

Note: Proposed new language is underlined. Proposed deletions are enclosed in [brackets].

## Rules of BATS Exchange, Inc.

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### CHAPTER XI. TRADING RULES

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#### 11.9. Orders and Modifiers

Users may enter into the System the types of orders listed in this Rule 11.9, subject to the limitations set forth in this Rule or elsewhere in these Rules.

(a) – (b) No change.

(c) *Other Types of Orders*

(1) - (15) No change.

(16) *Market Maker Peg Order.* A limit order that, upon entry or at the beginning of Regular Trading Hours, as applicable, the bid or offer is automatically priced by the System at the Designated Percentage (as defined in Rule 11.8) away from the then current NBB and NBO, or if no NBB or NBO, at the Designated Percentage away from the last reported sale from the responsible single plan processor in order to comply with the quotation requirements for Market Makers set forth in Rule 11.8(d). Users may submit Market Maker Peg Orders to the Exchange starting at the beginning of the Pre-Opening Session, but[, unless otherwise directed by the User,] the order will not be executable or automatically priced until the beginning of Regular Trading Hours and will expire at the end of Regular Trading Hours. Upon reaching the Defined Limit (as defined in Rule 11.8), the price of a Market Maker Peg Order bid or offer will be adjusted by the System to the Designated Percentage away from the then current NBB and NBO, or, if no NBB or NBO, the order will, by default, be the Designated Percentage away from the last reported sale from the responsible single plan processor[, unless instructed by the Market Maker to cancel rather than adjusting based on the last reported sale from the single plan processor]. If a Market Maker Peg Order bid or offer moves a specified number of percentage points away from the Designated Percentage towards the then current NBB or NBO, which number of percentage points will be determined and published in a circular distributed to Members from time to time, the price of such bid or offer will be adjusted to the Designated Percentage away from the then current NBB and NBO. If no NBB or NBO, the order will[, by default,] be adjusted to the Designated Percentage away from the last reported sale from the responsible single plan processor[, unless instructed by the Market Maker to cancel rather than adjusting based on the last reported sale from the single plan processor]. If, after entry, the Market Maker Peg Order is priced based on the last reported sale from the single plan processor and such Market Maker Peg Order is established as the NBB or NBO, the Market Maker Peg Order will not be subsequently adjusted in accordance with this rule until either there is a new

consolidated last sale or a new NBB or NBO is established by a national securities exchange. Market Maker Peg Orders are not eligible for routing pursuant to Rule 11.13(a)(2) and are always displayed on the Exchange. Notwithstanding the availability of Market Maker Peg Order functionality, a Market Maker remains responsible for entering, monitoring, and re-submitting, as applicable, quotations that meet the requirements of Rule 11.8(d). A new timestamp is created for the order each time that it is automatically adjusted. For purposes of this paragraph, the Exchange will apply the Designated Percentage and Defined Limit as set forth in Rule 11.8, subject to the following exceptions. For all NMS stocks with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products, the Exchange will use the Designated Percentage and Defined Limit applicable to NMS stocks equal to or greater than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. [Nothing in this rule shall preclude a Market Maker from designating a more aggressive offset from the NBB or NBO than the given Designated Percentage for any individual Market Maker Peg Order. Where a Market Maker designates a more aggressive offset from the NBB or NBO, the Market Maker shall also designate a percentage away from the NBB or NBO or the price of the last reported sale from the responsible single plan processor at which the price of such bid or offer will be adjusted back to the Market Maker-designated offset from such price. If a Market Maker designates a more aggressive offset, the price of a Market Maker Peg Order bid or offer will be adjusted by the System in the same manner as the default Market Maker Peg Order functionality described above, except the System will use the more aggressive Market Maker-designated offset and Market Maker-designated percentages at which the bid or offer will be adjusted to the Market Maker-designated offset.] Market Maker Peg Orders may only be entered by a registered Market Maker. Market Maker Peg Orders will expire at the end of Regular Trading Hours.

(d) – (g) No change.

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