



June 13, 2017

Via Electronic Mail (rule-comments@sec.gov)

Mr. Brent J. Fields
Secretary
U.S. Securities & Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File No. SR-BatsBZX-2017-34; Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Introduce Bats Market Close, a Closing Match Process for Non-BZX Listed Securities Under New Exchange Rule 11.28

Dear Mr. Fields:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ submits this letter to the Securities and Exchange Commission (“Commission”) to comment on the above-referenced proposed rule changes filed by Bats BZX Exchange, Inc. (the “Exchange”) to introduce Bats Market Close, a closing match process for non-BZX Listed Securities. The proposal would increase price competition and resiliency in the closing auction process while maintaining the price discovery role that closing auctions play. SIFMA supports the proposal and the Commission should approve the proposed rule change.

Under the proposal, the Exchange would match and execute buy and sell Market-On-Close Orders (“MOC”) that are designated to participate in the Bats Market Close process at the official closing price published by the primary listing market.² The Exchange states that its proposal is in response to requests from market participants, and buy-side firms in particular, for an alternative to the primary listing markets’ closing auction that also provides an execution at the security’s official closing price.³ In addition, the Exchange provides that, if the proposal is approved, the Exchange will file a separate proposal to offer executions of MOC orders at the official closing price at a rate less than the fee charged by the applicable primary listing market.⁴

¹ The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² See Securities Exchange Act Release No. 80683 (May 16, 2017), 82 FR 23320 (May 22, 2017).

³ *Id.* at 23321.

⁴ *Id.* n.18.

SIFMA supports the proposal, and it is consistent with and furthers the objectives of the Securities Exchange Act of 1934 (“Exchange Act”). In particular, the proposal would offer market participants a competitive alternative to the primary listing market’s closing auction. This additional competition is particularly important because the trading costs associated with primary markets closing auctions have been steadily increasing in the absence of competitive alternatives.⁵ Additionally, the proposal should not disrupt price discovery, particularly because the Exchange would publish the number of matched market orders shares by security in advance of the primary market’s cutoff time.⁶

SIFMA further believes the proposal can enhance the resiliency of the closing auction process. SIFMA has previously supported efforts to address single points of failure, particularly with respect to the closing auction processes of the national securities exchanges.⁷ We believe that the current proposal furthers this objective by providing an additional mechanism for market participants to execute their market orders at the official closing price should a disruption occur at the primary listing exchange.

Accordingly, for the reasons stated above, we believe the Commission should approve the Exchange’s proposal.

* * *

SIFMA greatly appreciates the Commission’s consideration of the issues raised above and would be pleased to discuss these comments in greater detail with the Commission and the Staff. If you have any questions, please contact either me (at 202-962-7383 or tlazo@sifma.org) or Timothy Cummings (at 212-313-1239 or tcummings@sifma.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Theodore R. Lazo", with a stylized flourish at the end.

Theodore R. Lazo
Managing Director and
Associate General Counsel

⁵ *Id.* at 23320.

⁶ *Id.* at 23322.

⁷ See e.g., Letter from Theodore R. Lazo, Managing Director and Associate General Counsel, SIFMA to Brent J. Fields, Secretary, Securities and Exchange Commission dated April 5, 2016.

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cc: The Honorable Jay Clayton, Chairman
The Honorable Michael S. Piwowar, Commissioner
The Honorable Kara M. Stein, Commissioner

Gary Goldsholle, Deputy Director, Division of Trading and Markets
David S. Shillman, Associate Director, Division of Trading and Markets