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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74359; File No. SR-BATS-2015-14)

February 24, 2015

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Eliminate Rule 13.4, "Assigning of Registered Securities in the Name of a Member or Member Organization."

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 February 12, 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[3] and Rule 19b-4(f)(6) thereunder,[4] 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to eliminate Rule 13.4, "Assigning of Registered Securities in the Name of a Member or Member Organization."

The text of the proposed rule change is available at the Exchange's website at

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A).

4 17 CFR 240.19b-4(f)(6).

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 eliminate Rule 13.4, "Assigning of Registered Securities in the Name of a Member or Member Organization," which permits the Exchange to establish a signature guarantee program. In sum, a signature guarantee program allows an investor who seeks to transfer or sell securities held in physical certificate form to have their signature on the certificate "guaranteed." Rule 13.4 permits Members to guarantee their signatures by authorizing one or more of their employees to assign registered securities in the Member's name and to guarantee assignments of registered securities on behalf of the Member where the security had been signed by one of the partners of the Member or by one of the authorized officers of the Member by executing and filing with the Exchange a separate Power of Attorney, also known as a traditional signature card program. Transfer agents often insist that a signature be guaranteed before they accept the transaction because it limits their liability and losses if a signature turns out to be forged.

Rule 17Ad-15 under the Act permits transfer agents to reject signature guarantees from eligible guarantor institutions that are not part of a signature guarantee program.[5] The rule encouraged a movement away from the traditional signature card programs administered by the exchanges towards signature guarantee programs that use a medallion imprint or stamp which evidences their participation in the program and is an acceptable signature guarantee ("Medallion Signature Guarantee Program").[6] The Commission has also noted that:

> [a]n investor can obtain a signature guarantee from a financial institution – such as a commercial bank, savings bank, credit union, or broker dealer – that participates in one of the Medallion signature guarantee programs. . . . If a financial institution is not a member of a recognized Medallion Signature Guarantee Program, it would not be able to provide signature guarantees. Also, if [an investor is] not a customer of a participating financial institution, it is likely the financial institution will not guarantee [the investor's] signature. Therefore, the best source of a Medallion Guarantee would be a bank, savings and loan association, brokerage firm,

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5 See 17 CFR 240.17Ad-15; Securities Exchange Act Release No. 30146 (January 10, 1992), 57 FR 1082 (February 24, 1992) (adopting Rule 17Ad-15).

6 See, e.g., Securities Exchange Act Release No. 33669 (February 23, 1994), 59 FR 10189 (March 3, 1994) (SR-MSTC-93-13) ("[t]his newly adopted Rule 17Ad-15 rule rendered [Midwest Securities Trust Company's ("MSTC")] Signature Distribution Program and Signature Guarantee Program obsolete. Therefore, to avoid costs that produce no benefits, MSTC eliminated its Signature Distribution and Signature Guarantee Programs and deleted MSTC Rule 5, Sections 1 and 2 which govern these programs").

or credit union with which [the investor does] business.[7]

In response to Rule 17Ad-15, certain exchanges have decommissioned or amended their rules to no longer provide for traditional signature card program.[8] While the Exchange adopted Rule 13.4 as part of its Form 1 exchange application,[9] it has never offered, and does not now intend to offer, a signature guarantee service. The move towards Medallion Signature Guarantee Programs has also rendered traditional card programs as provided for under Exchange Rule 13.4 obsolete. Therefore, the Exchange proposes to eliminate Rule 13.4.

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7 See "Signature Guarantees: Preventing the Unauthorized Transfer of Securities," http://www.sec.gov/answers/sigguar.htm.

8 See Securities Exchange Act Release No. 34188 (June 9, 1994), 59 FR 30820 (June 15, 1994) (SR-MSTC-93-13) (order approving the elimination of MSTC's signature guarantee program stating that Rule 17Ad-15 rendered it obsolete); Securities Exchange Act Release No. 32590 (July 7, 1993), 58 FR 37978 (July 14, 1993) (order approving SR-PHLX-92-39 eliminating the PHLX's signature guarantee program in light of Rule 17Ad-15) (noting that "[b]y eliminating its signature guarantee program, PHLX will streamline the signature guarantee process. In place of the cumbersome signature card system, PHLX will require participation in a Rule 17Ad-15 Signature Guarantee Program"). In 2006, the Philadelphia Stock Exchange, Inc. (currently Nasdaq OMX PHLX LLC) ("PHLX") eliminated Rules 327 – 340 regarding signature guarantees in their entirety from its rulebook, noting that they are "being deleted as obsolete because they refer to the delivery and settlement of securities, which is not done by the Exchange, but by registered clearing agencies." Securities Exchange Act Release No. 54329 (August 17, 2006), 71 FR 504538 (August 25, 2006) (SR-PHLX-2006-43); Securities Exchange Act Release No. 54538 (September 28, 2006), 71 FR 59184 (October 6, 2006 (order approving SR-PHLX-2006-43).

9 See Securities Exchange Act Release Nos. 58375 (August 18, 2008), 73 FR 49498 (August 21, 2008) (File No. 10-182) (In the Matter of the Application of the BATS Exchange, Inc. for Registration as a National Securities Exchange, Findings, Opinion, and Order of the Commission); 62716 (August 13, 2010), 75 FR 51295 (August 19, 2010) (File No. 10-198) (In the Matter of the Application of the BATS Y-Exchange, Inc. for Registration as a National Securities Exchange, Findings, Opinion, and Order of the Commission).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[10] and furthers the objectives of Section 6(b)(5) of the Act,[11] in that it is designed to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest by eliminating unnecessary confusion with respect to the Exchange's rules. Rule 17Ad-15 encouraged a movement away from the traditional signature card programs administered by the exchanges towards certain Medallion Signature Guarantee Programs. In response, certain exchanges have decommissioned or amended their rules to no longer provide for a traditional signature card program.[12] The Exchange has never offered, and does not now intend to offer, a signature guarantee service. Also, the move towards Medallion Signature Guarantee Programs has rendered traditional card programs as provided for under Exchange Rule 13.4 obsolete. Therefore, the Exchange believes eliminating Rule 13.4 would clarify the Exchange's rules by eliminating rules that account for services the Exchange does not provide. The Exchange also believes the elimination of unnecessary and obsolete rules removes impediments to the perfection of the mechanisms for a free and open market

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[10] 15 U.S.C. 78f(b).

[11] 15 U.S.C. 78f(b)(5).

[12] See Securities Exchange Act Release No. 34188 (June 9, 1994), 59 FR 30820 (June 15, 1994) (SR-MSTC-93-13) (order approving the elimination of MSTC's signature guarantee program stating that Rule 17Ad-15 rendered it obsolete); Securities Exchange Act Release No. 32590 (July 7, 1993), 58 FR 37978 (July 14, 1993) (SR-PHLX-92-39) (order approving SR-PHLX-92-39 eliminating the PHLX's signature guarantee program in light of Rule 17Ad-15).

system consistent with the requirements of Section 6(b)(5) of the Act.[13]

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

The proposed rule change does not impose any burden on competition. Rule 17Ad-15 encouraged a movement away from the traditional signature card programs administered by the exchanges towards certain Medallion Signature Guarantee Programs. In response, certain exchanges have decommissioned or amended their rules to no longer provide for a traditional signature card program.[14] An investor may still obtain a signature guarantee from a financial institution that participates in one of the Medallion Signature Guarantee Programs. The Exchange has never offered, and does not intend to offer, a signature guarantee service. Also, the move towards Medallion Signature Guarantee Programs has rendered traditional card programs as provided for under Exchange Rule 13.4 obsolete. Therefore, the Exchange believes eliminating Rule 13.4 would not impose any burden on competition.

(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

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13 15 U.S.C. 78f(b)(5).

14 See Securities Exchange Act Release No. 34188 (June 9, 1994), 59 FR 30820 (June 15, 1994) (SR-MSTC-93-13) (order approving the elimination of MSTC's signature guarantee program stating that Rule 17Ad-15 rendered it obsolete); Securities Exchange Act Release No. 32590 (July 7, 1993), 58 FR 37978 (July 14, 1993) (SR-PHLX-92-39) (order approving SR-PHLX-92-39 eliminating the PHLX's signature guarantee program in light of Rule 17Ad-15).

Because the foregoing 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[15] and paragraph of Rule 19b-4(f)(6) thereunder.[16]

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.

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 e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-2015-14 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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[15] 15 U.S.C. 78s(b)(3)(A).

[16] 17 C.F.R. 240.19b-4(f)(6).

All submissions should refer to File No. SR-BATS-2015-14. 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 website (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 website 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 the 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 No. SR-BATS-2015-14 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.[17]

Jill M. Peterson
Assistant Secretary

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[17] 17 CFR 200.30-3(a)(12).