

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75902; File No. SR-BATS-2015-74]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees To Adopt a Tape B Volume Tier

September 11, 2015.

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 9, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 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 its fees and rebates applicable to Members<sup>5</sup> of the Exchange pursuant to Rule 15.1(a) and (c) ("Fee Schedule") to adopt a Tape B Volume Tier.

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

Currently, the Exchange offers a rebate of \$0.0020 per share as the standard rebate for orders with fee code B, which applies to orders that add liquidity to the Exchange in Tape B securities. The Exchange also offers various tiers that provide Members with the opportunity to earn higher rebates by meeting certain volume metrics, including the Cross-Asset Tape B Tier which provides a \$0.0031 per share rebate to a Member's orders with a fee code of B for which the Member: (1) Has a Tape B Step-Up Add TCV<sup>6</sup> from February 2015 that is equal to or greater than 0.06%; and (2) has an Options Market Maker Add TCV<sup>7</sup> that is equal to or greater than 0.75% on the BATS Options.

The Exchange is proposing to adopt a new tier in footnote 13 titled "Tape B Volume Tier." Under the Tape B Volume Tier, the Exchange is proposing to provide a \$0.0027 per share rebate to a Member's orders with a fee code of B for which the Member's Tape B ADAV as a percentage of TCV is equal to or greater than 0.08%. As is the case with any other rebates on the fee schedule, to the extent that a Member qualifies for higher rebates than those provided under the proposed Tape B Volume Tier, the higher rebates shall apply.

###### Implementation Date

The Exchange proposes to implement this amendment to its Fee Schedule immediately.<sup>8</sup>

<sup>6</sup> As provided in the fee schedule, for purposes of BATS Equities pricing, "Tape B Step-Up Add TCV" means ADAV in Tape B securities as a percentage of TCV in the relevant baseline month subtracted from current ADAV in Tape B securities as a percentage of TCV.

<sup>7</sup> As provided in the fee schedule, for purposes of BATS Equities pricing, "Options Market Maker Add TCV" for purposes of equities pricing means ADAV resulting from Market Maker orders as a percentage of TCV, using the definitions of ADAV, Market Maker and TCV as provided under the Exchange's fee schedule for BATS Options.

<sup>8</sup> The Exchange initially filed the proposed fee change on August 31, 2015 (SR-BATS-2015-66). On September 2, 2015, the Exchange withdrew that filing and submitted filing SR-BATS-2015-70. On that same day, the Exchange withdrew SR-BATS-2015-70 and submitted SR-BATS-2015-72. On September 9, 2015, the Exchange withdrew SR-BATS-2015-72 and submitted this filing.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>10</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

Volume-based rebates and fees such as the proposed Tape B Volume Tier have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes.

The Exchange believes that the proposal to add a Tape B Volume Tier is a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because it will provide Members with an additional incentive to reach certain thresholds on both [sic] the Exchange in Tape B securities. Such pricing programs thereby reward a Member's growth pattern in Tape B securities and such increased volume increases potential revenue to the Exchange, and will allow the Exchange to continue to provide and potentially expand the incentive programs operated by the Exchange. Further, the proposed changes will result in Members receiving either the same or an increased rebate than they would currently receive. The Exchange also notes that the proposed Tape B Volume Tier is similar to pricing tier already employed by the Exchange as well as on

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(4).

<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> A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

other exchanges, including EDGX Exchange, Inc. (“EDGX”), which maintains a Tape B Step Up tier to incentivize added liquidity in Tape B securities.<sup>11</sup>

#### *B. Self-Regulatory Organization’s Statement on Burden on Competition*

The Exchange does not believe its proposed amendments 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 the proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange’s competitors. Additionally, Members may opt to disfavor the Exchange’s pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange does not believe that the proposed new tier would burden competition, but instead, enhances competition, as they [sic] are intended to increase the competitiveness of and draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if the deem fee structures to be unreasonable or excessive. The proposed changes are generally intended to enhance the rebates for liquidity added to the Exchange, which is intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed tier would burden intramarket competition as they [sic] would apply to all Members uniformly.

#### *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>12</sup> and paragraph (f) of Rule 19b–4 thereunder.<sup>13</sup> 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.

### **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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR–BATS–2015–74 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–BATS–2015–74. This file number should be included on the subject line if email 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 Web site (<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 Web site 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–2015–74, and should be submitted on or before October 8, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Brent J. Fields,**

*Secretary.*

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**BILLING CODE 8011–01–P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–75899; File No. SR–NSCC–2015–803]

### **Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Advance Notice To Enhance NSCC’s Margining Methodology as Applied to Family-Issued Securities of Certain NSCC Members**

September 11, 2015.

Pursuant to section 806(e)(1) of title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010<sup>1</sup> (“Clearing Supervision Act”) and Rule 19b–4(n)(1)(i)<sup>2</sup> under the Securities Exchange Act of 1934 (“Act”), notice is hereby given that on August 14, 2015, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the advance notice SR–NSCC–2015–803 (“Advance Notice”) as described in Items I and II below, which Items have been prepared by NSCC.<sup>3</sup> The Commission is publishing this notice to solicit comments on the Advance Notice from interested persons.

#### **I. Clearing Agency’s Statement of the Terms of Substance of the Advance Notice**

This Advance Notice consists of amendments to NSCC’s Rules & Procedures (“Rules”) in order to enhance NSCC’s margining methodology as applied to family-issued

<sup>14</sup> 17 CFR 200.30–3(a)(12).

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b–4(n)(1)(i).

<sup>3</sup> On August 14, 2015, NSCC filed this Advance Notice as a proposed rule change (SR–NSCC–2015–003) with the Commission pursuant to section 19(b)(1) of the Act, 15 U.S.C. 78s(b)(1), and Rule 19b–4, 17 CFR 240.19b–4. A copy of the proposed rule change is available at <http://www.dtcc.com/legal/sec-rule-filings.aspx>.

<sup>11</sup> See EDGX fee schedule, footnote 2.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b–4(f).