

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

Rules of BATS Exchange, Inc.

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CHAPTER XX. REGULATION OF TRADING ON BATS OPTIONS

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Approved but not yet operative version of Rule 20.6, as amended by [SR-BATS-2014-067](#), is set forth below. New text is underlined; deletions are bracketed. This Rule will become operative on May 8, 2015, replacing current Rule 20.6 in its entirety.

Rule 20.6. Nullification and Adjustment of Options Transactions including Obvious Errors

(No change).

(a) – (b) (No change).

(c) *Obvious Errors.*

(1) – (2) (No change).

(3) *Official Acting on Own Motion.* An Official may review a transaction believed to be erroneous on his/her own motion in the interest of maintaining a fair and orderly market and for the protection of investors. A transaction reviewed pursuant to this paragraph may be nullified or adjusted only if it is determined by the Official that the transaction is erroneous in accordance with the provisions of this Rule, provided that the time deadlines of sub-paragraph (c)(2) above shall not apply. The Official shall act as soon as possible after becoming aware of the transaction, and ordinarily would be expected to act on the same day that the transaction occurred. In no event shall the Official act later than 8:30 a.m. Eastern Time on the next trading day following the date of the transaction in question. A party affected by a determination to nullify or adjust a transaction pursuant to this provision may appeal such determination in accordance with paragraph ([k]) below; however, a determination by an Official not to review a transaction or determination not to nullify or adjust a transaction for which a review was conducted on an Official's own motion is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of this Rule, no additional relief may be granted under this provision.

(4) (No change).

(d) – (j) (No change).

(k) Verifiable Disruptions or Malfunctions of Exchange Systems.

(1) Transactions arising out of a “verifiable disruption or malfunction” in the use or operation of any Exchange automated quotation, dissemination, execution, or communication system may either be nullified or adjusted by an Official. Transactions that qualify for price adjustment will be adjusted to Theoretical Price, as defined in paragraph (b) above.

(2) Absent extraordinary circumstances, any such action of an Official pursuant to this paragraph (k) shall be initiated within sixty (60) minutes of the occurrence of the erroneous transaction that resulted from a verifiable disruption or malfunction. Each Options Member involved in the transaction shall be notified as soon as practicable.

(3) Any Options Member aggrieved by the action of an Official taken pursuant to paragraph (k)(1) above, may appeal such action in accordance with the provision of paragraph (l) below.

([k]l) Appeals.

(No change).

(1) – (4) (No change.)

(5) If the Obvious Error Panel votes to uphold the decision made pursuant to paragraph ([k]l)(1) above, the Exchange will assess a \$500.00 fee against the Options Member(s) who initiated the request for appeal. In addition, in instances where the Exchange, on behalf of an Options Member, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Options Member.

(6) (No change).

Interpretations and Policies

.01 - .02 (No change).