

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59709; File No. SR-BATS-2009-008)

April 6, 2009

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

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 March 31, 2009, BATS Exchange, Inc. (“BATS” or the “Exchange”) 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. BATS 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 Act³ 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 proposes to modify its fee schedule applicable to use of the Exchange. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on April 1, 2009.

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).

The text of the proposed rule change is available at the Exchange's website 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 its fee schedule applicable to use of the Exchange effective April 1, 2009, in order to: (i) reduce the rebate provided to Members who add liquidity to the Exchange in Tape A securities and Tape C securities from \$0.0024 per share to \$0.0023 per share; (ii) expand the securities for which the Exchange does not pay a rebate to all securities priced below \$5.00, rather than securities priced below \$1.00, and provide a rebate of \$0.0001 per share for trades that remove liquidity in securities priced below \$5.00; (iii) decrease the fee charged by the Exchange for its "CYCLE" routing strategy from \$0.0029 per share to \$0.0026 per share; and (iv) make modifications to certain of the Exchange's non-standard routing charges. In addition to these specific changes, which are discussed in further detail below, the Exchange has proposed additional modifications to its fee schedule for clarity. For instance, the Exchange has proposed re-ordering the list of non-standard routing changes, added language to certain headings to make clear the distinction between securities priced at \$5.00 or above and

below \$5.00, and proposed modified language describing non-displayed liquidity and Modified Destination Specific Orders to more closely reflect the language typically used by Members of the Exchange. The Exchange has also proposed removing a descriptive chart that it previously included on its fee schedule.

(i) Reduction of Tape A and C Rebates

The Exchange proposes to reduce the rebate provided to Members who add liquidity to the Exchange in Tape A and Tape C securities from \$0.0024 per share to \$0.0023 per share. The Exchange believes that this proposed fee change is consistent with its long-term goal of providing access to the Exchange at competitive rates that do not expose the Exchange to significant losses or capital outlays.

(ii) Securities Priced Below \$5.00

The Exchange does not currently charge fees for removing liquidity nor does the Exchange provide a rebate for adding liquidity in any securities priced below \$1.00. The Exchange proposes to expand the no-rebate structure for liquidity adders to all securities priced below \$5.00. In addition, the Exchange proposes to provide a rebate of \$0.0001 per share for all orders that remove liquidity in securities priced below \$5.00. The Exchange believes that this proposed fee structure, which differs depending on whether a security trades below \$5.00 or at or above \$5.00, will benefit both the Exchange and Members of the Exchange by encouraging market participants to send order flow in lower priced securities to the Exchange for execution, resulting in higher liquidity and better execution quality. In addition, the Exchange believes that the fee and rebate rates it proposes are reasonable.

(iii) Decrease of Standard Routing Fee

The Exchange proposes to decrease the fee charged by the Exchange for its CYCLE routing strategy⁵ from \$0.0029 per share to \$0.0026 per share. This proposed change reflects decreases recently made by certain other protected markets to their access fees.

(iv) Changes to Non-Standard Routing Charges

As described below, the Exchange also proposes certain changes to the non-standard routing charges charged to Members. First, the Exchange proposes to modify the routing charges applicable to Destination Specific Orders sent to all market centers that display Protected Quotations⁶ (each a “Protected Market Center”) other than the NYSE, NYSE Arca or NASDAQ, by increasing the standard charge for all such orders from \$0.0029 per share to \$0.0030 per share. Second, for Destination Specific Orders routed to NYSE, the Exchange proposes providing a discounted price from the NYSE’s current removal fee of \$0.0018 per share by charging \$0.0017 per share for such orders. Third, with respect to Destination Specific Orders routed to NYSE Arca and NASDAQ, the Exchange will charge the lowest transaction fee currently available at such market centers in each Tape. Specifically, the Exchange will charge: (A) \$0.0028 per share for Destination Specific orders executed at NYSE Arca; (B) \$0.0026 per share for Destination Specific orders in Tape A securities and Tape C securities executed at NASDAQ; and (C) \$0.0029 per share for Destination Specific orders in Tape B securities executed at NASDAQ. Finally, to be consistent with the change to the CYCLE routing fee described above, the Exchange proposes to charge 0.26%, rather than 0.29%, of the total dollar

⁵ The CYCLE routing strategy routes orders to any market center or execution venue other than a dark liquidity pool. Orders are routed to dark liquidity pools through the Exchange’s DART routing strategy. Orders executed through DART cost \$0.0020 per share, which the Exchange has not proposed to change at this time.

⁶ As defined in BATS Rule 1.5(s).

value of the execution for any security (all Tapes) priced under \$1.00 per share that is routed away from the Exchange.

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.⁷ Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,⁸ 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 if they deem fee levels at a particular venue to be excessive. The Exchange believes that its fees and credits are competitive with those charged by other venues and that the various changes it has proposed to reduce its fees will benefit Members both due to the obvious economic savings and due to the potential of increased available liquidity at the Exchange. For those proposed changes that will result in increased fees charged to Members or lower rebates received by Members, such as the reduction of the rebate in Tape A and C securities, the Exchange believes that any additional revenue it receives will allow the Exchange to devote additional capital to its operations, which may, in turn, benefit Members of the Exchange. Finally, the Exchange believes that the proposed rates are equitable in that they apply uniformly to all Members.

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(4).

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

The Exchange does not believe that the proposed rule change imposes any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments Regarding the Proposed Rule Change Received from Members, Participants or Others

No written comments were solicited or received.

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

The foregoing proposed rule change has been designated as a fee change pursuant to Section 19(b)(3)(A)(ii) of the Act⁹ and Rule 19b-4(f)(2) thereunder,¹⁰ because it establishes or changes a due, fee or other charge imposed on members by the Exchange. Accordingly, the proposal is effective upon filing with the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-

⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁰ 17 CFR 240.19b-4(f)(6) [sic].

2009-008 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-BATS-2009-008. 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 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 changes 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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of BATS. 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-2009-008 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.¹¹

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).