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**SECURITIES AND EXCHANGE COMMISSION**  
**(Release No. 34-79501; File No. SR-BatsEDGX-2016-68)**

**Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Fees for Use of the Exchange's Equities Platform**

December 7, 2016

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 November 30, 2016, Bats EDGX Exchange, Inc. (the "Exchange" or "EDGX") filed with the Securities and Exchange Commission (the "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 the 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 EDGX Rules 15.1(a) and (c).

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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).

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 to remove the Cross-Asset Tier under footnote 1, Add Volume Tiers.

The Exchange determines the liquidity adding rebate that it will provide to Members using the Exchange's tiered pricing structure. Currently, the Exchange provides various rebates under footnote 1 of the fee schedule for a Member dependent on the Member's ADV<sup>6</sup> as a percentage of the TCV<sup>7</sup> or OCV<sup>8</sup> for orders that yield fee codes B, V, Y, 3, and 4. The Exchange currently has ten Add Volume Tiers under footnote 1. Under such pricing structure, a Member will receive a rebate of anywhere between \$0.0025 and \$0.0033 per share executed, depending on the tier for which such Member qualifies.

The Exchange now proposes to amend the Add Volume Tiers under footnote 1 to remove an existing tier called the Cross-Asset Tier. Under the Cross-Asset tier, a Member receives an

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<sup>6</sup> As defined in the Exchange's fee schedule available at [http://www.bats.com/us/equities/membership/fee\\_schedule/edgx/](http://www.bats.com/us/equities/membership/fee_schedule/edgx/).

<sup>7</sup> Id.

<sup>8</sup> As defined in the EDGX Options' fee schedule available at [http://www.bats.com/us/options/membership/fee\\_schedule/edgx/](http://www.bats.com/us/options/membership/fee_schedule/edgx/).

enhanced rebate of \$0.0028 per share where that: (i) Member has on the Exchange's equity options trading platform ("EDGX Options") an ADV in Firm<sup>9</sup> orders equal to or greater than 0.15% of average OCV; and (2) Member has an ADAV<sup>10</sup> equal to or greater than 0.12% of average TCV. The Exchange is proposing to eliminate the tier because the rebate has not achieved the desired effect, despite being designed to incentivize Members to add liquidity in two asset classes, both in EDGX equities and EDGX Options. As such, the Exchange is proposing to eliminate the text in footnote 1 related to the Cross-Asset Tier.

#### Implementation Date

The Exchange proposes to implement this amendment to its fee schedule on December 1, 2016.

#### 2. Statutory Basis

The Exchange believes that the proposed removal of the Cross-Asset Tier represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because, as described above, the additional rebate offered under this tier is not affecting Members' behavior in the manner originally conceived by the Exchange. While the Exchange acknowledges the benefit of Members entering orders that add liquidity in two asset classes, the Exchange has generally determined that it is providing an additional rebate for liquidity that would be added on the Exchange regardless of whether the tier existed. As such, the Exchange also believes that the proposed elimination of the Cross-Asset Tier would be non-discriminatory in that it currently applies equally to all Members and, upon elimination,

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<sup>9</sup> Id.

<sup>10</sup> As defined in the Exchange's fee schedule available at [http://batstrading.com/support/fee\\_schedule/edgx/](http://batstrading.com/support/fee_schedule/edgx/).

would no longer be available to any Members. Further, it will allow the Exchange to explore other ways in which it may enhance market quality for all Members.

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

The Exchange does not believe its proposed amendment to its fee schedule would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that its proposal to remove the Cross-Asset Tier under footnote 1 would burden competition, but, rather, enhance the Exchange's ability to compete with other market centers. As described above, the Exchange believes that it is offering enhanced rebates for orders that would be submitted to the Exchange without the enhanced rebate, which prevents the Exchange from being able to offer other rebates or reduced fees that might be able to enhance market quality to the benefit of all Members. As such, removing the Cross-Asset Tier will allow the Exchange other opportunities to enhance market quality on the Exchange and ultimately, better compete with other market centers.

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 unsolicited 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>11</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>12</sup> At any time within 60 days of the filing of

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f).

the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

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

##### Electronic comments:

- 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-BatsEDGX-2016-68 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-2016-68. 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, D.C. 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-BatsEDGX-2016-68, 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>13</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

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