For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73809; File No. SR–BATS–2014–064]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

December 10, 2014.

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 December 1, 2014, 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 [3] and Rule 19b–4(f)(2) thereunder,[4] 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to Members [5] and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

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

The Exchange proposes to modify the ''Options Pricing'' section of its fee schedule effective immediately, in order to modify pricing charged by the Exchange's options platform (''BATS Options'') including a new September Options Step-Up Add TCV tier that will apply to certain orders executed on the Exchange, as further described below.

Currently, the Exchange charges $0.48 per contract for a Professional,[6] Firm,[7] or Market Maker [8] order in a Penny Pilot Security [9] that removes liquidity from BATS Options generally, or, where the Member has an ADV [10] equal to or greater than 1.00% of average TCV,[11] $0.47 per contract for a Professional, Firm, or Market Maker order in a Penny Pilot Security that removes liquidity from BATS Options. The Exchange offers rebates of $0.40 per share for Market Maker orders in Penny Pilot Securities that add liquidity to BATS Options and, as further discussed below, such orders are also eligible for additional rebates via the Quoting Incentive Program (''QIP''). The Exchange offers rebates of $0.40 to Professional and Firm orders in Penny Pilot Securities that add liquidity to BATS Options and offers an enhanced $0.44 rebate for Professional and Firm orders that add liquidity to BATS Options in Penny Pilot Securities where the Member has an Options Step-Up Add TCV [12] of equal to or greater than 0.50%.[13] The Exchange also offers NBBO setter liquidity rebates in all securities such that: (i) A Member will receive an additional $0.02 per contract for a Professional, Firm, or Market Maker order that adds liquidity to the BATS Options order book that sets a new national best bid or offer where the Member has an ADV equal to or greater than 0.30% of average TCV but less than 1.00% of average TCV; and (ii) a Member will receive an additional $0.04 per contract for a Professional, Firm, or Market Maker order that adds liquidity to the BATS Options order book that sets a new national best bid or offer where the Member has an ADV equal to or greater than 1.00% of average TCV.

The Exchange is proposing to add the definition of ''September Options Step-Up Add TCV'' to its fee schedule along with three new fees and rebates associated with this new defined term. Specifically, the Exchange is proposing to define September Options Step-Up Add TCV as a Member's ADAV [14] as a percentage of TCV in September 2014 subtracted from current ADAV as a percentage of TCV. Based on this definition, the Exchange is proposing to add an additional tier to fees charged to Professional, Firm, and Market Maker orders in Penny Pilot Securities such that the Exchange will charge $0.47 per contract for a Professional, Firm, or Market Maker order that removes liquidity from the BATS Options order book where the Member has a September Options Step-Up Add TCV equal to or greater than 0.30% and an ADV equal to or greater than 0.40% of average TCV. Similarly, the Exchange is proposing to add an additional tier to liquidity rebates for Professional and Firm orders in Penny Pilot Securities such that the Exchange will provide a $0.44 rebate per contract for a Professional or Firm order that adds liquidity to the BATS Options order book where the Member has a September Options Step-Up Add TCV equal to or greater than 0.30% and an

[15] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

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

[4] 17 CFR 240.19b–4(f)(2).

[5] 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).

[6] ''Professional'' applies to any transaction identified by a Member as such pursuant to Exchange Rule 16.1.

[7] ''Firm'' applies to any transaction identified by a Member for clearing in the Firm range at the OCC.

[8] ''Market Maker'' applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC.

[9] ''Penny Pilot Securities'' are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.

[10] ''ADV'' means average daily volume calculated as the number of contracts added or removed, combined, per day.

[11] ''TCV'' means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

[12] ''Options Step-Up Add TCV'' means ADAV as a percentage of TCV in June 2014 subtracted from current ADAV as a percentage of TCV.

[13] *See* Exchange Act Release No. 72128 (May 8, 2014), 79 FR 27666 (May 14, 2014) (SR–BATS–2014–017).

[14] ''ADAV'' means average daily added volume calculated as the number of contracts added.

ADV equal to or greater than 0.40% of average TCV. Finally, the Exchange is proposing to add an additional tier to the NBBO Setter Liquidity Rebates, which apply to all securities, such that a Professional, Firm, or Market Maker order that adds liquidity to BATS Options that sets a new NBBO where the Member has a September Options Step-Up Add TCV equal to or greater than 0.30% and an ADV equal to or greater than 0.40% of average TCV will receive an additional $0.04 per contract added.

The Exchange proposes to implement the amendments to its fee schedule effective immediately.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.[15] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[16] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

Volume-based rebates and fees such as the ones maintained on BATS Options and the new September Options Step-Up Add TCV tiers proposed herein, 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. Further, the Exchange believes the proposed amendments are reasonable and equitable allocations of fees and rebates because the September Options Step-Up Add TCV tiers, combined with the requirement that a Member achieve an ADV of equal to or greater than 0.40% of average TCV, will provide such enhancements in market quality on BATS Options by incentivizing increased participation on BATS Options as compared to September 2014, especially as it relates to incentivizing Members to add orders that will set the NBBO on BATS Options. The Exchange notes that it is not proposing to modify any existing tiers, but rather to add new tiers that will provide Members with additional ways to receive higher rebates or pay lower fees. As such, under the proposal a Member will receive either the same or a higher rebate or be charged either the same or a lower fee than they would today. Accordingly, the Exchange believes that the proposed additions to the Exchange's tiered pricing structure and incentives are not unfairly discriminatory because they will, except as noted below, apply uniformly to all Members and are consistent with the overall goals of enhancing market quality on BATS Options. The Exchange notes that it believes that restricting the availability of the proposed rebates in Penny Pilot Securities associated with the September Options Step-Up tier to Professional and Firm orders is reasonable and equitably allocated as well as not unreasonably discriminatory because Market Maker orders are already afforded an opportunity to receive QIP rebates of up to an additional $0.04 per contract, a rebate which is not available to Professional and Firm orders. Professional and Firm orders can receive the same maximum rebate that Market Maker orders can receive via QIP under the existing Options Step-Up Add TCV but, pursuant to the proposal, the Exchange is proposing to add an additional way for Professional and Firm orders to achieve such rebate via the proposed new tier. The Exchange notes that Market Maker orders will be eligible for both the reduced fees and NBBO Setter tiers proposed as part of the September Options Step-Up Add TCV tiers.

The Exchange reiterates 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 to be excessive or providers of routing services if they deem fee levels to be excessive.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. With respect to the proposed new tiered rebates, the Exchange does not believe that any such changes burden competition, but instead, enhance competition, as they are intended to increase the competitiveness of and draw additional volume to BATS Options. The Exchange also believes the proposed step-up tiers would enhance competition because they are similar to pricing tiers currently available on both the Exchange and other exchanges. 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.

(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 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[17] and paragraph (f) of Rule 19b–4 thereunder.[18] 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 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
- Send an email to *rule-comments@sec.gov*. Please include File No. SR–BATS–2014–064 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.

15 15 U.S.C. 78f.

16 15 U.S.C. 78f(b)(4).

17 15 U.S.C. 78s(b)(3)(A).

18 17 CFR 240.19b–4(f).

All submissions should refer to File No. SR–BATS–2014–064. 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 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–BATS–2014–064 and should be submitted on or before January 6, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Kevin M. O'Neill,

Deputy Secretary.

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[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73804; File No. SR–DTC–2014–10)]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving Proposed Rule Change in Connection With the Modifications To Require Receiver Authorized Delivery Approval for DTC Processing of Institutional Delivery Transactions

December 10, 2014.

I. Introduction

On October 16, 2014, The Depository Trust Company (''DTC'') filed with the Securities and Exchange Commission (''Commission'') proposed rule change SR–DTC–2014–10 (''Proposed Rule Change'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder.[2] The Proposed Rule Change was published for comment in the **Federal Register** on November 3, 2014.[3] The Commission did not receive any comments on the Proposed Rule Change. This order approves the Proposed Rule Change.

II. Description

DTC filed the Proposed Rule Change to modify the DTC Settlement Service Guide (''Guide'') to require DTC Participants[4] to use the Receiver Authorized Delivery (''RAD'') function to accept any affirmed institutional delivery transaction (''ID Transaction'') prior to DTC processing of the delivery. With the Proposed Rule Change, DTC seeks to reduce uncertainty in the settlement of ID Transactions.

Pursuant to a recent rule change,[5] DTC requires all non-institutional Deliver Orders and Payment Orders[6] to be approved through RAD. RAD enables a receiver of valued deliveries of securities (''Receiver'') to manage which deliveries to accept, or to reject, prior to further processing by DTC. With this process, DTC seeks to establish a consistent internal ''matching'' system for book-entry deliveries at DTC.

ID Transactions generally have not required RAD approval because the transactions are externally pre-matched through Omgeo, LLC,[7] although Participants were permitted to apply RAD voluntarily.[8] Because RAD was not required, a Receiver could use the same-day reclaim process to return securities to the original Participant delivering securities (''Deliverer'') without the acceptance of the Deliverer. DTC states that this process creates uncertainty for Participants and DTC as to whether securities will be delivered or reclaimed on the same day without the prior acceptance of the Receiver or original Deliverer.

Pursuant to the Proposed Rule Change, DTC will amend the Guide to eliminate this uncertainty by requiring the intended Receiver to approve the ID Transaction in RAD before DTC processes the transaction.[9] Same-day reclaims will also be subject to RAD approval by the original Deliverer, as though the reclaim was its own, separate transaction. As with any securities delivery, these transactions will be subject to DTC's risk management controls.[10]

Additionally, with the Proposed Rule Change DTC will make technical updates to the Guide: (i) update the text for consistency to reflect that all valued Deliver Orders, Payment Orders, ID Transactions, MMI transactions, reclaims, pledges, and releases of pledged securities will be subject to RAD; (ii) update the text for consistency to reflect that all reclaims will be subject to risk management controls and remove references to system functions related to reclaims that have become obsolete; (iii) add an email address to which Settling Banks seeking to adjust Net Debit Caps may send their requests, in addition to via mail or overnight delivery to the existing mailing address; (iv) indicate where Participants may access certain system functions via Settlement Web either in addition to, or in lieu of, PBS/PTS; (v) eliminate references to fees relating to the ID Net service, which are redundant since those fees are also listed in DTC's fee schedule; and (vi) delete reference to the population of a ''third party'' field on DTC's system screens for the ID Net service, which is no longer applicable.

The effective date of the Proposed Rule Change, including the dates of the implementation phases described above,

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

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 73443 (Oct. 28, 2014), 79 FR 65268 (Nov. 3, 2014).

[4] Terms not defined herein have the meaning set forth in DTC's Rules, By-Laws, and Organization Certificate (''Rules''), *available at http://dtcc.com/~/media/Files/Downloads/legal/rules/dtc_rules.ashx.*

[5] Securities Exchange Act Release No. 72576 (Jul. 9, 2014); 79 FR 41335 (Jul. 15, 2014) (SR–DTC–2014–06).

[6] A Deliver Order is a book-entry movement of a particular security between two Participants. A Payment Order is a method for settling funds related to transactions and payments not associated with a Deliver Order.

[7] Omgeo is a leading provider of post-trade, pre-settlement institutional trade management solutions, processing over one million trades per day, and servicing approximately 6,500 investment managers, broker/dealers, and custodians in over 50 countries. *See* About DTCC: Omgeo LLC, *http://dtcc.com/about/businesses-and-subsidiaries/omgeo.aspx.*

[8] Receivers may optionally set their DTC profile to route ID Transactions to RAD.

[9] For processing efficiency, the proposed change to the Guide will offer Participants the option to set their system profile to allow affirmed ID Transactions to be automatically accepted in RAD. However, Participants will no longer have an option to allow ID Transactions to bypass RAD.

[10] DTC risk management controls, including Collateral Monitor and Net Debit Cap (as defined in DTC Rule 1), are designed so that DTC may complete system-wide settlement notwithstanding the failure to settle of its largest Participant or affiliated family of Participants. The Collateral Monitor tests that a Receiver has adequate collateral to secure the amount of its net debit balance and the Net Debit Cap limits the net debit balance of a Participant so that it cannot exceed DTC liquidity resources for settlement. *See* DTC Rules, *http://dtcc.com/~/media/Files/Downloads/legal/rules/dtc_rules.ashx.*