

Proposed new language is italicized; proposed deletions are marked by [brackets].

CHAPTER XI. Trading Rules

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Rule 11.11. Orders and Modifiers

Users may enter into the System the types of orders listed in this Rule 11.11, subject to the limitations set forth in this Rule or elsewhere in these Rules.

(a) – (b) *No change.*

(c) Other Types of Orders and Order Modifiers.

(1) *No change.*

(2) Reserve Order. A limit order with a portion of the quantity displayed (“display quantity”) and with a reserve portion of the quantity (“reserve quantity”) that is not displayed.

(A) A User may enter a Reserve Order with zero display quantity, in which case the Reserve Order will be known as a “Zero Display Reserve Order.” The price of a Zero Display Reserve Order may be set (“pegged”) to track the buy-side of the Protected BBO, the sell-side of the Protected BBO, or the midpoint of the Protected BBO. A pegged Zero Display Reserve Order which tracks the inside quote of the opposite side of the market is defined as a Market Peg; a pegged Zero Display Reserve Order that tracks the midpoint is defined as a Midpoint Peg; and a pegged Zero Display Reserve Order that tracks the inside quote of the same side of the market is defined as a Primary Peg. A pegged Zero Display Reserve Order may have an optional limit price cap (“Cap”) beyond which the order shall not be executed.

(B) - (C) *No change.*

(D) Zero Display Reserve Orders will not be eligible for routing to away Trading Centers pursuant to Rule 11.15(a)(ii). In addition, as further specified in Rule 11.15(a)(iv)(B), Zero Display Reserve Orders will not be eligible for execution when a protected bid is priced higher than a protected offer in a NMS stock (i.e., crossed market) or if indicated by the User on an order-by order basis, when the protected bid is equal to the protected offer (i.e., a locked market). In such cases, the Zero Display Reserve Order would remain posted on the NSX Book until the protected bid is priced lower than the protected offer (i.e., uncrossed or unlocked market), or is cancelled by the User.

(3) - (10) *No change.*

Interpretations and Policies

.01 *No change.*

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Rule 11.14. Priority of Orders

(a) Ranking. Orders of Users shall be ranked and maintained in the NSX Book based on the following priority:

(1) – (3) *No changes.*

(4) The displayed quantity of a Reserve Order shall have time priority as of the time of display. If the displayed quantity of the Reserve Order is decremented such that 99 shares or fewer would be displayed, the displayed portion of the Reserve Order shall be refreshed for (i) the original displayed quantity, or (ii) the entire reserve quantity, if the remaining reserve quantity is smaller than the original displayed quantity. After the refresh, the displayed portion of the Reserve Order shall have time priority as of the time of the refresh. The reserve quantity of a Reserve Order shall have no time priority against other displayed orders at the same price until displayed. If all displayed orders and displayed portions of Reserve Orders at a given price are executed, and following such execution any marketable contra-side orders remain outstanding, then such contra-side orders shall be executed against the reserve portions of Reserve Orders at such price based on the time priority as determined by this paragraph (4). For purposes of the preceding sentence, a Zero Display Reserve Order without a Minimum Execution Quantity instruction will be deemed to have a displayed portion equal to one round lot. A Zero Display Reserve Order with a Minimum Execution Quantity instruction will be deemed to have a displayed portion equal to its Minimum Execution Quantity for the first pass, and for each additional pass, will be deemed to have a displayed portion equal to one round lot. A Zero Display Order that is not executed during a period in which the protected bid is higher than the protected offer (i.e., crossed market) or when the protected bid is equal to the protected offer (i.e., a locked market) as set forth in Rule 11.15(a)(iv)(B) shall retain the same time priority as established above. Following satisfaction of the marketable contra-side orders, the NSX Book will be refreshed.

(b) *No changes.*

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Rule 11.15. Order Execution

Orders shall be matched for execution by following this Rule. For any execution to occur during Regular Trading Hours, however, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS. The Exchange intends to take advantage of the self-help provisions of Regulation NMS.

(a) Orders Other than Sweep Orders.

(i) - (iii) *No changes.*

(iv) Zero Display Reserve Orders. Notwithstanding the foregoing:

(A) *No change.*

(B) The System will not execute a Zero Display Reserve Order in an NMS stock when a protected bid is priced higher than a protected offer (i.e., crossed market), or if indicated by the User on an order-by order basis, when the protected bid is equal to the protected offer (i.e., a locked market). Zero Display Reserve Orders that are not executed during this period will retain time priority in accordance with Rule 11.14(a)(4), and a request to cancel or replace a Zero Display Order during this period will be handled pursuant to Rule 11.11(9)(d). The System will resume executing Zero Display Reserve Orders against marketable contra-side orders when the protected bid is priced lower than the protected offer.

(b) - (e) *No changes.*

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