

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81923; File No. SR–BatsEDGX–2017–38]

### Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.10, Order Execution

October 23, 2017.

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 October 10, 2017, Bats EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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) 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 Rule 11.10, Order Execution, to remove language allowing a change to the minimum quantity of an order with a Minimum Execution Quantity<sup>5</sup> instruction to be included in a Replace message. The proposed amendments would harmonize the rule with the rules of its affiliate exchanges, Bats BYX Exchange, Inc. (“BYX”), Bats BZX Exchange, Inc. (“BZX”), and Bats EDGA Exchange, Inc. (“EDGA”).<sup>6</sup>

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

The Exchange proposes to remove language allowing a change to the minimum quantity of an order with a Minimum Execution Quantity instruction to be included in a Replace message. The proposed amendments would harmonize the rule with the rules of its affiliate exchanges, BYX, BZX, and EDGA.<sup>7</sup>

A Minimum Execution Quantity enables a User<sup>8</sup> to specify a minimum share amount at which the order will execute. An order with a Minimum Execution Quantity will not execute unless the volume of contra-side liquidity available to execute against the order meets or exceeds the designated minimum. Specifically, Minimum Execution Quantity is an instruction a User may attach to an order with a Non-Displayed<sup>9</sup> instruction or a TIF of IOC requiring the System<sup>10</sup> to execute the order only to the extent that a minimum quantity can be satisfied by execution against a single order or multiple aggregated orders simultaneously. An order with a Minimum Execution Quantity will execute upon entry against a single order or multiple orders if the sum of those orders is equal to or greater than its minimum quantity. Alternatively, a User may elect that an incoming order with a Minimum Execution Quantity to forego executions where multiple resting orders could otherwise be aggregated to satisfy the order’s minimum quantity but do not

individually satisfy the order’s minimum quantity instruction.

Paragraph (e)(3) of Rule 11.10 states that other than changing a Limit Order to a Market Order, only the price, Stop Price,<sup>11</sup> the sell long indicator, Short Sale instruction,<sup>12</sup> Max Floor<sup>13</sup> of an order with a Reserve Quantity, size of the order, and the minimum quantity of a Minimum Execution Quantity instruction may be changed with a Replace message. The Exchange recently proposed to amend paragraph (e)(3) of Rule 11.10, Order Execution, to allow a change to the minimum quantity of an order with a Minimum Execution Quantity instruction to be included in a Replace message.<sup>14</sup> However, this functionality was never implemented and the Exchange now proposes to remove this language from its rule.<sup>15</sup> Removal of this language would, therefore, not result in a change in functionality. The proposal would also harmonize the rule with the rules of its affiliate exchanges, BYX, BZX, and EDGA.<sup>16</sup>

###### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>17</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>18</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. The Exchange believes the proposed amendment to paragraph (e)(3) of Rule 11.10 is consistent with the Act in that it will clarify the rule by removing language that reflects functionality not offered by the Exchange, thereby avoiding any potential investor confusion. The proposed amendments would also harmonize the rule with the rules of its affiliate exchanges, BYX, BZX, and EDGA,<sup>19</sup> thereby ensuring consistent

<sup>7</sup> See *supra* note 6.

<sup>8</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(ee).

<sup>9</sup> The term “Non-Displayed” is defined as “[a]n instruction the User may attach to an order stating that the order is not to be displayed by the System on the EDGX Book.” See Exchange Rule 11.6(e)(2).

<sup>10</sup> The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(cc).

<sup>11</sup> See Exchange Rules 11.8(a)(1) and (b)(1).

<sup>12</sup> See Exchange Rule 11.6(o).

<sup>13</sup> See Exchange Rule 11.6(m)(1).

<sup>14</sup> See Securities Exchange Act Release No. 81457 (August 22, 2017), 82 FR 40812 (August 28, 2017) (SR-BatsEDGX–2017–34).

<sup>15</sup> While the rule change became operative on September 11, 2017 and the Exchange’s rules were then updated to reflect the change, no Member has attempted to change an order’s Minimum Execution Quantity via a Replace message.

<sup>16</sup> See *supra* note 6.

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

<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> See *supra* note 6.

<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).

<sup>5</sup> See Exchange Rule 11.6(h) (describing the operation of the Minimum Execution Quantity order instruction).

<sup>6</sup> See BYX Rule 11.9(e)(3), BZX Rule 11.9(e)(3), and EDGA Rule 11.10(e)(3).

rules amongst the Exchange and its affiliates.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed amendment to paragraph (e)(3) of Rule 11.10 would not have any impact on competition as it simply clarifies the rule by removing language that reflects functionality not offered by the Exchange.

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

No comments were solicited or received 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 (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, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>20</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>21</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>22</sup> permits the Commission to designate a shorter time if such action is 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 proposed rule change will become operative upon filing. The Exchange stated that such waiver would enable the Exchange to immediately clarify its rule by removing language that reflects functionality not offered by the Exchange, and thereby avoid any potential investor confusion. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the

public interest because it would enable the Exchange to update its rule without delay. Therefore, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>23</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 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BatsEDGX-2017-38 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-2017-38. 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

<sup>23</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BatsEDGX-2017-38, and should be submitted on or before November 17, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81919; File No. SR-BatsBZX-2017-68]

### **Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 21.1, Definitions, To Modify Stop Orders and Stop Limit Orders Applicable to the Exchange's Equity Options Platform in Preparation for the C2 Options Exchange, Incorporated Technology Migration**

October 23, 2017.

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 October 10, 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)

<sup>24</sup> 17 CFR 200.30-3(a)(12).

<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>20</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>21</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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.

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