

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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#### Rule 11.8. Obligations of Market Makers

(a)–(e) (No changes.)

#### Interpretations and Policies

.01 (No changes.)

.02 Competitive Liquidity Provider Program

(a)–(f) (No changes.)

(g) *CLP Quoting Requirements.*

(1) The Exchange will measure the performance of a CLP in assigned securities by calculating Size Event Tests (“SETs”) between 9:25 a.m. and 4:05 p.m. on every day on which the Exchange is open for business. The Exchange will measure each CLP’s quoted size, excluding odd lots, at the NBB and NBO at least once per second to determine SETs. The three CLPs with the greatest aggregate size at the NBB at the time of each SET (a “Bid SET”) will be considered to have a winning Bid SET (a “Winning Bid SET”). In the event of a tie, all CLPs with the same aggregate size at the NBB will be considered to have a Winning Bid SET if there are two or less CLPs that have greater aggregate size at the NBB. Of the CLPs with a Winning Bid SET for a particular Bid SET, all CLPs with the greatest aggregate size at the NBB will receive three (3) Bid SET credits (“Bid SET Credits”); all CLPs with the second greatest aggregate size at the NBB will receive two (2) Bid SET Credits; and all CLPs with the third greatest aggregate size at the NBB will receive one (1) Bid SET Credit. Separately, the three CLPs with the greatest aggregate size at the NBO at the time of each SET (an “Offer SET”) will be considered to have a winning Offer SET (a “Winning Offer SET”). In the event of a tie, all CLPs with the same aggregate size at the NBO will be considered to have a Winning Offer SET if there are two or less CLPs that have greater aggregate size at the NBO. Of the CLPs with a Winning Offer SET for a particular Offer SET, the CLPs with the greatest aggregate size at the NBO will receive three (3) Offer SET credits (“Offer SET

Credits”); the CLPs with the second greatest aggregate size at the NBO will receive two (2) Offer SET Credits; and the CLPs with the third greatest aggregate size at the NBO will receive one (1) Offer SET Credit.

(A) Daily Quoting Requirement. A CLP must have Winning Bid SETs or Winning Offer SETs equal to at least 10% of the total Bid SETs or total Offer SETs, respectively, on any trading day in order to meet its daily quoting requirement and to be eligible for the daily rebates (each such CLP an “Eligible CLP”) for a security, as described in sub-paragraph (k)(1). Eligible CLPs will be ranked according to the number of [Winning] Bid SET[s] Credits and [Winning] Offer SET[s] Credits each trading day, and only the Eligible CLP or Eligible CLPs ranked number one, and in some cases as described in paragraph (k)(1), the Eligible CLP ranked number two, in each of the [Winning] Bid SET[s] Credits and [Winning] Offer SET[s] Credits will receive the daily rebate.

(B) (No changes.)

(2)-(5) (No changes.)

(h)-(j) (No changes.)

(k) *Financial Incentives for CLPs*

(1) *Daily Rebates.* Eligible CLPs, as defined in sub-paragraph (g)(1)(A) above, shall compete for daily financial rebates based on each day’s quoting activity as follows:

| Class of Security   | Amount of Total Daily Rebate                                     | Allocation of Daily Rebate*   |
|---|--|---|
| Tier I Securities Listed on the Exchange Pursuant to Rule 14.8 for Six Months Commencing from the Date of Initial Listing on the Exchange | \$500 per day: \$250 for [b]Bid SETs and \$250 for [o]Offer SETs | CLPs with highest and second highest number of [Winning] Bid SET[s] <u>Credits**</u> will receive a[split] daily financial rebate[s on a pro rata basis, based on the combined sum of their Winning Bid SETs] of \$150 and \$100, <u>respectively</u> ; CLPs with highest and second highest number of [Winning ]Offer SET[s] <u>Credits</u> will receive a[split] daily financial rebate[s on a pro rata basis, based on the |

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|  |  | combined sum of their <u>Winning Offer SETs] of \$150 and \$100, respectively</u>   |
| Tier I Securities Listed on the Exchange Pursuant to Rule 14.8 for Remaining Time Subject to CLP Program | \$250 per day: \$125 for [b]Bid SETs and \$125 for [o]Offer SETs | CLPs with highest and second highest number of [Winning] Bid SET[s] <u>Credits will receive a[split] daily financial rebate[s on a pro rata basis, based on the combined sum of their Winning Bid SETs] of \$75 and \$50, respectively;</u><br>CLPs with highest and second highest number of [Winning] Offer SET[s] <u>Credits will receive a[split] daily financial rebate[s on a pro rata basis, based on the combined sum of their Winning Offer SETs] of \$75 and \$50, respectively</u> |
| Tier II Securities Listed on the Exchange Pursuant to Rule 14.9  | \$100 per day: \$50 for [b]Bid SETs and \$50 for [o]Offer SETs   | 100% to CLP with highest number of [winning b]Bid SET <u>Credits</u> ; 100% to CLP with highest number of [winning o]Offer SET <u>Credits</u>   |
| ETPs Listed Pursuant to Rule 14.11   | \$250 per day: \$125 for [b]Bid SETs and \$125 for [o]Offer SETs | CLPs with highest and second highest number of [Winning] Bid SET[s] <u>Credits will receive a[split] daily financial rebate[s on a pro rata basis, based on the combined sum of their Winning Bid SETs] of \$75 and \$50, respectively;</u><br>CLPs with highest and second highest number of [Winning ]Offer SET <u>Credits will receive a[split] daily financial rebate[s on a pro rata basis, based on the combined sum</u>  |

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|  |  | of their Winning Offer SETs] <u>of \$75 and \$50, respectively</u> |
|--|--|--|

\* In the event only one CLP is eligible for the daily rebate, 100% of such rebate will be provided to such CLP. In the event that multiple CLPs have an equal number of [winning] Bid SET Credits or Offer SET Credits, the CLP with the highest executed volume in the security will be awarded the applicable daily rebate.

\*\* Size Event Tests, or SETs, are defined in paragraph (g) above.

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