

the Exchange or other exchanges. The explicit data fees are but one factor in a total platform analysis. Some competitors have lower transactions fees and higher data fees, and others are vice versa. The market for this non-core data information is highly competitive and continually evolves as products develop and change.

In establishing the proposed fees, the Exchange considered the competitiveness of the market for proprietary data and all of the implications of that competition. The Exchange believes that it has considered all relevant factors and has not considered irrelevant factors in order to establish fair, reasonable, and not unreasonably discriminatory fees and an equitable allocation of fees among all users. The existence of numerous alternatives to the Exchange's products, including proprietary data from other sources, ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, because vendors and subscribers can elect these alternatives or choose not to purchase a specific proprietary data product if its cost is not justified by the returns that any particular vendor or subscriber would achieve through the purchase.

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.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days of such date (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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. Please include File Number SR-BYX-2014-011 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-2014-011. 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of BYX. 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-BYX-2014-011 and should be submitted on or before August 22, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁸

Kevin M. O'Neill,

Deputy Secretary.

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⁴⁸ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72682; File No. SR-EDGA-2014-17]

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Clarify for Members and Non-Members the Use of Certain Data Feeds for Order Handling and Execution, Order Routing and Regulatory Compliance of EDGA Exchange, Inc.

July 28, 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 July 15, 2014, EDGA Exchange, Inc. (the "Exchange" or "EDGA") 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 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 proposes to clarify for Members³ and non-Members the Exchange's use of certain data feeds for order handling and execution, order routing, and regulatory compliance. The text of the proposed rule change is available on the Exchange's Internet Web site at www.directedge.com, at the Exchange's principal office, and at the Public Reference Room of the Commission.

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 self-regulatory organization 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 self-regulatory organization has prepared summaries, set forth in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term "Member" is defined as "any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act." See Exchange Rule 1.5(n).

sections A, B and C below, of the most significant aspects 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 submits this filing to clarify for Members and non-Members the Exchange's use of certain data feeds for order handling and execution, order routing, and regulatory compliance.

Order Handling and Execution

The Exchange's Matching Engine (the "ME") determines whether an order should be displayed, executed internally, or routed to another market center. In making this determination, the ME continually receives and maintains quote data that is delivered from an internal processor (the "Feed Handler"). The market data processed by the Feed Handler is sourced directly from the Securities Information Processors ("SIP") feeds.⁴ Specifically, the Exchange's ME uses the Consolidated Tape Association (CTA) market data operated by the Securities Industry Automation Corp. in Tapes A and B and Unlisted Trading Privileges (UTP) market data operated by NASDAQ OMX Group, Inc. in Tape C securities.

These SIP feeds contain the best (top-of-book) prices in round lot quotations of each protected venue. The ME utilizes the SIP feeds to obtain the top-of-book quotes. On EDGA, this excludes EDGA's top-of-book quotes, but includes the top-of-book quotes from the Exchange's affiliates, EDGX Exchange, Inc. ("EDGX"), BATS Exchange, Inc. ("BZX"), and BATS Y-Exchange, Inc. ("BYX"). Based on the SIP feeds and the EDGA Book,⁵ the ME constructs the NBBO.

The ME will also update the NBBO upon receipt of an Intermarket Sweep Order ("ISO") with a time-in-force of Day ("Day ISO"). When a Day ISO is posted on the EDGA Book, the ME uses the receipt of a Day ISO as evidence that the protected quotes have been cleared,

and the ME does not check away markets for equal or better-priced protected quotes.⁶ The ME will then display and execute non-ISO orders at the same price as the Day ISO.

The NBBO is utilized for order handling and execution. The Exchange looks to its calculation of the NBBO, based on the SIP feeds and the EDGA Book, when determining the mid-point of the NBBO for purposes of a Mid-Point Peg Order⁷ and Mid-Point Discretionary Order⁸ or the price at which a Pegged Order⁹ is to be pegged. The Exchange also utilizes its calculation of the NBBO when re-pricing orders pursuant to Exchange Rule 11.5(c)(4) and when handling NBBO Offset Peg Orders¹⁰ and Route Peg Orders.¹¹ As described below, the ME will include quotes from market centers that declare self-help in its calculation of the NBBO for the purpose of re-pricing orders whose price depends on the NBBO, such as pegging, midpoint, etc.

Order Routing

When the Exchange has a marketable order with instructions from the sender that the order is eligible to be routed, and the ME identifies that there is no matching price available on the Exchange, but there is a matching price represented at another venue that displays protected quotes, then the ME will send the order to the Routing Engine ("RE") of Direct Edge ECN LLC (d/b/a DE Route).

In determining whether to route an order, the RE makes its own calculation of the NBBO for a security using quotes disseminated by market centers through proprietary data feeds ("Direct Feeds") where available and the SIP feeds from those venues where the Exchange does not take the Direct Feeds.¹²

The RE utilizes a third-party market data processor that consumes the Direct Feeds and the SIP feeds, aggregates the quantities of symbols by price level, and redistributes them to an internal quote processor (the "Quote Server"). The RE will request from the Quote Server a

market data snapshot which includes the top-of-book and/or depth-of-book of each market center offering depth-of-book feeds. Based on this snapshot, the RE calculates the NBBO for a security and routes the order, allocating the shares to the venues at each price level up to the limit price of the order, starting with the best protected quotes in accordance with Regulation NMS subject to the Member's instructions. If there are any shares remaining after the response to the initial route is received, the RE will take another snapshot from the Quote Server and send out orders based on the same logic. If the full quantity of the order is not executed after multiple route attempts, the order is returned to the ME.

In addition, the RE utilizes in-flight order information in its routing methodology. The RE tracks the details of each in-flight order, including the quantity routed and the corresponding quote published by the routed venue. After the RE requests a market data snapshot from the Quote Server and the RE has already targeted this quote (identified by venue, symbol, price, quantity and time stamp), then the RE will subtract the routed quantity of in-flight orders from the quote size displayed in the market data snapshot. The RE will route an order for the remaining quantity to the venue. If there are no residual shares, the RE will bypass the quote.

The RE also utilizes responses from other venues displaying protected quotes in its routing methodology. When the RE receives a response from a venue that does not completely fill the order targeting a quote, and no subsequent quote update has been received from that venue at the same price level, the RE will mark that venue's quote as stale at that price level.¹³ Absent additional quote updates from that venue, the RE will bypass the quote for one (1) second. After one second, if the quote is still included in the market data snapshot, the RE will target the quote again.

Regulatory Compliance

Locked or Crossed Markets. The ME determines whether the display of an order would lock or cross the market. At the time an order is entered into the ME, the ME will establish, based upon the prevailing top-of-book quotes of other exchanges displaying protected quotes received from the SIP feeds, whether the

⁴ As part of the plan of integration pursuant to the merger between Direct Edge Holdings LLC, the holding company for the Exchange, and BATS Global Markets, Inc., in January 2015, the Exchange will transition to the use of quotes disseminated by major protected market centers through proprietary data feeds, and disseminated by the SIP for other protected market centers, to calculate the National Best Bid or Offer ("NBBO"). See www.bats.com/edgeintegration. The Exchange will submit a filing to the Commission prior to January 2015 to reflect the transition.

⁵ The term "EDGA Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(d).

⁶ Pursuant to Regulation NMS, a broker-dealer routing a Day ISO is required to simultaneously route one or more additional ISOs, as necessary, to execute against the full displayed size of any protected quote priced equal to or better than the Day ISO. See Question 5.02 in the "Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS" (last updated April 4, 2008) available at <http://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm>.

⁷ See Exchange Rule 11.5(c)(7).

⁸ See Exchange Rule 11.5(c)(17).

⁹ See Exchange Rule 11.5(c)(6).

¹⁰ See Exchange Rule 11.5(c)(15).

¹¹ See Exchange Rule 11.5(c)(14).

¹² EDGA consumes Direct Feeds from EDGX, BZX and BYX.

¹³ Question 11 of the "Division of Market Regulation: Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS" describes routing practices in the context of stale quotes, available at <http://www.sec.gov/divisions/marketreg/rule611faq.pdf>.

order will lock or cross the prevailing NBBO for a security. In the event that the order would produce a locking or crossing condition, the ME will cancel the order, re-price¹⁴ the order or route the order based on the Member's instructions. Two exceptions to this logic are Day ISOs and declarations of self-help.

Pursuant to Regulation NMS, when an Exchange receives a Day ISO, the sender of the ISO retains the responsibility to comply with applicable rules relating to locked and crossed markets.¹⁵ In such case, the Exchange is obligated only to display a Day ISO order at the Member's price, even if such price would lock or cross the market.¹⁶

Declarations of self-help occur when the RE detects that an exchange displaying protected quotes is slow or non-responsive to the Exchange's routed orders. In this circumstance, according to Rule 611(b) of Regulation NMS, the Exchange may display a quotation that may lock or cross quotations from the market where the quotation that it may lock or cross is displayed by the market that the Exchange invoked self-help against.¹⁷ The ME and RE, when they take their market data snapshots, maintain logic that will ignore the quotes generated from the self-help market in their calculations of the NBBO for execution and routing determinations in compliance with Regulation NMS. The Exchange will also disable all routing to the self-help market. The ME and Quote Server will continue to consume the self-help market center's quotes; however, in order to immediately include the quote in the NBBO calculation and enable routing once self-help is revoked. As described above, the Exchange will include quotes from the self-help market for re-pricing purposes such as pegged orders.

Trade-Through Rule. Pursuant to Rule 611 of Regulation NMS, the Exchange shall establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs on trading centers of protected quotations in NMS stocks that do not fall within a valid exception and, if relying on such an exception, that are reasonably designed to ensure compliance with the terms of the exception. The ME will not permit an

execution on the Exchange if there are better-priced protected quotations displayed in the market unless the order is an ISO. At the time an order is entered into the ME, the ME uses the view of the NBBO as described above. If the NBBO is priced better than what is resident on the Exchange, the Exchange will not match such order on the EDGA Book, and based on the Member's instructions, the ME will cancel the order, re-price the order or route the order.

Regulation SHO. The Exchange cannot execute a Short Sale Order¹⁸ equal to or below the current National Best Bid ("NBB") when a short sale price restriction is in effect pursuant to Rule 201 of Regulation SHO ("Short Sale Circuit Breaker").¹⁹ When a Short Sale Circuit Breaker is in effect, the Exchange utilizes information received from the SIP feeds and a view of the EDGA Book to assess its compliance with Rule 201 of Regulation SHO. The NBBO used for compliance with Rule 201 of Regulation SHO includes quotes from market centers against which the Exchange has declared self-help.

Latent or Inaccurate Direct Feeds. Where the Exchange's systems detect problems with one or more Direct Feeds, the Quote Server can manually fail over to the SIP feed to calculate the NBBO for the market center(s) where the applicable Direct Feed is experiencing issues. In order to make this determination, the Quote Server continuously polls every Direct Feed line and generates an email alert if the difference between a quote's sent time (as stamped by the sending market) and the time of receipt by the Exchange exceeds one (1) second.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act²⁰ in general, and furthers the

objectives of Section 6(b)(5) of the Act²¹ 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 does not believe that this proposal will permit unfair discrimination among customers, brokers, or dealers because it will be available to all Users.

The Exchange believes that its proposal to describe the Exchange's use of data feeds removes impediments to and perfects the mechanism of a free and open market and protects investors and the public interest because it provides additional specificity and transparency. The Exchange's proposal will enable investors to better assess the quality of the Exchange's execution and routing services. The proposal does not change the operation of the Exchange or its use of data feeds; rather it describes how, and for what purposes, the Exchange uses the quotes disseminated from data feeds to calculate the NBBO for a security for purposes of Regulation NMS, Regulation SHO and various order types that update based on changes to the applicable NBBO. The Exchange believes the additional transparency into the operation of the Exchange as described in the proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

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

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. On the contrary, the Exchange believes the proposal would enhance competition because describing the Exchange's use of data feeds enhances transparency and enables investors to better assess the quality of the Exchange's execution and routing services.

C. 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.

¹⁴ See Exchange Rule 11.5(c)(4).

¹⁵ See *supra* note 6.

¹⁶ See *supra* note 6.

¹⁷ See also Question 5.03 in the "Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS" (last updated April 4, 2008) available at <http://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm>.

¹⁸ See Exchange Rule 11.15.

¹⁹ 17 CFR 242.200(g); 17 CFR 242.201. On February 26, 2010, the Commission adopted amendments to Regulation SHO under the Act in the form of Rule 201, pursuant to which, among other things, short sale orders in covered securities generally cannot be executed or displayed by a trading center, such as the Exchange, at a price that is at or below the current NBB when a Short Sale Circuit Breaker is in effect for the covered security. See Securities Exchange Act Release No. 61595 (February 26, 2010), 75 FR 11232 (March 10, 2010). In connection with the adoption of Rule 201, Rule 200(g) of Regulation SHO was also amended to include a "short exempt" marking requirement. See also Securities Exchange Act Release No. 63247 (November 4, 2010), 75 FR 68702 (November 9, 2010) (extending the compliance date for Rules 201 and 200(g) to February 28, 2011). See also Division of Trading & Markets: Responses to Frequently Asked Questions Concerning Rule 201 of Regulation SHO, www.sec.gov/divisions/marketreg/rule201faq.htm.

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

II. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²² and Rule 19b-4(f)(6) thereunder.²³

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. 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 email to rule-comments@sec.gov. Please include File Number SR-EDGA-2014-17 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-EDGA-2014-17. 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 a.m. and 3 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-EDGA-2014-17 and should be submitted on or before August 22, 2014.

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014-18117 Filed 7-31-14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72688; File No. SR-BATS-2014-028]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Proposed Rule Change To Establish a New Market Data Product Called the BATS One Feed

July 28, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 14, 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 and II below, which Items have been prepared by the self-regulatory organization. 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 proposes to establish a new market data product called the BATS One Feed as well as to establish related market data fees. The text of the proposed BATS One Feed is attached as Exhibit 5A. The proposed changes to the fee schedule are attached as Exhibit 5B. Exhibits 5A and 5B are available on the Exchange's Web site at www.batstrading.com, at the Exchange's principal office and at the Public Reference Room of the Commission.

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 self-regulatory organization 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 self-regulatory organization has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects 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 establish a new market data product called the BATS One Feed. As described more fully below, the BATS One Feed is a data feed that will disseminate, on a real-time basis, the aggregate best bid and offer ("BBO") of all displayed orders for securities traded on BATS and its affiliated exchanges³ (collectively, the "BATS Exchanges") and for which the BATS Exchanges report quotes under the Consolidated

³ The Exchange's affiliated exchanges are EDGA Exchange, Inc. ("EDGA"), EDGX Exchange, Inc. ("EDGX"), and BATS Y-Exchange, Inc. ("BYX"). On January 23, 2014, BATS Global Markets, Inc. ("BGMI"), the former parent company of the Exchange and BYX, completed its business combination with Direct Edge Holdings LLC, the parent company of EDGA and EDGX. See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039). Upon completion of the business combination, DE Holdings and BGMI each became intermediate holding companies, held under a single new holding company. The new holding company, formerly named "BATS Global Markets Holdings, Inc.," changed its name to "BATS Global Markets, Inc." and BGMI changed its name to "BATS Global Markets Holdings, Inc."

²² 15 U.S.C. 78s(b)(3)(A).

²³ 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.

²⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.