

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

Rules of BATS Exchange, Inc.

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CHAPTER XXI. TRADING SYSTEMS

Rule 21.1. Definitions

(No change.)

(a) – (c) (No changes.)

(d) The term “Order Type” shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) – (4) (No changes.)

(5) “Market Orders” are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on BATS Options will be rejected if they are received when the underlying security is subject to a “Limit State” or “Straddle State” as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the “Limit Up-Limit Down Plan”). Any portion of a Market Order that would execute at a price more than \$0.50 or 5 percent worse than the NBBO at the time the order initially reaches BATS Options, whichever is greater, will be cancelled.

(6) – (12) (No changes.)

(e) – (h) (No changes.)

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Rule 21.8. Order Display and Book Processing

(No change.)

(a) Execution Algorithm — Price/Time — The System shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Trading interest will be executed in the order set forth below in paragraphs (a)(1) or (a)(2), with the order clearly established as the first entered into the System within such category at each price level having priority up to the number of contracts specified in the order.

(1) At each price level between displayed trading interest, orders will be executed in the following priority:

(A) (No change.)

[(B) Discretionary portion of discretionary orders as set forth in Rule 21.1(d)(4).]

(2) At each price level that has displayed trading interest, orders will be executed in the following priority:

(A) (No change.)

(B) (No change.)

[(C) Discretionary portion of discretionary orders as set forth in Rule 21.1(d)(4).]

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