

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

Rules of BATS Exchange, Inc.

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CHAPTER XXVII. [INTERMARKET LINKAGE RULES] OPTIONS ORDER PROTECTION AND LOCKED AND CROSSED MARKET RULES

Rule 27.1. Definitions

(a) The following terms shall have the meaning specified in this Rule solely for the purpose of this Chapter XXVII:

(1)-(16) (No changes.)

(17) “Plan” means the [Plan for the Purpose of Creating and Operating an Intermarket Option Linkage] Options Order Protection and Locked/Crossed Market Plan, as such plan may be amended from time to time.

(18)-(22) (No changes.)

[Rule 27.4. Temporary Rule Governing Phase-Out of P and P/A Orders

(a) Receipt of P and P/A Orders. The Exchange will provide for the execution of P/A Orders and Principal Orders if its disseminated quotation is (i) equal to or better than the Reference Price, and (ii) equal to the then-current NBBO. If the size of a P/A Order or Principal Order is not larger than the Displayed Size, the Exchange will provide for the execution of the entire order, and shall execute such order in its automatic execution system if that system is available. If the size of a P/A Order or Principal Order is larger than the Displayed Size, the Primary Market Maker must address the order within three (3) seconds to provide an execution for at least the Displayed Size. If the order is not executed in full, the Exchange will move its disseminated quotation to a price inferior to the Reference Price.

(b) Failure to Send a Timely Response. If a Member responds to a P Order or P/A Order more than three (3) seconds after receipt of that order, and the Eligible Exchange to whom the Member responded cancels such response, the Member shall cancel any trade resulting from such order and shall report the cancellation to OPRA.

(c) Limitation of Liability. The Clearing Corporation shall have no liability to Members with respect to the use, non-use or inability to use the OCC Hub, including without limitation the content of orders, trades, or other business facilitated through the OCC Hub, the truth or accuracy of the content of messages or other information transmitted through the OCC Hub, or otherwise.

(d) Definitions. The following terms shall have the meaning specified in this Rule solely for the purpose of this Temporary Rule:

(1) “Eligible Option Class” means all option series overlying a security (as that term is defined in Section 3(a)(10) of the Exchange Act) or group of securities, including both put options and call options, which class is traded on the Exchange and at least one other Eligible Exchange.

(2) “Displayed Size” means the size of the disseminated quotation of the Eligible Exchange receiving a P or P/A Order.

(3) “OCC Hub” means the systems and data communications network that link electronically the Eligible Exchanges for the purposes specified in the former Plan for the Purpose of Creating and Operating an Intermarket Option Linkage.

(4) “P or P/A Order” means an Immediate or Cancel Order routed through the OCC Hub:

(A) “Principal Acting as Agent (“P/A”) Order,” which is an order for the principal account of a Primary Market Maker (or equivalent entity on another Eligible Exchange that is authorized to represent Public Customer orders), reflecting the terms of a related unexecuted Public Customer order for which the Primary Market Maker is acting as agent; and

(B) “Principal Order,” which is an order for the principal account of a market maker (or equivalent entity on another Eligible Exchange) and is not a P/A Order.

(5) “Reference Price” means the limit price attached to a P or P/A Order by the sending Eligible Exchange. The Reference Price is equal to the bid disseminated by the receiving Eligible Exchange at the time that the P or P/A Order is transmitted in the case of a P or P/A Order to sell and the offer disseminated by the receiving Eligible Exchange at the time that the P or P/A Order is transmitted in the case of a P or P/A Order to buy.]
