is defined in Exchange Rule 1.5(r).

designated to participate in the Closing Auction will be queued until 4:00 p.m. Eastern Time, at which time they will be eligible to execute in the Closing Auction.

Currently, the Exchange begins to disseminate at 9:28 a.m. Eastern Time the Reference Price,<sup>8</sup> Indicative Price,<sup>9</sup> Auction Only Price,<sup>10</sup> and the lesser of Reference Buy Shares<sup>11</sup> and Reference Sell Shares<sup>12</sup> (collectively, the “BZX Auction Information”) associated with the Opening Auction. The Exchange begins to disseminate the BZX Auction Information for the Closing Auction at 3:55 p.m. Eastern Time. For both the Opening and Closing Auction, the BZX Auction Information is updated and disseminated every five (5) seconds via electronic means to subscribers to the BZX Depth<sup>13</sup> and BZX Auction Feed<sup>14</sup> market data products and is also made available to other market participants by market data vendors. The BZX Auction Information is also made available on the Bats public website.

The Exchange now propose to lengthen the periods during which it disseminates BZX Auction Information for the Opening and Closing Auctions in BZX listed securities. As amended, Rule 11.23(b)(2)(A) would state that the Exchange will begin to disseminate BZX Auction Information for the Opening Auction at 8:00 a.m. Eastern Time, rather than 9:28 a.m. Eastern Time. Rule 11.23(c)(2)(A) would be amended to state that the Exchange will begin to

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<sup>8</sup> See Exchange Rule 11.23(a)(19).

<sup>9</sup> See Exchange Rule 11.23(a)(10).

<sup>10</sup> See Exchange Rule 11.23(a)(2).

<sup>11</sup> See Exchange Rule 11.23(a)(18).

<sup>12</sup> See Exchange Rule 11.23(a)(21).

<sup>13</sup> See Exchange Rule 11.22(a) and (c).

<sup>14</sup> See Exchange Rule 11.22(i).

disseminate BZX Auction Information for the Closing Auction at 3:00 p.m. Eastern Time, rather than 3:55 p.m. Eastern Time.<sup>15</sup>

## 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(b) of the Act.<sup>16</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>17</sup> because it is designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the proposal supports the objectives of perfecting the mechanism of a free and open market and the national market system because lengthening the periods when which BZX Auction Information will be disseminated for the Opening and Closing Auctions will provide market participants with more information and time for them to evaluate the market for the security. The Exchange believes lengthening the dissemination period will enable greater participation in the Opening and Closing Auctions because it will provide periodic information about the ability of investors to execute orders at particular sizes and prices over a longer period of time in advance of the auction. Finally, having greater knowledge about the trading interest in the BZX Book prior to the execution of the Opening and Closing Auctions will enable the market participants to make more informed decisions regarding their participation in the Opening or Closing Auctions. Therefore, the Exchange believes the proposed rule change promotes just

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<sup>15</sup> The order entry cut off times for the Opening and Closing Auctions under Rules 11.23(b)(1)(A) and (c)(1)(A), respectively, will remain unchanged.

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

and equitable principles of trade, removes impediments to, and perfects the mechanism of, a free and open market and a national market system.

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 proposal will promote competition because the Exchange believes lengthening the dissemination period will enable greater participation in the Opening and Closing Auctions by providing market participants with more information and time to evaluate the market for the security. The proposed rule change is, in effect, pro-competition as it promotes fair and orderly markets and protects investors, which, in turn, will buttress investor confidence and attract more investors to participate in the U.S. equities markets.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>18</sup> and Rule 19b-4(f)(6)<sup>19</sup> thereunder. Because the foregoing proposed rule does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given the Commission

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

written notice of its intent to file 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,<sup>20</sup> the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>21</sup> and Rule 19b-4(f)(6) thereunder.<sup>22</sup>

Under Rule 19b-4(f)(6) of the Act,<sup>23</sup> a proposal does not become operative for 30 days after the date of its filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because market participants will be able to more immediately benefit from the extended period for dissemination of BZX Auction Information for the Opening and Closing Auctions. Accordingly, the Commission designates the proposal operative upon filing.<sup>24</sup>

At any time within 60 days of the filing of such 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. If the Commission takes such action, the

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<sup>20</sup> The Exchange has fulfilled this requirement.

<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f)(6).

<sup>23</sup> Id.

<sup>24</sup> For purposes only of waiving the operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission shall institute proceedings to determine whether the proposed rule change 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:

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 Number SR-BATS-2016-24 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-BATS-2016-24. 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-BATS-2016-24, 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.<sup>25</sup>

Robert W. Errett  
Deputy Secretary

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<sup>25</sup> 17 CFR 200.30-3(a)(12).

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