

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

Rules of BATS Exchange, Inc.

CHAPTER XI. TRADING RULES

Rule 11.8. Obligations of Market Makers

(a)–(e) (No changes.)

Interpretations and Policies

.01-.02 (No changes.)

.03 Supplemental Competitive Liquidity Provider Program for Exchange Traded Products

(a)-(c) (No changes.)

(d) CLP Company Participation and Fee Liability.

(1) (No changes.)

(2) CLP Fees.

(A) A CLP Company participating in the ETP CLP Program shall incur an annual basic CLP Fee of ~~[\$10,000]~~\$5,000 per CLP Security. The basic CLP Fee must be paid to the Exchange prospectively on a quarterly basis.

(B)-(E)(No changes.)

(m) *Financial Incentives for ETP CLPs.*

(1) *CLP Rebates.* Eligible ETP CLPs, as defined in sub-paragraph (i)(1)(A) above, shall compete for CLP Rebates based on each day’s quoting activity as follows:

Class of Security	Amount of Total Daily CLP Rebate	Allocation of Daily CLP Rebate*
CLP Securities Listed	One quarter of total	<u>For CLP Securities in which</u>

<p>Pursuant to Rule 14.11(b), (c), (f), and (i)</p>	<p>annual CLP Fees for the CLP Security divided by the number of trading days in the current quarter</p>	<p><u>the CLP Fee is equal to or greater than \$40,000 and for which there are three Eligible ETP CLPs, the ETP CLPs with the highest, second highest, and third highest number of Bid Set Credits** will receive 50%, 30%, and 20%, respectively, of half of the daily CLP Rebate for the CLP Security;</u></p> <p><u>For all other CLP Securities, ETP CLPs with highest and second highest number of Bid SET Credits[**] will receive 60% and 40%, respectively, of half of the daily CLP Rebate for the CLP Security;</u></p> <p><u>For CLP Securities in which the CLP Fee is equal to or greater than \$40,000 and for which there are three Eligible ETP CLPs, the ETP CLPs with the highest, second highest, and third highest number of Offer Set Credits will receive 50%, 30%, and 20%, respectively, of half of the daily CLP Rebate for the CLP Security;</u></p> <p><u>For all other CLP Securities, ETP CLPs with highest and second highest number of Offer SET Credits will receive 60% and 40%, respectively, of half of the daily CLP Rebate for the CLP Security.</u></p>
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* In the event only one ETP CLP is eligible for the bid or offer portion of the CLP Rebate, 100% of such rebate will be provided to such ETP CLP. In the event that multiple ETP CLPs have an equal number of Bid SET Credits or Offer SET Credits, the ETP CLP with the highest executed volume in the CLP Security will be awarded the applicable portion of the CLP Rebate. Where no ETP CLPs are eligible for the bid or offer portion of the CLP Rebate, no CLP Rebate will be awarded to any ETP CLP and no refund will be provided to the applicable CLP Company or its Sponsor.

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