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

Rules of BATS Y-Exchange, Inc.

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CHAPTER XI.   TRADING RULES

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Rule 11.9.   Orders and Modifiers

(No change.)

>   (a)-(b) (No change.)

>   (c)   Other Types of Orders.

>   (1)-(7)

>   (8)   *Pegged Order*. A limit order that after entry into the System, the price of the order is automatically adjusted by the System in response to changes in the NBBO. A User entering a Pegged Order can specify that <u>such </u>order's price will [either be inferior to or equal]<u>offset</u> the inside quote <u>on the same side of the market </u>by an amount (<u>the "Primary Offset Amount"</u>) set by the <u>User</u>[entering party on the same side of the market] (a "Primary Pegged Order") or offset the inside quote on the contra side of the market by an amount (the "Offset Amount") set by the User (a "Market Pegged Order"). Pegged Orders are not eligible for routing pursuant to Rule 11.13(a)(2)<u>. Market Pegged Orders</u>[, and] are not <u>eligible to be </u>displayed on the Exchange. <u>Primary Pegged Orders are eligible to be displayed or non-displayed on the Exchange, however, the Primary Offset Amount for a displayed Primary Pegged Order must result in the price of such order being inferior to or equal to the inside quote on the same side of the market. </u>A new timestamp is created for [the order]<u>a Pegged Order</u> each time it is automatically adjusted.

>   (9)-(16) (No change.)

>   (d)-(g) (No change.)

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