

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

Rules of Bats EDGX Exchange, Inc.

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CHAPTER XVI. GENERAL PROVISIONS – EDGX OPTIONS

Rule 16.1. Definitions

(a) (No change.)

(1)-(44) (No change.)

(45) The term “Priority Customer” means any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. The term “Priority Customer Order” means an order for the account of a Priority Customer.

[(45)](46) The term “Professional” means any person or entity that: (A) is not a broker or dealer in securities[,]; and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Options Members.

[(46)](47) The term “Protected Quotation” has the meaning provided in Rule 27.1.

[(47)](48) The term “Public Customer” means a person that is not a broker or dealer in securities.

[(48) The term “Public Customer Order” means an order for the account of a Public Customer.]

(49)-(63) (No change.)

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CHAPTER XX. REGULATION OF TRADING ON EDGX OPTIONS

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

(No change.)

(a) Definitions.

(1) *Customer*. For purposes of this Rule, a Customer shall not include any broker-dealer or Professional[Customer].

(2)-(4) (No change.)

(b)-(l) (No change.)

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CHAPTER XXI. TRADING SYSTEMS

Rule 21.1. Definitions

The following definitions apply to Chapter XXI for the trading of options listed on EDGX Options.

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

(c) The term “Order” shall mean a single order submitted to the System by a User and shall include both Attributable and Non-Attributable Orders, as defined below. The System shall treat all [non-Customer] Orders as Attributable Orders unless a User has entered instructions to treat such Orders as Non-Attributable Orders. [The System shall treat all Customer Orders as Non-Attributable Orders but will identify such orders as Customer Orders in accordance with Rule 21.15(c)(2) below.]

(1)-(2) (No change.)

(d)-(j) (No change.)

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Rule 21.8. Order Display and Book Processing

(a)-(c) (No change.)

(d) (No change.)

(1) Priority Customer Orders. When this priority overlay (the “Customer Overlay”) is in effect, the highest bid and lowest offer shall have priority except that Priority Customer Orders shall have priority over orders on behalf of all other types of participants (“non-Customers”) [interest]at the same price. If there are two or more Priority Customer Orders for the same options series at the same price, priority shall be afforded to such Priority Customer Orders in the sequence in which they are received by the System.

(2)-(3) (No change.)

(e) *Non-Customer Orders.* After executions resulting from Priority Overlays set forth in paragraph (d) above, Orders and Quotes within the System for the accounts of non-Customers, as defined in paragraph (d)(1) above[including Professional Customers], have next priority. If there is more than one highest bid or more than one lowest offer in the Consolidated Book for the account of a non-Customer, then such bids or offers will be afforded priority on a “size pro rata” basis.

(f) *Directed Market Maker Participation Entitlements.* An Options Member may designate a Market Maker (“Directed Market Maker”) on orders it enters into the System (“Directed Orders”). The Directed Market Maker must be registered with the Exchange as a Market Maker in the relevant option class at the time of receipt of the Directed Order to be eligible to receive the Directed Market Maker participation entitlement. Only Priority Customer Orders will be eligible to be directed by an Options Member. The Directed Market Maker participation entitlement shall not be in effect unless the Customer Overlay is in effect and the participation entitlement shall only apply to any remaining balance after Priority Customer [o]Orders have been satisfied. The Directed Market Maker participation entitlements are as follows:

(1) (No change.)

(g) *Primary Market Maker Participation Entitlements.* A Primary Market Maker may be appointed by the Exchange in option classes in accordance with Rule 22.2. The Primary Market Maker participation entitlements shall not be in effect unless the Customer Overlay is in effect and the participation entitlements shall only apply to any remaining balance after Priority Customer [o]Orders have been satisfied. The Primary Market Maker participation entitlements are as follows:

(1)-(2) (No change.)

(h) (No change.)

(1)-(2) (No change.)

(3) The participation entitlements shall not be in effect unless the Customer Overlay is also in effect and the participation entitlements shall only apply to any remaining balance after Priority Customer [o]Orders have been satisfied.

(4)-(6) (No change.)

(i)-(k) (No change.)

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

(c) The Exchange shall reveal a User's identity in the following circumstances:

(1)-(2) (No change.)

(3) if a User is acting as either a Market Maker or sending Orders on behalf of a Priority Customer; or

(4) (No change.)

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Rule 21.15. Data Dissemination

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

(c) Notification of Priority Customer Interest on the Book.

(1) The Exchange will make available to all market participants through OPRA an indication that there is Priority Customer interest included in the BBO disseminated by the Exchange.

(2) The Exchange will identify Priority Customer [o]Orders and trades as such on messages disseminated by the Exchange through its Multicast PITCH data feed.

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