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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-77187; File No. SR-BYX-2016-04)

February 19, 2016

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 11.13(b)(3)(H), Order Execution and Routing, to Amend the Operation of Non-Displayed Orders and Reserve Orders

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 February 10, 2016, BATS Y-Exchange, Inc. (the "Exchange" or "BYX") filed with the Securities and Exchange Commission (the "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[3] and Rule 19b-4(f)(6)(iii) thereunder,[4] 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 the operation of Non-Displayed Orders[5] and Reserve Orders[6] when they are to be routed away from the Exchange pursuant to the Post to Away routing option set forth in Rule 11.13(b)(3)(H).

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A).

4 17 CFR 240.19b-4(f)(6)(iii).

5 See Exchange Rule 11.9(c)(11).

6 See Exchange Rule 11.9(c)(1).

The text of the proposed rule change is available at the Exchange's website at 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

A Non-Displayed Order is an order that is not displayed on the Exchange.[7] A Reserve Order is a limit order with a portion of the quantity displayed ("Display Quantity") and with a reserve portion of the quantity ("Reserve Quantity") that is not displayed.[8] Both the Display Quantity and the Reserve Quantity are available for execution against incoming orders. Under the Post to Away routing option, the remainder of an order that was previously routed away and returned to the Exchange may be re-routed to and post on the order book of a destination on the System routing table[9] as specified by the User.[10]

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7 See Exchange Rule 11.9(c)(11).

8 See Exchange Rule 11.9(c)(1).

9 The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.13(b)(3).

Currently, Non-Displayed Orders and Reserve Orders that are routed to an away Trading Center pursuant to the Post to Away routing option are routed as fully displayed orders. The Exchange proposes to identify Non-Displayed Orders and Reserve Orders as such when routed to an away Trading Center. The Exchange believes doing so is consistent with the original intent of the order, to be not displayed or to include a Reserve Quantity.[11]

The Exchange, therefore, proposes to amend the definition of Non-Displayed Orders under Exchange Rule 11.9(c)(11) to state that a Non-Displayed Order that is to be re-routed pursuant to the Post to Away routing option set forth in Rule 11.13(b)(3)(H) will be identified as a Non-Displayed Order when routed to an away Trading Center. Similarly, the Exchange proposes to amend the definition of a Reserve Order under Exchange Rule 11.9(c)(1) to state that a Reserve Order that is to be re-routed pursuant to the Post to Away routing option set forth in Rule 11.13(b)(3)(H) will be identified as a Reserve Order when routed to an away Trading Center.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[12] in general, and furthers the objectives of Section 6(b)(5) of the Act,[13] in particular, in

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[10] See Exchange Rule 11.13(b)(3)(H). The Post to Away routing option can be combined with the following routing options: ROUT, ROUX, ROUZ, INET, RDOT, RDOX, IOCM and ICMT. Id. An order subject to the ROUT, ROUX, ROUZ, INET, RDOT, RDOX, IOCM and ICMT routing options will not be posted to the order book of the Trading Center to which it is routed. The User may elect that the order be cancelled or post to the BATS Book [sic] upon its initial return to the Exchange. Id. Alternatively, if the User had selected the Post to Away routing option, the order would be currently routed to the away Trading Center as a Displayed Order.

[11] Routable Non-Displayed and Reserve Orders would be handled in accordance with the rules of the Trading Center to which they are routed.

[12] 15 U.S.C. 78f.

that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposal promotes just and equitable principles of trade by enabling Members to continue to identify their order as a Non-Displayed Order or Reserve Order when they are routed to an away Trading Center. The proposal also removes impediments to and perfects the mechanism of a free and open market and a national market system by providing Users the flexibility with regard to the handling of their orders by ensuring that the order is not altered and retains its original instructions from order entry when it is routed to an away Trading Center. Doing so ensures that such orders that are routed pursuant to the Post to Away routing option may be posted to the away Trading Center's order book consistent with the order's original instructions.

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

The Exchange believes its proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposal would enhance competition by attracting additional order flow to the Exchange because it allows Users to ensure that their order is not altered and retains its original instructions from order entry when it is routed to an away Trading Center.

(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.

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[13] 15 U.S.C. 78f(b)(5).

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) 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[14] and paragraph (f)(6) of Rule 19b-4 thereunder.[15] 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 (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 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

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[14] 15 U.S.C. 78s(b)(3)(A).

[15] 17 CFR 240.19b-4.

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-BYX-2016-04 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-BYX-2016-04. 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 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-2016-04 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.[16]

Brent J. Fields
Secretary

[16] 17 CFR 200.30-3(a)(12).

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