

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 11.23. Auctions

(a)–(d) (No changes.)

(e) Volatility Closing Auction. Where a security is halted between 3:50 p.m. and 4:00 p.m. pursuant to Rule 11.18, no Closing Auction or Halt Auction for the security will occur. Instead, the Exchange will conduct a Volatility Closing Auction at 4:00 p.m. as described below.

(1) Order Entry and Cancellation Before a Volatility Closing Auction.

(A) The Quote-Only Period with respect to a Volatility Closing Auction shall commence at the time a security is halted between 3:50 p.m. and 4:00 p.m. and will end at 4:00 p.m. During the Quote-Only Period of a Volatility Closing Auction the Exchange will accept limit and market orders as well as any Eligible Auction Orders applicable to a Closing Auction on the Exchange.

(B) Eligible Auction Orders associated with a Volatility Closing Auction may be cancelled at any time prior to execution.

(2) Volatility Closing Auction Process.

(A) Publication of BATS Auction Information. Coinciding with the beginning of the Quote-Only Period for a security and updated every five seconds thereafter, the Reference Price, Indicative Price, Auction Only Price, and the lesser of Reference Buy Shares and Reference Sell Shares associated with the Volatility Closing Auction will be disseminated via electronic means.

(B) Determination of Closing Price. Orders will be executed at the price level within the Collar Price Range that maximizes the number of shares executed in the auction. In the event of a volume based tie at multiple price levels, the price level closest to the Final Last Sale Eligible Trade will be used for Volatility Closing Auctions. Where no limit orders from one or both sides (the buy side, the sell side, or both the buy and sell side) would participate in a Volatility Closing Auction, the Volatility Closing Auction will occur at the price of the Final Last Sale Eligible Trade. The Volatility Closing Auction price will be the BATS Official Closing Price.

(C) Execution Priority. Market orders have priority over all other Volatility Closing Auction Eligible Orders. To the extent there is executable contra side interest, such market orders will be executed at the BATS Official Closing Price according to time priority. After the execution of all market orders, the remaining orders priced at or more aggressively than the BATS Official Closing Price will be executed on the basis of price/time priority.

(3) Transition to After Hours Trading Session.

(A) Limit order shares that are not executed in the Volatility Closing Auction will remain on the Continuous Book during the After Hours Trading Session, subject to paragraph (B) below and the User's instructions.

(B) RHO, LOC, LLOC, MOC and market order shares that are not executed in the Volatility Closing Auction will be cancelled at the conclusion of the Volatility Closing Auction.

(f)[(g)] Whenever, in the judgment of the Exchange, the interests of a fair and orderly market so require, the Exchange may adjust the timing of or suspend the auctions set forth in this Rule with prior notice to Users.

(g)[(h)] For purposes of Rule 611(b)(3) of Regulation NMS, orders executed pursuant to the Opening Auction, Closing Auction, [and] Halt Auction, and Volatility Closing Auction may trade-through any other Trading Center's Manual or Protected Quotations if the transaction that constituted the trade-through was a single-priced opening, reopening, or closing transaction by the trading center.

(h)[(i)] For purposes of this Rule, all references to a.m. and p.m. times shall refer to Eastern Time.