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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-81594; File No. SR-BatsBZX-2017-57)

September 13, 2017

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 11.13, Order Execution and Routing, to Account for IEX as a Primary Listing Market and to Amend Certain Rules to Reflect the Name Change of NYSE MKT to NYSE American

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 September 6, 2017, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to amend paragraphs (b)(3)(M) and (N) of Rule 11.13, Order Execution and Routing, to expand the ability of Users<sup>5</sup> to designate their orders for

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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).

<sup>5</sup> 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(cc).

participation in the opening, re-opening (following a halt, suspension, or pause), or closing process of a primary listing market other than the Exchange (NYSE, Nasdaq, NYSE MKT, or NYSE Arca) to include the Investors Exchange LLC (“IEX”). The Exchange also proposes to amend paragraphs (b)(3)(M) and (N) of Rule 11.13 as well as Rules 11.24(c)(1) and 11.26(a) to reflect the name change of NYSE MKT to NYSE American.

The text of the proposed rule change is available at the Exchange’s website at [www.bats.com](http://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

Exchange Rule 11.13(b)(3)(N) describes the ROOC routing option, under which Users may designate their orders for participation in the opening or closing process, in addition to the re-opening (following a halt, suspension, or pause), of a primary listing market other than the Exchange, if received before the opening/re-opening/closing time of such market.<sup>6</sup> Under Exchange Rule 11.13(b)(3)(M), Users may also elect that their orders be routed to participate in

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<sup>6</sup> See Exchange Rule 11.13(b)(3)(N).

the primary market's re-opening process, and not its opening or closing processes. Any remaining shares are either posted to the BZX Book,<sup>7</sup> executed, or routed to destinations on the System routing table.<sup>8</sup>

IEX announced that it intends to become a primary listing exchange and support IEX-listed companies beginning in October 2017.<sup>9</sup> At that time, the Exchange will enable Users to elect that their orders in IEX-listed securities be routed to IEX to participate in IEX's opening, re-opening (following a halt, suspension, or pause), or closing process. Therefore, the Exchange proposes to amend paragraphs (b)(3)(M) and (N) of Rule 11.13 to include IEX as a primary listing market to which Users may designate their orders be routed.<sup>10</sup>

Lastly, the Exchange also proposes non-substantive amendments to paragraphs (b)(3)(M) and (N) of Rule 11.13 as well as Rules 11.24(c)(1) and 11.26(a) to reflect the name change of NYSE MKT to NYSE American.<sup>11</sup>

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<sup>7</sup> The term "BZX Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(e).

<sup>8</sup> The term "System routing table" refers to the proprietary process for determining the specific options exchanges to which the System routes orders and the order in which it routes them. See Exchange Rule 11.13(b)(3).

<sup>9</sup> See IEX Trading Alert # 2017-05, Listing Specifications, Testing Opportunities, and Timelines, available at <https://iextrading.com/trading/alerts/2017/015/>. See also Securities Exchange Act Release No. 81316 (August 4, 2017), 82 FR 37474 (August 10, 2017) (SR-IEX-2017-10) (Order approving proposed rule change related in auctions in IEX-listed securities, dissemination of auction-related data, and provisions governing trading halts and pauses).

<sup>10</sup> The Exchange also proposes to amend paragraph (b)(3)(M) of Rule 11.13 to replace the term "Bats" with "BZX" to reflect the correct defined term of "BZX Book". See Exchange Rule 1.5(e).

<sup>11</sup> See Securities Exchange Act Release No. 80283 (March 21, 2017), 82 FR 15244 (March 27, 2017) (SR-NYSEMKT-2017-14).

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>13</sup> in particular, in that it is 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. As discussed above, IEX announced that it intends to become a primary listing exchange and support IEX-listed companies beginning in October 2017.<sup>14</sup> Certain Users whose orders in IEX-listed securities are resting on the BZX Book may wish that their order only be routed to participate in IEX's opening, closing, or re-opening process. The proposed rule change promotes just and equitable principles of trade because it would provide such Users with additional flexibility with regard to their orders in IEX-listed securities.

Lastly, the non-substantive amendments to paragraphs (b)(3)(M) and (N) of Rule 11.13 as well as Rules 11.24(c)(1) and 11.26(a) to reflect the name change of NYSE MKT to NYSE American also removes impediments to and perfects the mechanism of a free and open market and a national market system because it updates the rules to reflect the name change and does not alter the way in which orders in NYSE American listed securities are handled and routed.

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

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<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

<sup>14</sup> See supra note 9.

The Exchange does not believe that the proposal will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that its proposal would increase competition because it offers Users an alternative means to route orders to participate in IEX's opening, closing, and re-opening following a halt, suspension, or pause as if they entered orders on that market directly.

B. 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

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 Act<sup>15</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>16</sup> 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

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

<sup>16</sup> 17 CFR 240.19b-4.

(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:

##### 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-BatsBZX-2017-57 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BatsBZX-2017-57. 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-BatsBZX-2017-57 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>17</sup>

Eduardo A. Aleman  
Assistant Secretary

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

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