SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Trading Hours of BATS Options for Certain Products

May 2, 2011.

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 April 26, 2011, 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 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 is filing with the Commission a proposal to amend the Rules applicable to the BATS options market (“BATS Options”) in order to allow certain products to trade on BATS Options until 4:15 p.m. Eastern Time.

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

BATS Options currently allows trading in options contracts from 9:30 a.m. to 4 p.m. Eastern Time. The purpose of the proposed rule change is to amend BATS Rules in order to allow trading on BATS Options to 4:15 p.m. Eastern Time for specified products. Specifically, the Exchange proposes to amend Rules 21.2 and 29.10 to extend to 4:15 p.m. Eastern Time the trading hours for option contracts on Fund Shares, as defined in Rule 19.3(i), option contracts on exchange-traded notes including Index-Linked Securities, as defined in Rule 19.3(i), and option contracts on broad-based indexes, as defined in Rule 29.1(i). The Exchange’s rules already permit listing of options on Fund Shares, 3 Index-Linked Securities, 4 and broad-based indices. 5 However, the Exchange’s rules currently require trading in all products to end at 4 p.m. Eastern Time, whereas other options exchanges permit trading to occur until 4:15 p.m. Eastern Time for the three product types specified in this filing. 6

In addition to the proposed amendments to Rules 21.2(a) and 29.10(a), for the avoidance of doubt, the Exchange proposes to amend its Rule 19.2(b), which states that the hours during which transactions in options on individual stocks shall correspond to the normal business days and hours for business set forth in the rules of the primary market trading the securities underlying such options. As proposed, Rule 19.2(b) will make clear that the products specified in Rule 21.2(a) will be available for trading until 4:15 p.m. Eastern Time, notwithstanding any other language in the Rule.

The Exchange believes the proposed changes are necessary in order to ensure consistency in the trading of such products on BATS Options and other options exchanges.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules

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3 See BATS Rule 19.3(i), which sets forth the listing criteria for Fund Shares.
4 See BATS Rule 19.3(i), which sets forth the listing criteria for Index-Linked Securities.
5 Chapter XXIX governs the listing and trading of options on an index. In particular, Rule 29.3 sets forth the listing requirements for options on broad-based indices.
6 See e.g., Nasdaq Options Market (“NOM”) Chapter VI, Sec. 2 and NOM Chapter XIV, Sec. 10; see also ISE Rule 700(b)–4(d).