

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

[Add](#) [Remove](#) [View](#)

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

[Add](#) [Remove](#) [View](#)

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

[Add](#) [Remove](#) [View](#)

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

[Add](#) [Remove](#) [View](#)

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

[Add](#) [Remove](#) [View](#)

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

[Add](#) [Remove](#) [View](#)

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

[Add](#) [Remove](#) [View](#)

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² BATS Exchange, Inc. (the “Exchange” or “BATS”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend BATS Rules in order to begin offering a trading session after the close of Regular Trading Hours³ (the “After Hours Trading Session”) that will last from 4:00 to 5:00 p.m. Eastern Time. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁴ The Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii).⁵

(a) The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Board of Directors of the Exchange approved this proposed rule change on May 8, 2009. This action constitutes requisite approval under the Exchange’s By-Laws.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As defined in current BATS Rule 1.5(v), which the Exchange proposes to re-number as BATS Rule 1.5(w).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ Id.

Questions regarding this rule filing may be directed to Eric Swanson, Senior Vice President and General Counsel of the Exchange at (212) 378-8520.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) Purpose

The Exchange currently allows trading during a Pre-Opening Session that lasts from 8:00 a.m. to 9:30 a.m. Eastern Time, with Regular Trading Hours lasting from 9:30 a.m. to 4:00 p.m. Eastern Time. The purpose of the proposed rule change is to amend BATS Rules in order to allow trading on the Exchange during an After Hours Trading Session that will last from 4:00 to 5:00 p.m. Eastern Time. Thus, in addition to adding a definition to BATS Rule 1.5 for the "After Hours Trading Session," the Exchange has proposed to add a reference to the After Hours Trading Session to Exchange Rules that address trading outside of Regular Trading Hours (currently only through the Pre-Opening Session). The Exchange has also proposed modifications to the Time-in-Force section of BATS Rule 11.9 to indicate that a Good 'til Day Order, for which a User must indicate an expiration time, can last until the close of the After Hours Trading Session, and to add a new Time-in-Force parameter called a Good 'til Extended Day Order ("GTX"). As defined in proposed BATS Rule 11.9(c)(5), a limit order with a Time-in-Force of GTX will be cancelled by the close of the After Hours Trading Session, if not executed earlier.

Market Makers registered with the Exchange are required to satisfy certain obligations, including the requirement to maintain continuous two-sided quotations in securities in which they are registered. Pursuant to BATS Rule 11.8(b), a Market Maker's obligations apply during Regular Trading Hours on days that the Exchange is

open for business. The Exchange has proposed language to clarify that to the extent a Market Maker chooses to act as a Market Maker outside of Regular Trading Hours, such Market Maker must comply, while its quotes are open, with all applicable Exchange Rules.

Trading outside of Regular Trading Hours involves potential risks, including the possibility of less information regarding indicative values, lower liquidity, higher volatility, changing prices, unlinked markets with the possibility of trade-throughs, and wider spreads. Moreover, trades executed during extended hours sessions may receive executions at inferior prices when compared to the high/low of the day. Exchange Rule 14.1(c)(2) presently requires the Exchange to distribute an information circular to its Members in connection with any UTP Derivative Security⁶ traded on the Exchange that includes a section advising the Member of the risks of trading such security during the Pre-Opening Session. The Exchange has proposed to amend BATS Rule 14.1 to also include reference to the After Hours Trading Session in paragraph (c)(2), and thus, will provide information to its Members regarding trading of any UTP Derivative Security during the After Hours Trading Session in future information circulars.

In addition, and in light of the risks described above, the Exchange has proposed adding new BATS Rule 3.21 that will require Exchange Members that execute trades on behalf of customers during either extended hours session offered by the Exchange to provide such customers with notice regarding the risks of trading during extended hours. In order to reduce additional compliance burdens with respect to this disclosure requirement, the Exchange has based BATS Rule 3.21 on the rules of other self-

⁶ As defined in BATS Rule 14.1(c).

regulatory organizations,⁷ and thus, believes that many or all Exchange Members to which proposed BATS Rule 3.21 will apply are already required to provide such disclosures to their customers.

The information circular requirement applicable to the Exchange and the customer disclosure requirement applicable to Members, along with all other equity rules and trading surveillance that currently apply to trading on the Exchange during the Pre-Opening Session and Regular Trading Hours will apply to the After Hours Trading Session. As it currently does with trades executed during the Pre-Opening Session, the Exchange will designate all trades executed during the After Hours Trading Session appropriately when reporting such trades through any consolidated transaction reporting system.

The Exchange has also proposed adding new Interpretation and Policy .01 to BATS Rule 14.1, which explains the circumstances under which the Exchange will halt trading during the Pre-Opening and After Hours Trading Sessions. Specifically, as permitted pursuant to the rules of other national securities exchanges,⁸ the Exchange may continue trading of a UTP Derivative Security (as defined in BATS Rule 14.1(c)) during the Pre-Opening Session if that security commenced trading during that session notwithstanding an interruption in the calculation or wide dissemination of the Intraday Indicative Value (“IIV”) or value of the underlying index, as applicable. If the IIV or value of an underlying index for a UTP Derivative Security is not calculated or available after the close of Regular Trading Hours on the Exchange, the Exchange will only trade

⁷ See, e.g., NASDAQ Rule 4631, NYSE Arca Equities Rule 7.34(e), and ISE Rule 2102, Interpretation and Policy .04 and .05.

⁸ See, e.g., NYSE Arca Equities Rule 7.34(a)(4); ISE Rule 2102(e).

that UTP Derivative Security to the extent the listing market traded the security until the close of its regular trading session without a halt. If the IIV or value of an underlying index for a UTP Derivative Security is still unavailable or is not being calculated as of the beginning of the Pre-Opening Session on the next business day, the Exchange will not commence trading of that security during the Pre-Opening Session, and will resume trading of the UTP Derivative Security only if the IIV or value of an underlying index for that UTP Derivative Security is again being calculated or widely disseminated, or if the listing market resumes trading.

In addition to the proposed changes described above, the Exchange is proposing to make certain non-substantive changes to Interpretation and Policy .01 of Exchange Rule 8.15 to update and correct cross-references to other Exchange Rules.

(b) Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.⁹ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,¹⁰ because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. In particular, the proposed rule change will allow the Exchange to provide a competitive marketplace for Exchange Users to trade securities until 5:00 p.m. Eastern Time.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

4. Self-Regulatory Organization's Statement on Burden on Competition

The proposed rule change does not impose any burden on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act¹¹ and paragraph (f)(6) of Rule 19b-4 thereunder.¹² The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition, and (3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate.¹³ In addition, the Exchange believes that the proposed implementation of the After Hours Trading Session does not present any policy issues that have not previously been considered by

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4.

¹³ 17 CFR 240.19b-4(f)(6)(iii).

the Commission, but rather, is a minor change to Exchange's existing rules that is consistent with other national securities exchanges that offer trading after the close of their regular trading hours.¹⁴ For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4.

As noted above, the Exchange does not believe that this proposal raises any new or novel issues and believes that it should become effective upon filing so that the Exchange will be able to operate during similar hours to its competitors. In addition, the Exchange has based its rules on the rules of other national securities exchanges, and thus, the proposed rules do not present any new policy issues nor do such proposed rules require significant programming efforts by Users or other market participants that would necessitate a delay. Finally, the Exchange requests this waiver because it expects to have operational and technological changes in place to support the proposed rule change on May 26, 2009, and that benefits to Exchange Users expected from the proposed rule change should not be delayed. Accordingly, the Exchange requests that the Commission waive the 30-day pre-operative waiting period contained in Rule 19b-4(f)(6)(iii) under the Act.¹⁵ Waiver of this requirement is consistent with the protection of investors and the public interest for the reasons described above.

¹⁴ See, e.g., ISE Rule 2102; NYSE Arca Equities Rule 7.34.

¹⁵ 17 CFR 240.19b-4(f)(6)(iii).

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

Proposed BATS Rule 3.21 is based on NASDAQ Rule 4631, NYSE Arca Equities Rule 7.34(e), and ISE Rule 2102, Interpretation and Policy .04 and .05; proposed BATS Rule 3.21 does not substantively differ from these rules. The language that the Exchange has proposed to add to BATS Rule 11.8(b) is based on NASDAQ Rule 4617. Proposed Interpretation and Policy .01 to BATS Rule 14.1 is based on NYSE Arca Equities Rule 7.34(a)(4) and ISE Rule 2102(e) and does not substantively differ from these rules.

9. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibit 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BATS-2009-012)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend BATS Rules to Offer an After Hours Trading Session

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 20, 2009, BATS Exchange, Inc. (“BATS” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to amend BATS Rules in order to begin offering a trading session after the close of Regular Trading Hours⁵ (the “After Hours Trading Session”) that will last from 4:00 to 5:00 p.m. Eastern Time.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ As defined in current BATS Rule 1.5(v), which the Exchange proposes to re-number as BATS Rule 1.5(w).

The text of the proposed rule change is available at the Exchange's website at <http://www.batstrading.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange currently allows trading during a Pre-Opening Session that lasts from 8:00 a.m. to 9:30 a.m. Eastern Time, with Regular Trading Hours lasting from 9:30 a.m. to 4:00 p.m. Eastern Time. The purpose of the proposed rule change is to amend BATS Rules in order to allow trading on the Exchange during an After Hours Trading Session that will last from 4:00 to 5:00 p.m. Eastern Time. Thus, in addition to adding a definition to BATS Rule 1.5 for the "After Hours Trading Session," the Exchange has proposed to add a reference to the After Hours Trading Session to Exchange Rules that address trading outside of Regular Trading Hours (currently only through the Pre-Opening Session). The Exchange has also proposed modifications to the Time-in-Force section of BATS Rule 11.9 to indicate that a Good 'til Day Order, for which a User must indicate an expiration time, can last until the close of the After Hours Trading Session, and to add a new Time-in-Force parameter called a Good 'til Extended Day Order

("GTX"). As defined in proposed BATS Rule 11.9(c)(5), a limit order with a Time-in-Force of GTX will be cancelled by the close of the After Hours Trading Session, if not executed earlier.

Market Makers registered with the Exchange are required to satisfy certain obligations, including the requirement to maintain continuous two-sided quotations in securities in which they are registered. Pursuant to BATS Rule 11.8(b), a Market Maker's obligations apply during Regular Trading Hours on days that the Exchange is open for business. The Exchange has proposed language to clarify that to the extent a Market Maker chooses to act as a Market Maker outside of Regular Trading Hours, such Market Maker must comply, while its quotes are open, with all applicable Exchange Rules.

Trading outside of Regular Trading Hours involves potential risks, including the possibility of less information regarding indicative values, lower liquidity, higher volatility, changing prices, unlinked markets with the possibility of trade-throughs, and wider spreads. Moreover, trades executed during extended hours sessions may receive executions at inferior prices when compared to the high/low of the day. Exchange Rule 14.1(c)(2) presently requires the Exchange to distribute an information circular to its Members in connection with any UTP Derivative Security⁶ traded on the Exchange that includes a section advising the Member of the risks of trading such security during the Pre-Opening Session. The Exchange has proposed to amend BATS Rule 14.1 to also include reference to the After Hours Trading Session in paragraph (c)(2), and thus, will

⁶ As defined in BATS Rule 14.1(c).

provide information to its Members regarding trading of any UTP Derivative Security during the After Hours Trading Session in future information circulars.

In addition, and in light of the risks described above, the Exchange has proposed adding new BATS Rule 3.21 that will require Exchange Members that execute trades on behalf of customers during either extended hours session offered by the Exchange to provide such customers with notice regarding the risks of trading during extended hours. In order to reduce additional compliance burdens with respect to this disclosure requirement, the Exchange has based BATS Rule 3.21 on the rules of other self-regulatory organizations,⁷ and thus, believes that many or all Exchange Members to which proposed BATS Rule 3.21 will apply are already required to provide such disclosures to their customers.

The information circular requirement applicable to the Exchange and the customer disclosure requirement applicable to Members, along with all other equity rules and trading surveillance that currently apply to trading on the Exchange during the Pre-Opening Session and Regular Trading Hours will apply to the After Hours Trading Session. As it currently does with trades executed during the Pre-Opening Session, the Exchange will designate all trades executed during the After Hours Trading Session appropriately when reporting such trades through any consolidated transaction reporting system.

The Exchange has also proposed adding new Interpretation and Policy .01 to BATS Rule 14.1, which explains the circumstances under which the Exchange will halt

⁷ See, e.g., NASDAQ Rule 4631, NYSE Arca Equities Rule 7.34(e), and ISE Rule 2102, Interpretation and Policy .04 and .05.

trading during the Pre-Opening and After Hours Trading Sessions. Specifically, as permitted pursuant to the rules of other national securities exchanges,⁸ the Exchange may continue trading of a UTP Derivative Security (as defined in BATS Rule 14.1(c)) during the Pre-Opening Session if that security commenced trading during that session notwithstanding an interruption in the calculation or wide dissemination of the Intraday Indicative Value (“IIV”) or value of the underlying index, as applicable. If the IIV or value of an underlying index for a UTP Derivative Security is not calculated or available after the close of Regular Trading Hours on the Exchange, the Exchange will only trade that UTP Derivative Security to the extent the listing market traded the security until the close of its regular trading session without a halt. If the IIV or value of an underlying index for a UTP Derivative Security is still unavailable or is not being calculated as of the beginning of the Pre-Opening Session on the next business day, the Exchange will not commence trading of that security during the Pre-Opening Session, and will resume trading of the UTP Derivative Security only if the IIV or value of an underlying index for that UTP Derivative Security is again being calculated or widely disseminated, or if the listing market resumes trading.

In addition to the proposed changes described above, the Exchange is proposing to make certain non-substantive changes to Interpretation and Policy .01 of Exchange Rule 8.15 to update and correct cross-references to other Exchange Rules.

2. Statutory Basis

The rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national

⁸ See, e.g., NYSE Arca Equities Rule 7.34(a)(4); ISE Rule 2102(e).

securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.⁹ Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,¹⁰ because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. In particular, the proposed rule change will allow the Exchange to provide a competitive marketplace for Exchange Users to trade securities until 5:00 p.m. Eastern Time.

(B) Self-Regulatory Organization's Statement of Burden on Competition

The Exchange does not believe that the proposed rule change imposes any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Changes Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Changes and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BATS-2009-012 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File No. SR-BATS-2009-012. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for

inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BATS-2009-012 and should be submitted on or before [_____21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Florence E. Harmon
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).

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

Rules of BATS Exchange, Inc.

* * * * *

CHAPTER I. ADOPTION, INTERPRETATION AND APPLICATION OF RULES, AND DEFINITIONS

* * * * *

Rule 1.5. Definitions

(No change.)

(a)–(b) (No changes.)

(c) After Hours Trading Session

The term “After Hours Trading Session” shall mean the time between 4:00 p.m. and 5:00 p.m. Eastern Time.

[(c)](d) Authorized Trader

(No change in text.)

[(d)](e) BATS Book

(No change in text.)

[(e)](f) Board and Board of Directors

(No change in text.)

[(f)](g) Broker

(No change in text.)

[(g)](h) Commission

(No change in text.)

[(h)](i) Dealer

(No change in text.)

[(i)](j) Designated Self-Regulatory Organization

(No change in text.)

[(j)](k) Exchange

(No change in text.)

[(k)](l) Market Maker

(No change in text.)

[(l)](m) Market Maker Authorized Trader

(No change in text.)

[(m)](n) Member

(No change in text.)

[(n)](o) NBB, NBO and NBBO

(No change in text.)

[(o)](p) Person

(No change in text.)

[(p)](q) Person Associated with a Member

(No change in text.)

[(q)](r) Pre-Opening Session

(No change in text.)

[(r)](s) Protected NBB, Protected NBO and Protected NBBO

(No change in text.)

[(s)](t) Protected Bid, Protected Offer and Protected Quotation

(No change in text.)

[(t)](u) Qualified Clearing Agency

(No change in text.)

[(u)](v) Registered Broker or Dealer

(No change in text.)

[(v)](w) Regular Trading Hours

(No change in text.)

[(w)](x) Sponsored Participant

(No change in text.)

[(x)](y) Sponsoring Member

(No change in text.)

[(y)](z) Statutory Disqualification

(No change in text.)

[(z)](aa) System

(No change in text.)

[(aa)](bb) Top of Book

(No change in text.)

[(bb)](cc) User

(No change in text.)

[(cc)](dd) UTP Security

(No change in text.)

* * * * *

CHAPTER III. RULES OF FAIR PRACTICE

* * * * *

Rule 3.21. Customer Disclosures

No Member may accept an order from a customer for execution in the Pre-Opening or After Hours Trading Session without disclosing to such customer that extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The absence of an updated underlying index value or intraday indicative value is an additional trading risk in extended hours for UTP Derivative Securities (as defined in Rule 14.1(c)). The disclosures required pursuant to this Rule may take the following form or such other form as provides substantially similar information:

(a) *Risk of Lower Liquidity.* Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to

pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

(b) *Risk of Higher Volatility.* Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

(c) *Risk of Changing Prices.* The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

(d) *Risk of Unlinked Markets.* Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

(e) *Risk of News Announcements.* Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

(f) *Risk of Wider Spreads.* The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

(g) *Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (“IIV”).* For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during extended hours trading sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions may be at a disadvantage to market professionals.

* * * * *

CHAPTER VIII. DISCIPLINE

* * * * *

Rule 8.15. Imposition of Fines for Minor Violation(s) of Rules

(a)–(e) (No changes.)

Interpretations and Policies

.01 List of Exchange Rule Violations and Recommended Fine Schedule Pursuant to Rule 8.15:

Recommended Fine Schedule – 8.15.01(a)-(c)

(No change.)

(a) (No change.)

(b) Rule [11.15]11.19 requirement to identify short sale orders as such.

(c) Rule [11.16]11.20 requirement to comply with locked and crossed market rules.

Recommended Fine Amount for 8.15.01(d)-(e): \$100 per violation

(d)–(e) (No changes.)

* * * * *

CHAPTER XI. TRADING RULES

Rule 11.1. Hours of Trading and Trading Days

(a) Orders may be executed on the Exchange or routed away from the Exchange during Regular Trading Hours and during the Pre-Opening and After Hours Trading Sessions.

(b) – (c) (No changes.)

* * * * *

Rule 11.8. Obligations of Market Makers

(a) (No change.)

(1)-(5) (No changes.)

(b) A Market Maker must satisfy the responsibilities and duties as set forth in paragraph (a) of this Rule during Regular Trading Hours on all days in which the Exchange is open for business. A Market Maker may voluntarily open for business prior to 9:30 a.m. and remain open for business later than 4:00 p.m. Eastern Time. Market Makers whose quotes are

open prior to 9:30 a.m. Eastern Time or after 4:00 p.m. Eastern Time shall be obligated to comply, while their quotes are open, with all Exchange Rules that are not by their express terms, or by an official interpretation of the Exchange, inapplicable to any part of the Pre-Opening Session or the After Hours Trading Session.

(c)-(f) (No changes.)

Rule 11.9. Orders and Modifiers

(No change.)

(a) (No change.)

(b) (No change.)

(1)-(3) (No changes.)

(4) Good 'til Day ("GTD") Order. A limit order to buy or sell which, if not executed, will be cancelled [by the earlier of the expiration time assigned to the order or] at the expiration time assigned to the order, which can be no later than the close of [Regular Trading Hours]the After Hours Trading Session.

(5) Good 'til Extended Day ("GTX") Order. A limit order to buy or sell which, if not executed, will be cancelled by the close of the After Hours Trading Session.

(c)-(e) (No changes.)

* * * * *

Rule 11.13. Order Execution

(a) Subject to the restrictions on short sales under these Exchange Rules or the Act and the rules and regulations thereunder, orders shall be matched for execution in accordance with this Rule 11.13. 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. For any execution to occur during the Pre-Opening Session [Hours] or the After Hours Trading Session, the price must be equal to or better than the highest Protected Bid or lowest Protected Offer. For purposes of this Rule 11.13 any order falling within the parameters of this paragraph shall be referred to as "executable".

(b)-(c) (No changes.)

* * * * *

CHAPTER XIV. SECURITIES TRADED

Rule 14.1. Unlisted Trading Privileges

(a) (No change.)

(b) (No change.)

(c) (No change.)

(1) (No change.)

(2) Information Circular. The Exchange shall distribute an information circular prior to the commencement of trading in each such UTP Derivative Security that generally includes the same information as contained in the information circular provided by the listing exchange, including: (a) the special risks of trading new derivative securities product; (b) the Exchange Rules that will apply to the new derivative securities product, including Rule 3.7; (c) information about the dissemination of value of the underlying assets or indexes; and (d) the risk of trading during the Pre-Opening Session (9:00 a.m. – 9:30 a.m. Eastern Time) and the After Hours Trading Session (4:00 p.m. – 5:00 p.m. Eastern Time) due to the lack of calculation or dissemination of the intra-day indicative value or a similar value.

(3) – (6) (No changes.)

Interpretations and Policies

.01 The Exchange will halt trading during Regular Trading Hours when required by, and in accordance with, Rule 14.1(c)(4)(A) and (B). The Exchange will halt trading during extended hours trading sessions as follows:

(a) Pre-Opening Session. If a UTP Derivative Security begins trading on the Exchange in the Pre-Opening Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value (“IIV”) or the value of the underlying index, as applicable, to such UTP Derivative Security, by a major market data vendor, the Exchange may continue to trade the UTP Derivative Security for the remainder of the Pre-Opening Session.

(b) After Hours Trading Session and Next Business Day’s Pre-Opening Session.

(i) If the IIV or the value of the underlying index continues not to be calculated or widely available after the close of Regular Trading Hours, the Exchange may trade the UTP Derivative Security in the After Hours Trading Session only if the listing market traded such securities until the close of its regular trading session without a halt.

(ii) If the IIV or the value of the underlying index continues not to be calculated or widely available as of the commencement of the Pre-Opening Session on the next business day, the Exchange shall not commence trading of the UTP Derivative

Security in the Pre-Opening Session that day. If an interruption in the calculation or wide dissemination of the IIV or the value of the underlying index continues, the Exchange may resume trading in the UTP Derivative Security only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the UTP Derivative Security resumes in the listing market.