



## Virtu Financial

December 20, 2016

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Proposed Rule Change to Bats BZX Rule 14.13 and to Bats BZX  
Fee Schedule (File No. SR-BatsBZX-2016-60)

Dear Mr. Fields:

Virtu Financial, Inc. (together with its affiliates, “Virtu” or “we”) is submitting this letter to share our views about the Bats BZX Exchange’s proposed Lead Market Maker Partnership Program.

By way of background, Virtu is a leading technology-enabled market-maker and liquidity provider to the global financial markets, operating from offices in New York, Austin, Singapore and Dublin. Virtu provides liquidity in more than 12,000 instruments on more than 235 venues and market places, and seeks to provide liquidity across all liquid instruments traded on transparent electronic markets globally. We believe that while the U.S. equity markets continue to be among the most robust, transparent and fair markets in the world, they can be further improved for all stakeholders with measures that facilitate price discovery and encourage healthy marketplace competition.

Virtu operates as a registered market-maker across numerous exchanges, is a Designated Market Maker on the floor of the New York Stock Exchange, an Authorized Participant in Exchange Traded Products (“ETPs”), and is a Lead Market Maker (“LMM”) on several U.S. exchanges including Bats, NYSE Arca and Nasdaq.

The US ETP market has continued to expand during 2016, with over 1,950 listed ETPs and average daily volumes exceeding \$95 billion. LMMs, by supplementing natural liquidity and reducing price risk, have played a vital role in the growth of this market. The LMM's liquidity provision is not without risk, especially when the ETP or the underlying portfolio is not very liquid or when the ETP in question is new and thinly traded. Liquidity provision is also costly, and requires LMMs such as Virtu to employ sophisticated infrastructure in order to meet their quoting and execution obligations. Liquidity incentives offered by the exchanges help offset some of the negative economics associated with being a LMM.

We are supportive of the Bats BZX Exchange's LMM Partnership Program, which improves on the existing incentive mechanism for certain ETPs. We believe that the tiered model, which uses the consolidated average daily volume ("CADV") of the ETP to determine the payment amount, provides an equitable, innovative and easily measurable way of compensating LMMs for their role in strengthening liquidity.

In conclusion, we urge the SEC to approve the LMM Partnership Program and believe that it is a positive development that enhances liquidity provision in ETPs.

Sincerely,



Douglas A. Cifu  
Chief Executive Officer  
Virtu Financial