

Required fields are shown with yellow backgrounds and asterisks.

Filing by BATS Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Anders Last Name * Franzon

Title * VP, Associate General Counsel

E-mail * afranzon@batstrading.com

Telephone * (913) 815-7154 Fax (913) 815-7119

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 01/10/2013 VP, Associate General Counsel

By Anders Franzon

(Name *)

Anders Franzon,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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 *

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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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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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, security-based swap submission, or advance notice 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

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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

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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

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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

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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

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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 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 Rule 14.10, entitled “Corporate Governance Requirements,” in accordance with the provisions of Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) requiring the listing rules of a national securities exchange to prohibit the listing of any equity security of an issuer that is not in compliance with certain compensation committee and compensation adviser requirements.

(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 proposed rule change was approved by the Board of Directors of the Exchange on September 25, 2012. No other action is necessary for the filing of the rule change.

Questions regarding this rule filing may be directed to Eric Swanson, Senior Vice President and General Counsel of the Exchange at (913) 815-7000.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

(a) Purpose

This Amendment No. 2 to SR-BATS-2012-039 (the "Filing") which was originally submitted on September 25, 2012, is a partial amendment to Amendment No. 1 to the Filing, which replaced the Filing in its entirety and was submitted on October 8, 2012. This Amendment No. 2 amends and further clarifies certain aspects of proposed Rule 14.10 as proposed in Amendment No. 1 (the "Proposal"). The purpose of this Amendment No. 2 is to: (1) add additional language to further outline the responsibilities of the compensation committee, as well as to make certain clarifying changes to the compensation committee's responsibilities and authority; (2) increase the cure period for meeting compensation committee requirements where the annual shareholders meeting occurs no later than 180 days following the event that cause the failure to comply, as well as make several clarifying changes to the Cure Period rule; (3) amend language from the Proposal in order to create full exemptions from Rule 14.10(c)(4) for Limited Partnerships, Management Investment Companies, and Companies in Bankruptcy Proceedings; (4) move the effective date of the Proposal from June 1, 2013 to July 1, 2013; and (5) make several non-substantive clarifying changes, as well as correcting certain rule references within the Proposal.

Compensation Committee Responsibilities and Authorities

The Exchange proposes to make changes to Rule 14.10(c)(4)(C), as amended in the Proposal, to make clear that the compensation committee of a Company must have certain responsibilities and authority as required by Rule 10C-1(b)(2)-(4)(i-vi) under the Act, to renumber certain parts of the Rule, to provide additional guidance as to when a

compensation committee is required to conduct the independence assessment, and to make several clarifying changes to the Rule.

Specifically, the Exchange is proposing to add language to the Rule which would require the compensation committee of a Company to have the specific responsibilities and authority necessary to comply with Rule 10C-1(b)(2)-(4) of the Act, relating to the retention, compensation, oversight and funding of compensation consultants, legal counsel and other compensation advisers, as well as the requirement to consider the six independence factors enumerated in Rule 10C-1(b)(4) before selecting, or receiving advice from, such advisers.

The intent of Rule 10C-1(b)(4)(i)-(vi) is to require compensation committees to consider the independence factors when selecting any compensation consultant, legal counsel or other compensation adviser, other than in-house legal counsel.³ Accordingly, the Exchange intentionally has deleted the word “independent” prior to “legal counsel” to avoid confusion and capture any legal counsel, other than in-house legal counsel. The Exchange also proposes to amend Rule 14.10(c)(4)(C) to provide an exemption consistent with Item 407(e)(3)(iii) of Regulation S-K by exempting a compensation

³ See the Adopting Release, at 38433 (stating that “This instruction will not affect the obligation of a compensation committee to consider the independence of outside legal counsel or compensation consultants or other advisers retained by management or by the issuer. We believe that information gathered from an independence assessment of these categories of advisers will be useful to the compensation committee as it considers any advice that may be provided by these advisers. In addition, excluding outside legal counsel or compensation consultants retained by management or by the issuer from the required independence assessment may not be competitively neutral, since, as some commentators pointed out, they often perform the same types of services as the law firms and compensation consultants selected by the compensation committee.”)

consultant, legal counsel, or other adviser whose role is limited to (i) consulting on any non-discriminatory, broad-based plan that is available to all salaried employees or (ii) providing information that is either not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice, and for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K.

Lastly, the Exchange is proposing to make several clarifying amendments to the Proposal in order to bring the Rule more closely in line with the rules of other exchanges and to ensure that the requirements of and exemptions to the Rule are as transparent as possible.

Cure Period

The Exchange also proposes to make changes to Rule 14.10(c)(4)(D), as amended in the Proposal, to extend the cure period where a Company fails to comply with the compensation committee composition requirements due to a member ceasing to be independent due to circumstances beyond the member's reasonable control. Specifically, the Exchange proposes that the Company have 180 days from the event that caused non-independence where the annual shareholders meeting occurs no later than 180 days following such event. The Exchange is proposing to make this change in order reflect the cure period to the Exchange's current listing rules for noncompliance with the requirement to have a majority independent board.⁴

Exemptions

⁴ See BATS Rule 14.10(c)(2)(A)(i).

Rule 10C-1 permits the national securities exchanges to exempt from the listing rules adopted pursuant to Rule 10C-1 certain categories of issuers, as the national securities exchange determines is appropriate, taking into consideration, among other relevant factors, the potential impact of the listing rules on smaller reporting issuers.⁵ The Exchange proposes to amend the Proposal so that its existing exemptions from the compensation-related listing rules remain generally unchanged. The Exchange's current listing rules include exemptions for: asset-backed issuers and other passive issuers,⁶ cooperatives,⁷ limited partnerships,⁸ and management investment companies.⁹ For the same reasons that these categories of Companies have traditionally been exempt from the

⁵ See 17 CFR 240.10C-1(b)(5).

⁶ See BATS Rule 14.10(e)(1)(A). Asset-backed issuers and other passive issuers have traditionally been exempt from the Exchange's compensation-related listing rules because these issuers do not have a board of directors or persons acting in a similar capacity and their activities are limited to passively owning or holding (as well as administering and distributing amounts in respect of) securities, rights, collateral, or other assets on behalf of or for the benefit of the holders of the listed securities.

⁷ See BATS Rule 14.10(e)(1)(B). Certain member-owned cooperatives that list their preferred stock are required to have their common stock owned by their members. Because of their unique structure and the fact that they do not have a publicly traded class of common stock, these entities have traditionally been exempt from the Exchange's compensation-related listing rules.

⁸ See BATS Rule 14.10(e)(1)(D). The Exchange's compensation-related listing rules historically have not been applied to limited partnerships because the structure of these entities requires that public investors have limited rights and that the general partners make all significant decisions about the operation of the limited partnership. As such, limited partners do not expect to have a voice in the operations of the partnership.

⁹ See BATS Rule 14.10(e)(1)(E). Management investment companies registered under the Investment Company Act of 1940 are already subject to a pervasive system of federal regulation in certain areas of corporate governance, and, as a result, these entities have traditionally been exempt from the Exchange's compensation-related listing rules.

Exchange's compensation-related listing rules, the Exchange proposes that they continue to be exempt from its revised listing rules relating to compensation committees.

In addition, the Exchange's current listing rules provide that a Foreign Private Issuer may follow its home country practice in lieu of the Exchange's compensation-related listing rules if the Foreign Private Issuer discloses in its annual reports filed with the Commission each requirement that it does not follow and describes the home country practice followed by the Company in lieu of such requirements.¹⁰ Alternatively, a Foreign Private Issuer that is not required to file its annual report with the Commission on Form 20-F may make this disclosure only on its website. The Exchange proposes to amend the Proposal to continue to allow a Foreign Private Issuer to follow its home country practice in lieu of the Exchange's revised listing rules relating to compensation committees if the Foreign Private Issuer provides the disclosures described above. The Exchange also proposes to add an additional disclosure requirement for any Foreign Private Issuer that follows its home country practice in lieu of the requirements of Rule 14.10(c)(4)(B) to disclose in its annual reports filed with the Commission the reasons why it does not comply with the Rule.¹¹

Lastly, the Exchange is proposing to delete Rule 14.10(e)(1)(F) from the Proposal, which will leave the requirements relating to compensation committee

¹⁰ See BATS Rule 14.10(e)(1)(C). The Exchange's listing rules have traditionally provided qualified exemptions for Foreign Private Issuers so that such issuers are not required to do any act that is contrary to a law, rule, or regulation of any public authority exercising jurisdiction over such issuer or that is contrary to generally accepted business practices in the issuer's country of domicile.

¹¹ This Amendment No. 2 adopts the requirements of Rule 10C-1(b)(1)(iii)(A)(4), which provides an exemption from the independence requirements of Rule 10C-1 for Foreign Private Issuers.

composition for Companies in bankruptcy proceeding generally unchanged. Because Companies in bankruptcy proceedings were not previously required to have a compensation committee, the Exchange is proposing to continue to rely on the existing schedule to phase in compliance with the compensation committee composition requirement for Companies emerging from bankruptcy.¹²

Effective Date

The Exchange proposes to amend the Proposal to change the effective date of the Filing from June 1, 2013 to July 1, 2013. The Exchange is proposing this change in order to harmonize its implementation with other national securities exchanges.

Clarifying Changes

The Exchange proposes to amend the Proposal in order to make several non-substantive clarifying changes to proposed Rule 14.10(c). Specifically, the Exchange is proposing to remove each instance throughout Rule 14.10(c) which refers to directors of a Company acting “in the capacity” described in Rule 14.10(c)(4)(B) and replace it with language similar to, as contextually appropriate, determining the compensation of Executive Officers as described in Rule 14.10(c)(4)(B). Similarly, the Exchange is proposing to clarify that independent directors in Rule 14.10(c)(4)(B)(i) and (ii) must also be deemed independent under Rule 14.10(c)(4)(A)(i) to be eligible to determine or recommend compensation for Executive Officers. The Exchange is also proposing to delete text from Rule 14.10(c)(4)(C) that it has deemed unnecessary and that can be removed without substantively changing the meaning of the proposed Rule 14.10(c)(4), including Rule 14.10(c)(4)(C)(ii) and (iii) of the Proposal. The Exchange is also

¹² See BATS Rule 14.10(e)(2)(C).

proposing to correct a reference to “executive officer” in Rule 14.10(c)(4)(C)(iv)(f) by replacing it with “Executive Officer.” Lastly, the Exchange is proposing to correct the reference in Rule 14.10(c)(4)(e)(2)(A) by changing “Rule 14.10(c)(2)” to “Rule 14.10(c)(4) and (5).”

(b) Statutory Basis

Approval of 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 Rule 10C¹³ and Rule 10C-1¹⁴ thereunder and Section 6(b) of the Act.¹⁵ The Exchange believes that this Amendment No. 2 to proposed Rule 14.10 is consistent with Section 6(b)(5) of the Act¹⁶ because it would promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. The Exchange is proposing this Amendment No. 2 primarily to conform its Rule 14.10, which is designed to comply with the requirements of Section 952 of the Dodd-Frank Act, to the corresponding rules proposed by other national securities exchanges that are currently pending before the Commission and therefore believes the proposed rule change to be consistent with the Act, particularly with respect to fostering cooperation and

¹³ 15 U.S.C. 78j-3.

¹⁴ 17 CFR 240.10C-1.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, as well as removing impediments to, and perfecting the mechanism of, a free and open market and a national market system.

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 requests that the Commission approve this Amendment No. 2 on an accelerated basis pursuant to Section 19(b)(2) of the Act.¹⁷ In making this request, the Exchange notes that some of the proposed changes contained in Amendment No. 2 have already been subject to notice and comment in connection with the proposed NYSE¹⁸ and Nasdaq rules.¹⁹ In addition, this proposed Amendment No. 2 includes transition periods that are designed to give companies sufficient time to comply with the new requirements.

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ See Securities Exchange Act Release No. 68011 (October 9, 2012), 77 FR 62541 (October 15, 2012) (SR-NYSE-2012-49).

¹⁹ See Securities Exchange Act Release No. 68013 (October 9, 2012), 77 FR 62563 (October 15, 2012) (SR-NASDAQ-2012-109).

Finally, the proposed Amendment No. 2 makes changes designed to enhance investor protection by providing additional transparency to whether and how a Company's compensation committees must conduct the independence analysis required by the proposed rules and to how Companies must transition to the new rules both upon their adoption.

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

Exhibit 2 – 3: Not applicable.

Exhibit 4: Text of the proposed rule change marked to show changes from original filing.

Exhibit 5: Text of Proposed Rule Change.

Note: Text is marked to show changes to proposed rule language in Amendment No. 1. Additions to Amendment No. 1 are double underlined; deletions from original filing are ~~stricken through~~.

Rules of BATS Exchange, Inc.

* * *

CHAPTER XI. BATS EXCHANGE LISTING RULES

* * *

Rule 14.10. Corporate Governance Requirements.

(a) – (b) No change.

(c) Board of Directors and Committees

(1) Definitions

(A) No change.

(B) “Independent Director” means a person other than an Executive Officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this rule, “Family Member” means a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home. The following persons shall not be considered independent:

(i) – (vii) No change.

In addition to the requirements contained in this Rule 14.10(c)(1)(B), directors of a Company that are acting in the capacity, in determining compensation of Executive Officers as described in Rule 14.10(c)(4)(B) (relating to compensation of Executive Officers) are also subject to additional factors for determining independence under Rule 14.10(c)(4).

(2) – (3) No change.

(4) Independent Director Oversight of Executive Officer Compensation

(A) Composition

(i) In addition to meeting the criteria listed under Rule 14.10(c)(1)(B), in evaluating the independence of a director to determine

if such director is permitted to ~~act in the capacity~~ determine the compensation of Executive Officers as described in Rule 14.10(c)(4)(B), the board of directors of a Company shall consider the following factors:

(a) The source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and

(b) Whether the director is affiliated with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company.

(B) *Determination of Compensation of Executive Officers*

[(A)] (i) Compensation of the chief executive officer of the Company must be determined, or recommended to the Board for determination, either by:

[(i)] (a) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i) participate; or

[(ii)] (b) a compensation committee comprised solely of Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i).

The chief executive officer may not be present during voting or deliberations.

[(B)] (ii) Compensation of all other Executive Officers must be determined, or recommended to the Board for determination, either by:

[(i)] (a) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i) participate; or

[(ii)] (b) a compensation committee comprised solely of Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i).

[(C) Non-Independent Committee Member under Exceptional and Limited Circumstances

Notwithstanding paragraphs (A)(ii) and (B)(ii) above, if the compensation committee is comprised of at least three members, one director who is not independent as defined in Rule 14.10(c)(1)(B) and is not a current officer or employee or a Family Member of an officer or employee, may be appointed to the compensation committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its Shareholders. A Company that relies on this exception must disclose either on or through the Company's website or in the proxy statement for the next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K or 20-F), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two years.]

(C) Compensation ~~Consultants~~ Committee Responsibilities and Authority

As required by Rule 10C-1(b)(2), (3) and 4(i-vi) under the Act, the compensation committee of a Company (including Independent Directors determining the compensation of Executive Officers as described in Rule 14.10(c)(4)(B)) must have the following specific responsibilities and authority.

(i) The compensation committee of a Company, in its capacity as a committee of the Company's board of directors may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel, or other adviser.

(ii) The compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the compensation committee.

(iii) The Company must provide for appropriate funding, as determined by the compensation committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel, or any other adviser retained by the compensation committee.

(ii) Independent Directors of a Company that are acting in the capacity described in Rule 14.10(c)(4)(B) (whether or not acting as a committee of the Company's board of directors) or, for those Companies that are exempt from Rule 14.10(c)(4)(A) and (B), directors responsible for determining executive officer compensation,

(iv) The compensation committee may select, or receive advice from, a compensation consultant, legal counsel, or other adviser only after performing an independence assessment, as described below. An independence assessment is not required for the receipt of advice from in-house legal counsel. An independence assessment shall include a to the compensation committee, other than in-house legal counsel, only after taking into consideration of the following factors:

(a) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel, or other adviser;

(b) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel, or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel, or other adviser;

(c) The policies and procedures of the person that employs the compensation consultant, legal counsel, or other adviser that are designed to prevent conflicts of interest;

(d) Any business or personal relationship of the compensation consultant, legal counsel, or other adviser with any of the Independent Directors acting in the capacity determining compensation of Executive Officers as described in Rule 14.10(c)(4)(B);

(e) Any stock of the Company owned by the compensation consultant, legal counsel, or other adviser; and

(f) Any business or personal relationship of the compensation consultant, legal counsel, other adviser, or the person employing the adviser with an executive officer Executive Officer of the Company.

(iii) The Independent Directors of a Company that are acting in the capacity described in Rule 14.10(c)(4)(B) shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser retained by such Independent Directors.

(iv) — The Independent Directors of a Company that are acting in the capacity described in Rule 14.10(e)(4)(B) are not required. Nothing in this Rule shall be construed: (i) to require the compensation committee to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or other adviser retained by such Independent Directors, nor are such Independent Directors restricted in their to the compensation committee, or (ii) to affect the ability or obligation of a compensation committee to exercise their own judgment in fulfilling their duties under Rule 14.10(e)(4) fulfillment of the duties of the compensation committee.

The compensation committee is required to conduct the independence assessment outlined in this Rule with respect to any compensation consultant, legal counsel or other adviser that provides advice to the compensation committee, other than (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of Executive Officers or directors of the Company and that is available generally to all salaried employees; or providing information that is either not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice. However, nothing in this Rule requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the compensation committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. Compensation committees may select, or receive advice from, any compensation adviser they prefer, including ones that are not independent, after considering the six independence factors outlined above.

(D) Cure Periods

(i) If a Company fails to comply with the compensation committee composition-committee requirements under Rule 14.10(c)(4)(BA) because a director ceases due to one compensation committee member ceasing to be independent for reasons outside the director's due to circumstances beyond the member's reasonable control, that director may continue to act in the capacity described in Rule 14.10(e)(4)(B) until the Company shall regain compliance with the

requirement by the earlier of its next annual shareholders meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 days from such event to regain compliance. A Company relying on this provision must provide notice to the Exchange immediately upon learning of the event or circumstances that caused the noncompliance. This cure period is not available when there is no formal compensation committee under Rules 14.10(c)(4)(B)(i)(b) or 14.10(c)(4)(B)(ii)(b).

(5) No change.

(d) No change.

(e) Exemptions from Certain Corporate Governance Requirements

This Rule provides the exemptions from the corporate governance rules afforded to certain types of Companies, and sets forth the phase-in schedules for initial public offerings, Companies emerging from bankruptcy, [and]Companies transferring from other markets, and Companies listed on the Exchange prior to ~~June~~ July 1, 2013. This [rule] Rule also describes the applicability of the corporate governance rules to Controlled Companies and sets forth the phase-in schedule afforded to Companies ceasing to be Controlled Companies.

(1) Exemptions to the Corporate Governance Requirements

(A) Asset-backed Issuers and Other Passive Issuers

{The following are exempt from the requirements relating to Majority Independent Board [Rule 14.10(c)(2)(A)], Audit Committee [Rule 14.10(c)(3)], Independent Director Oversight of Executive Officer Compensation and Director Nominations [Rule 14.10(c)(4) and (5)], the Controlled Company Exemption [Rule 14.10(e)(3)(B)], and Code of Conduct [Rule 14.10(d)]:}

~~The following are exempt from the requirements relating to Majority Independent Board (Rule 14.10(c)(2)(A)), Audit Committee (Rule 14.10(c)(3)), Independent Director Oversight of Director Nominations (Rule 14.10(c)(5)), the Controlled Company Exemption (Rule 14.10(e)(3)(B)), and Code of Conduct (Rule 14.10(d)):~~

(i) – (ii) No change.

(B) Cooperatives

Cooperative entities, such as agricultural cooperatives, that are structured to comply with relevant state law and federal tax law and that do not have a publicly traded class of common stock are exempt from Rules 14.10(c)(2), {14.10(c)(4),} 14.10(c)(5) and 14.10(e)(3)(B).

However, such entities must comply with all federal securities laws, including without limitation those rules required by Section 10A(m) of the Act and Rule 10A-3 thereunder.

(C) Foreign Private Issuers

(i) A Foreign Private Issuer may follow its home country practice in lieu of the requirements of Rule 14.10, the requirement to distribute annual and interim reports set forth in Rule 14.6(d), and the Direct Registration Program requirement set forth in Rules 14.3(b)(3) and 14.7, provided, however, that such a Company shall: comply with the Notification of Material Noncompliance requirement (Rule 14.10(g)), the Voting Rights requirement (Rule 14.10(j)), have an audit committee that satisfies Rule 14.10(c)(3)(C), ~~and~~ ensure that such audit committee's members meet the independence requirement in Rule 14.10(c)(2), ~~and~~ comply with the Compensation Consultants requirement (Rule 14.10(c)(4)(C)). Except as provided in this paragraph, a Foreign Private Issuer must comply with the requirements of Chapter XIV.

(ii) ~~No change.~~ Disclosure Requirements. A Foreign Private Issuer that follows a home country practice in lieu of one or more of the Listing Rules shall disclose in its annual reports filed with the Commission each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements. Alternatively, a Foreign Private Issuer that is not required to file its annual report with the Commission on Form 20-F may make this disclosure only on its website. A Foreign Private Issuer that follows a home country practice in lieu of the requirements of Rule 14.10(c)(4)(B) must disclose in its annual reports filed with the Commission the reasons that it does not comply with the Rule.

A Foreign Private Issuer making its initial public offering or first U.S. listing on the Exchange shall disclose in its registration statement or on its website each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements.

(D) ~~No change.~~ Limited Partnerships. ~~A limited partnership is not subject to the requirements of Rule 14.10, except as provided in this paragraph (D). A limited partnership may request a written interpretation pursuant to Rule 14.10(b). No provision of this Rule shall be construed to require any foreign Company that is a partnership to do any act that is contrary to a law, rule or regulation of any public authority exercising jurisdiction over such Company or~~

that is contrary to generally accepted business practices in the Company's country of domicile. The Exchange shall have the ability to provide exemptions from applicability of these provisions as may be necessary or appropriate to carry out this intent.

~~———— (i) — (viii) — No change.~~

~~———— (ix) — Compensation Consultants. A Company that is a limited partnership shall be required to comply with the funding and independence requirements of Rule 14.10(c)(4)(C) regarding Compensation Consultants.~~

~~———— (x) — Notification of Noncompliance. Each Company that is a limited partnership must provide the Exchange with prompt notification after an Executive Officer of the Company, or a person performing an equivalent role, becomes aware of any noncompliance by the Company with the requirements of Rule 14.10.~~

(E) Management Investment Companies. Management investment companies (including business development companies) are subject to all the requirements of Rule 14.10, except that management investment companies registered under the Investment Company Act of 1940 are exempt from the Independent Directors requirement, the Independent Director Oversight of [Executive Officer Compensation and] Director Nominations requirements, and the Code of Conduct requirement, set forth in Rules 14.10(c)(2), [14.10(c)(4),] 14.10(c)(5) and 14.10(d), respectively. In addition, management investment companies that are Index Fund Shares and Managed Fund Shares, as defined in Rules 14.11(c) and 14.11(i), are exempt from the Audit Committee requirements set forth in Rule 14.10(c)(3), except for the applicable requirements of SEC Rule 10A-3. Open end management investment companies registered under the Investment Company Act of 1940 are also exempt from the requirements of Rules 14.10(c)(4)(A) and (B).

~~(F) — Companies in Bankruptcy Proceedings. Companies in bankruptcy proceedings are subject to all of the requirements of Rule 14.10, except that Companies in bankruptcy proceedings are exempt from the Independent Director Oversight of Executive Officer Compensation requirements set forth in Rule 14.10(c)(4)(A) and (B).~~

(GF) Smaller Reporting Companies. Smaller reporting companies, as defined in Rule 12b-2 under the Act, are exempt from the Independent Director Oversight of Executive Officer Compensation requirements set forth in Rule 14.10(c)(4).

(2) Phase-In Schedules

(A) *Initial Public Offerings.* A Company listing in connection with its initial public offering shall be permitted to phase in its compliance with the independent committee requirements set forth in Rules 14.10(c)(4)(A) and (B) and 14.10(c)(5) on the same schedule as it is permitted to phase in its compliance with the independent audit committee requirement pursuant to Rule 10A-3(b)(1)(iv)(A) under the Act. Accordingly, a Company listing in connection with its initial public offering shall be permitted to phase in its compliance with the independent committee requirements set forth in Rule 14.10(c)(4)(A) and (B) and 14.10(c)(5) as follows: (1) one independent member at the time of listing; (2) a majority of independent members within 90 days of listing; and (3) all independent members within one year of listing. Furthermore, a Company listing in connection with its initial public offering shall have twelve months from the date of listing to comply with the majority independent board requirement in Rule 14.10(c)(2)(A). It should be noted, however, that pursuant to Rule 10A-3(b)(1)(iii) under the Act investment companies are not afforded the exemptions under Rule 10A-3(b)(1)(iv) under the Act. Companies may choose not to adopt a compensation or nomination committee and may instead rely upon a majority of the Independent Directors to discharge responsibilities under Rule 14.10(c)(24) and (5). For purposes of Rule 14.10 other than Rules 14.10(c)(3)(B)(i) and 14.10(g), a Company shall be considered to be listing in conjunction with an initial public offering if, immediately prior to listing, it does not have a class of common stock registered under the Act. For purposes of Rule 14.10(c)(3)(B) and Rule 14.10(g), a Company shall be considered to be listing in conjunction with an initial public offering only if it meets the conditions in Rule 10A-3(b)(1)(iv)(A) under the Act, namely, that the Company was not, immediately prior to the effective date of a registration statement, required to file reports with the Commission pursuant to Section 13(a) or 15(d) of the Act.

(B) – (C) No change.

(D) Companies Listed Prior to ~~June~~ July 1, 2013. A Company listed on the Exchange prior to ~~June~~ July 1, 2013 shall be permitted, commencing on June 1, 2013, to phase-in compliance with the Independent Director Oversight of Executive Officer Compensation requirements set forth in Rules 14.10(c)(4)(A) and (B) on the same schedule as Companies listing in conjunction with their initial public offering.

* * *

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

Rules of BATS Exchange, Inc.

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CHAPTER XI. BATS EXCHANGE LISTING RULES

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Rule 14.10. Corporate Governance Requirements.

(a) – (b) No change.

(c) Board of Directors and Committees

(1) Definitions

(A) No change.

(B) “Independent Director” means a person other than an Executive Officer or employee of the Company or any other individual having a relationship which, in the opinion of the Company’s board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. For purposes of this rule, “Family Member” means a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home. The following persons shall not be considered independent:

(i) – (vii) No change.

In addition to the requirements contained in this Rule 14.10(c)(1)(B), directors of a Company, in determining compensation of Executive Officers as described in Rule 14.10(c)(4)(B) (relating to compensation of Executive Officers), are also subject to additional factors for determining independence under Rule 14.10(c)(4).

(2) – (3) No change.

(4) Independent Director Oversight of Executive Officer Compensation

(A) Composition

(i) In addition to meeting the criteria listed under Rule 14.10(c)(1)(B), in evaluating the independence of a director to determine if such director is permitted to determine the compensation of Executive

Officers as described in Rule 14.10(c)(4)(B), the board of directors of a Company shall consider the following factors:

(a) The source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and

(b) Whether the director is affiliated with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company.

(B) Determination of Compensation of Executive Officers

[(A)] (i) Compensation of the chief executive officer of the Company must be determined, or recommended to the Board for determination, either by:

[(i)] (a) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i) participate; or

[(ii)] (b) a compensation committee comprised solely of Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i).

The chief executive officer may not be present during voting or deliberations.

[(B)] (ii) Compensation of all other Executive Officers must be determined, or recommended to the Board for determination, either by:

[(i)] (a) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i) participate; or

[(ii)] (b) a compensation committee comprised solely of Independent Directors that are also deemed independent under Rule 14.10(c)(4)(A)(i).

[(C) Non-Independent Committee Member under Exceptional and Limited Circumstances

Notwithstanding paragraphs (A)(ii) and (B)(ii) above, if the compensation committee is comprised of at least three members, one director who is not independent as defined in Rule 14.10(c)(1)(B) and is not a current officer or employee or a Family Member of an officer or employee, may be appointed to the compensation committee if the board, under exceptional and limited circumstances, determines that such individual's membership on the committee is required by the best interests of the Company and its Shareholders. A Company that relies on this exception must disclose either on or through the Company's website or in the proxy statement for the next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 10-K or 20-F), the nature of the relationship and the reasons for the determination. In addition, the Company must provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed under this exception may not serve longer than two years.]

(C) Compensation Committee Responsibilities and Authority

As required by Rule 10C-1(b)(2), (3) and 4(i-vi) under the Act, the compensation committee of a Company (including Independent Directors determining the compensation of Executive Officers as described in Rule 14.10(c)(4)(B)) must have the following specific responsibilities and authority.

(i) The compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel, or other adviser.

(ii) The compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the compensation committee.

(iii) The Company must provide for appropriate funding, as determined by the compensation committee, for payment of reasonable compensation to a compensation consultant, legal counsel, or any other adviser retained by the compensation committee.

(iv) The compensation committee may select, or receive advice from, a compensation consultant, legal counsel, or other adviser to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:

(a) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel, or other adviser;

(b) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel, or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel, or other adviser;

(c) The policies and procedures of the person that employs the compensation consultant, legal counsel, or other adviser that are designed to prevent conflicts of interest;

(d) Any business or personal relationship of the compensation consultant, legal counsel, or other adviser with any of the Independent Directors determining compensation of Executive Officers as described in Rule 14.10(c)(4)(B);

(e) Any stock of the Company owned by the compensation consultant, legal counsel, or other adviser; and

(f) Any business or personal relationship of the compensation consultant, legal counsel, other adviser, or the person employing the adviser with an Executive Officer of the Company.

Nothing in this Rule shall be construed: (i) to require the compensation committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the compensation committee, or (ii) to affect the ability or obligation of a compensation committee to exercise its own judgment in fulfillment of the duties of the compensation committee.

The compensation committee is required to conduct the independence assessment outlined in this Rule with respect to any compensation consultant, legal counsel or other adviser that provides advice to the compensation committee, other than (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of Executive Officers or directors of the Company and that is available generally to all salaried employees; or providing information that is either not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice. However, nothing in this Rule requires a compensation consultant, legal counsel or other compensation

adviser to be independent, only that the compensation committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation adviser. Compensation committees may select, or receive advice from, any compensation adviser they prefer, including ones that are not independent, after considering the six independence factors outlined above.

(D) Cure Periods

(i) If a Company fails to comply with the compensation committee composition requirements under Rule 14.10(c)(4)(A) due to one compensation committee member ceasing to be independent due to circumstances beyond the member's reasonable control, the Company shall regain compliance with the requirement by the earlier of its next annual shareholders meeting or one year from the occurrence of the event that caused the failure to comply with this requirement; provided, however, that if the annual shareholders meeting occurs no later than 180 days following the event that caused the failure to comply with this requirement, the Company shall instead have 180 days from such event to regain compliance. A Company relying on this provision must provide notice to the Exchange immediately upon learning of the event or circumstances that caused the noncompliance. This cure period is not available when there is no formal compensation committee under Rules 14.10(c)(4)(B)(i)(b) or 14.10(c)(4)(B)(ii)(b).

(5) No change.

(d) No change.

(e) Exemptions from Certain Corporate Governance Requirements

This Rule provides the exemptions from the corporate governance rules afforded to certain types of Companies, and sets forth the phase-in schedules for initial public offerings, Companies emerging from bankruptcy, [and]Companies transferring from other markets, and Companies listed on the Exchange prior to July 1, 2013. This [rule] Rule also describes the applicability of the corporate governance rules to Controlled Companies and sets forth the phase-in schedule afforded to Companies ceasing to be Controlled Companies.

(1) Exemptions to the Corporate Governance Requirements

(A) – (B) No change.

(C) Foreign Private Issuers

(i) No change.

(ii) Disclosure Requirements. A Foreign Private Issuer that follows a home country practice in lieu of one or more of the Listing Rules shall disclose in its annual reports filed with the Commission each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements. Alternatively, a Foreign Private Issuer that is not required to file its annual report with the Commission on Form 20-F may make this disclosure only on its website. A Foreign Private Issuer that follows a home country practice in lieu of the requirements of Rule 14.10(c)(4)(B) must disclose in its annual reports filed with the Commission the reasons that it does not comply with the Rule.

A Foreign Private Issuer making its initial public offering or first U.S. listing on the Exchange shall disclose in its registration statement or on its website each requirement that it does not follow and describe the home country practice followed by the Company in lieu of such requirements.

(D) – (E) No change.

(F) Smaller Reporting Companies. Smaller reporting companies, as defined in Rule 12b-2 under the Act, are exempt from the Independent Director Oversight of Executive Officer Compensation requirements set forth in Rule 14.10(c)(4).

(2) Phase-In Schedules

(A) *Initial Public Offerings.* A Company listing in connection with its initial public offering shall be permitted to phase in its compliance with the independent committee requirements set forth in Rules 14.10(c)(4)(A) and (B) and 14.10(c)(5) on the same schedule as it is permitted to phase in its compliance with the independent audit committee requirement pursuant to Rule 10A-3(b)(1)(iv)(A) under the Act. Accordingly, a Company listing in connection with its initial public offering shall be permitted to phase in its compliance with the independent committee requirements set forth in Rule 14.10(c)(4)(A) and (B) and 14.10(c)(5) as follows: (1) one independent member at the time of listing; (2) a majority of independent members within 90 days of listing; and (3) all independent members within one year of listing. Furthermore, a Company listing in connection with its initial public offering shall have twelve months from the date of listing to comply with the majority independent board requirement in Rule 14.10(c)(2)(A). It should be noted, however, that pursuant to Rule 10A-3(b)(1)(iii) under the Act investment companies are not afforded the exemptions

under Rule 10A-3(b)(1)(iv) under the Act. Companies may choose not to adopt a compensation or nomination committee and may instead rely upon a majority of the Independent Directors to discharge responsibilities under Rule 14.10(c)(4) and (5). For purposes of Rule 14.10 other than Rules 14.10(c)(3)(B)(i) and 14.10(g), a Company shall be considered to be listing in conjunction with an initial public offering if, immediately prior to listing, it does not have a class of common stock registered under the Act. For purposes of Rule 14.10(c)(3)(B) and Rule 14.10(g), a Company shall be considered to be listing in conjunction with an initial public offering only if it meets the conditions in Rule 10A-3(b)(1)(iv)(A) under the Act, namely, that the Company was not, immediately prior to the effective date of a registration statement, required to file reports with the Commission pursuant to Section 13(a) or 15(d) of the Act.

(B) – (C) No change.

(D) Companies Listed Prior to July 1, 2013. A Company listed on the Exchange prior to July 1, 2013 shall be permitted, commencing on July 1, 2013, to phase-in compliance with the Independent Director Oversight of Executive Officer Compensation requirements set forth in Rules 14.10(c)(4)(A) and (B) on the same schedule as Companies listing in conjunction with their initial public offering.

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