

markets at 3:00 p.m. (Chicago time). As such, the Exchange understands that ICE is changing the trading hours for expiring EAFE futures contracts listed on ICE from 10:00 a.m. (Chicago time) to 3:15 p.m. (Chicago time).<sup>5</sup> Because the MSCI EAFE Index will now be calculated and disseminated through the close of trading on U.S. markets (until 3:00 p.m. (Chicago time)) and because ICE is also changing the trading hours for expiring EAFE futures (to close at 3:15 p.m. (Chicago time)), the Exchange proposes to change the closing time for trading in expiring EAFE options from 10:00 a.m. (Chicago time) to 3:00 p.m. (Chicago time) on their expiration date.

The Exchange proposes to close trading at 3:00 p.m. (Chicago time)—rather than at 3:15 p.m. (Chicago time), the time ICE ceases trading for expiring EAFE futures contracts—because, according to the Exchange, on the last day of trading, the closing prices of the component stocks, which are used to derive the exercise settlement value of the EAFE options, are known at 3:00 p.m. (Chicago time) (or shortly thereafter).<sup>6</sup> The Exchange further notes that this proposed rule change is consistent with the closing times for other expiring P.M.-settled contracts that underlie indexes that close when the U.S. equity markets close at 3:00 p.m. (Chicago time).<sup>7</sup>

The Exchange proposes to change the trading hours for expiring EAFE options beginning with the December 2015 expiration, which occurs on December 18, 2015. The Exchange is proposing to have this change apply to all EAFE options listed on or before the effective date of this filing and all EAFE options listed afterward.

### III. Discussion and Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>8</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>9</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of

trade, 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 Commission believes that it is consistent with the Act for the Exchange to change the trading hours for expiring EAFE options from a close of 10:00 a.m. (Chicago time) to 3:00 p.m. (Chicago time), because the MSCI EAFE Index will now be calculated and disseminated through the close of trading at 3:00 p.m. (Chicago time) and thus the current index value should be widely available to market participants throughout the entire trading day. Further, the proposed rule change will allow the trading hours of EAFE options to continue to closely align with the trading hours of expiring EAFE futures contracts, which the Commission believes will afford investors and market participants the ability to continue to hedge across markets. The Commission also notes that the trading hours are consistent with the closing times of other P.M.-settled contracts listed on the Exchange that underlie indexes that close when the U.S. equity markets close at 3:00 p.m. (Chicago time).<sup>10</sup>

In addition, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> for approving the proposed rule change prior to the 45th day after publication of notice in the **Federal Register**. The proposed rule change to modify the trading hours of EAFE options was published for a 15-day comment period to ensure that the public had an opportunity to review the proposal and no comments were received. The proposed rule change will increase the trading hours during which EAFE options may be traded, which the Commission believes should broaden the trading and hedging opportunities for investors. Further, the Commission notes that the Exchange represents that the change to the trading hours for EAFE futures will be implemented with the December 2015 expiration. Accordingly, the Commission believes that accelerated approval will maintain consistency in the trading hours of EAFE options and EAFE futures contracts, which should enable cross-market competition and facilitate hedging opportunities. For these reasons, the Commission finds that good cause exists for approving the proposed rule change on an accelerated basis.

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (File No. SR-CBOE-2015-104) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76623; File No. SR-BATS-2015-112]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 11.13(b)(4)(A) and 21.9(a)(3)(A), Amending Aggressive Re-Route Instruction

December 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 December 2, 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 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 the Substance of the Proposed Rule Change

The Exchange is proposing to amend the Aggressive Re-Route instruction under Exchange Rule 11.13(b)(4)(A) to route such orders where that order has been locked or crossed by other Trading Centers on the Exchange’s cash equities trading platform (“BATS Equities”). Consistent with its practice of offering similar functionality for the Exchange’s equity options trading platform (“BATS

<sup>5</sup> See Notice, *supra* note 3, at 73840.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> In approving this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> See CBOE Rules 24.6.01, 24.6.03, 24.6.04 and 24.9(e).

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</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>4</sup> 17 CFR 240.19b-4(f)(6).

Options”) as it does for BATS Equities, the Exchange also proposes to amend Rule 21.9(a)(3)(A) to make similar changes with respect to BATS Options.

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

With respect to BATS Equities, the Exchange currently allows Users to submit various types of limit orders to the Exchange that are processed pursuant to Exchange Rules 11.13(a) and 11.13(b), as set forth below. Rule 11.13(a) describes the process by which an incoming order would execute against the BATS Book for BATS Equities. To the extent an order has not been executed in its entirety against the BATS Book, Rule 11.13(b) then describes the process of routing marketable limit orders to one or more Trading Centers, including a description of how the Exchange treats any unfilled balance that returns to the Exchange following the first attempt to fill the order through the routing process. If not filled through routing, and based on the order instructions, the unfilled balance of the order may be posted to the BATS Book.

Similarly, with respect to BATS Options, Rule 21.8 describes the process by which an incoming order would execute against the BATS Options Book.<sup>5</sup> To the extent an order has not been executed in its entirety against the BATS Options Book, Rule 21.9(a)(1) then describes the process of routing marketable limit orders to one or more other options exchanges, including a

description of how the Exchange treats any unfilled balance that returns to the Exchange following the first attempt to fill the order through the routing process. If not filled through routing, and based on the order instructions, the unfilled balance of the order may be posted to the BATS Options Book.

Under previous Exchange rules,<sup>6</sup> to the extent the unfilled balance of an order had been posted to the BATS Book, should the order subsequently be *locked* or crossed by another accessible Trading Center, the System<sup>7</sup> would route the order to the locking or crossing Trading Center if instructed to do so by the User (the “RECYCLE Option”). The Exchange then filed a proposed rule change with the Commission for immediate effectiveness to modify the RECYCLE Option and rename it as the Aggressive and Super-Aggressive Re-Route instruction.<sup>8</sup>

The Aggressive Re-Route instruction subjects an order to the routing process after being posted to the BATS Book only if the order is subsequently crossed by another Trading Center (rather than

if the order is locked or crossed). Further, a routable non-displayed limit order posted to the BATS Book that is crossed by another accessible Trading Center will be automatically routed to the crossing Trading Center. The Exchange proposes to modify the Aggressive Re-Route instruction to also provide that, where the order is locked by another accessible Trading Center, it would be automatically routed to the locking Trading Center. The proposed amendment would also apply to non-displayed orders with the Aggressive Re-Route instruction.<sup>9</sup>

In order to maintain consistency between the analogous Aggressive Re-Route instruction offered by BATS Equities and BATS Options, the Exchange proposes to modify the rules of BATS Options to conform to the changes described above related to the Aggressive Re-Route instruction. The proposed Aggressive Re-Route functionality for BATS Options is similar to the proposed functionality for BATS Equities, with the exception of language related to non-displayed orders. BATS Options does not have non-displayed orders, and thus, has omitted language regarding Re-Route functionality applicable to non-displayed orders. All other changes for BATS Equities, including the rationale and example described above, are identical for BATS Options.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>10</sup> and furthers the objectives of Section 6(b)(5) of the Act<sup>11</sup> because it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. Specifically, the proposed changes are designed to provide Users with additional control over their orders in the context of a national market system where quotations may lock or cross orders posted to the BATS Book and to facilitate executions on the Exchange consistent with User instructions. Thus, the proposals are directly targeted at removing impediments to and

<sup>6</sup> See Securities Exchange Act Release Nos. 59967 (May 21, 2009), 74 FR 25793 (May 29, 2009) (SR-BATS-2009-015) (proposing to allow the designation of an order as eligible for re-routing after being posted to the BATS Book if another Trading Center has locked or crossed the posted order); 62404 (June 30, 2010), 75 FR 39303 (July 8, 2010) (SR-BATS-2010-017) (naming the designation of an order as eligible for re-routing after being posted to the BATS Book if another Trading Center has locked or crossed the posted order as the RECYCLE routing option).

<sup>7</sup> As defined in Rule 1.5(aa), the System is 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.

<sup>8</sup> See Securities Exchange Act Release No. 73296 (October 3, 2014), 79 FR 61121 (October 9, 2014) (SR-BATS-2014-044) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rules 11.13 and Rule 21.9) (adopting the Aggressive Re-Route instruction). In SR-BATS-2014-044, the RECYCLE Option was renamed Super Aggressive Re-Route instruction, under which a routable order posted to the BATS Book routes to away Trading Centers to remove liquidity from such Trading Centers any time such order is locked or crossed. The Exchange subsequently expanded the Super Aggressive Re-Route instruction to provide that when any order with a Super Aggressive Re-Route instruction is locked by an incoming BATS Post Only Order or Partial Post Only at Limit Order that does not remove liquidity pursuant to Rule 11.9(c)(6) or Rule 11.9(c)(7), respectively, the Re-Route order is converted to an executable order when displayed shares become available on the opposite side of the market and will remove liquidity against such shares (“liquidity swap functionality”). See Securities Exchange Act Release No. 74738 (April 16, 2015), 80 FR 22600 (April 22, 2015) (SR-BATS-2015-09). Once amended, the only difference between the Aggressive and Super Aggressive Re-Route instructions would be that the liquidity swap functionality described above would be available to an order subject to the Super Aggressive Re-Route instruction and not available to an order subject to the Aggressive Re-Route instruction.

<sup>9</sup> In April 2015, the Aggressive Re-Route instruction was expanded to apply to non-displayed orders. See Securities Exchange Act Release No. 74738 (April 16, 2015), 80 FR 22600 (April 22, 2015) (SR-BATS-2015-09).

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

<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>5</sup> As defined in Rule 16.1(a)(9).

perfecting the mechanism of a free and open market and national market system. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>12</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. Lastly, the Exchange notes that the proposed amendments to the Aggressive Re-Route instruction previously existed on the Exchange as the RECYCLE routing option.<sup>13</sup>

#### *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. The Exchange believes that proposed amendment to the Aggressive Re-Route functionality encourages competition by increasing the likelihood of executions of orders that have been posted to the Exchange. The increased likelihood of an execution where the order is locked by a quotation on a Trading Center should attract additional order flow to the Exchange.

#### *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.

### **III. 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>14</sup> and Rule 19b-4(f)(6) thereunder.<sup>15</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>16</sup> normally does not become operative for 30 days after the date of its

filing. However, Rule 19b-4(f)(6)(iii)<sup>17</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 asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange stated that waiver of the operative delay will allow the Exchange to immediately provide Users with additional control over their orders in the context of a national market system where quotations may lock or cross orders posted to the BATS Book and to facilitate executions on the Exchange consistent with User instructions.<sup>18</sup> The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.<sup>19</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. 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-BATS-2015-112 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities

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

<sup>18</sup> The Exchange further stated that it will provide Members with reasonable advance notice of the proposed rule change's implementation date.

<sup>19</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-BATS-2015-112. 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-2015-112, and should be submitted on or before January 7, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

#### **Submission for OMB Review; Comment Request**

*Upon Written Request Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736.

#### *Extension:*

Form T-4. OMB Control No. 3235-0107, SEC File No. 270-124.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<sup>12</sup> 15 U.S.C. 78k-1(a)(1).

<sup>13</sup> See *supra* notes 6 and 8.

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</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>16</sup> 17 CFR 240.19b-4(f)(6).