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BATS Proposes Rule Changes Relating to Fees

On January 3, the Securities and Exchange Commission published a notice of proposed rule changes submitted by BATS Exchange, Inc. BATS proposes to modify BATS Rules 15.1(a) and (c), which relate to the fees applicable to its members. Specifically, BATS proposes to revise the "Options Pricing" section of its fee schedule as follows:

1. **Customer Order Pricing**—Decrease the fee for customer orders that remove liquidity from BATS and increase the rebate for customer orders that add liquidity to BATS.
2. **NBBO Setter Rebate**—Where a member meets certain daily average volume requirements, add a rebate for orders that establish a national best bid or national best offer.
3. **Firm and Market Maker Pricing**—Increase the fee for firm and market maker orders that remove liquidity from BATS and increase the rebate for firm and market maker orders that add liquidity to BATS.
4. **Directed ISO Pricing**—Simplify the pricing of all directed ISOs (intermarket sweep orders that bypass BATS's system and are immediately routed to another options exchange specified by the user) by charging a flat rate per contract for such orders.
5. **Routing Pricing**—Establish fees that will apply to all best execution routing strategies offered by BATS and to destination specific order (a market or limit order that instructs BATS's system to route the order to a specified trading center after the order is exposed to BATS's Option Book) routing strategies.

The proposed rule changes became operative on January 3.

To read the SEC release, click here.

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