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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2013 - * 006
Amendment No. (req. for Amendments *)

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) *
☑	☐	☐	☐	☑	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☑ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) ☐ Section 806(e)(2) ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal for BATS Options to add $0.50 strikes to the Short Term Option Series (STOS) Program and to expand the STOS Program.

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.

Date 01/23/2013
By Anders Franzon
(Name *)

(Title *)
VP, Associate General Counsel

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.

Anders Franzon,

Required fields are shown with yellow backgrounds and asterisks.

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies 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, 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 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 proposal for the BATS Options Market ("BATS Options") to amend its rules to modify the short term option series ("Short Term Option Series" or "STOS") Program[3] to permit, during the week before expiration week and expiration week of an option class that is selected for the STOS Program, the strike price intervals for the related non-short term option series options to be the same as the strike price interval for the Short Term Option Series[4] options, to permit the Exchange to open STOS that are opened by other securities exchanges, and to adopt a rule to open Short Term Option Series for trading at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the STOS Program. The Exchange also proposes to increase the number of expirations,

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 The STOS Program was established in August of 2010 on BATS Options. See Securities Exchange Act Release No. 62597 (July 29, 2010), 75 FR 47335 (August 5, 2010)(SR-BATS-2010-020) (notice of filing and immediate effectiveness establishing Short Term Option Series Program on BATS). Other exchanges have also established permanent short term option programs, including The NASDAQ Stock Market LLC ("NOM"), NASDAQ OMX PHLX LLC ("PHLX"), Chicago Board Options Exchange ("CBOE"), International Securities Exchange ("ISE"), NYSE Arca Options ("NYSE Arca"), NYSE Amex, LLC ("Amex"), NASDAQ OMX BX ("BX"), and Boston Options Exchange LLC ("BOX").

4 Short Term Option Series are series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the next business week. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively. See BATS Rules 16.1(a)(57) and 29.2(n).

strikes per class, and classes that are eligible to participate in the STOS Program, along with a clarifying change regarding the number of initial strikes per class. Lastly, the Exchange is proposing to amend the definition of Short Term Option Series in order to reflect the proposed increase in the number of expirations eligible for participation in the STOS Program and to add titles to several of its rules in order to make clear the subject matter that the rule covers. The Exchange has designated this proposal as a non-controversial filing and requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) under the Act.[5] If such waiver is granted by the Commission, the Exchange shall implement this rule proposal immediately.

(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 senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on November 10, 2009. Exchange staff will advise the BATS Exchange Board of Directors of any action taken pursuant to delegated authority. 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.

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5 Id.

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

(a) Purpose

The purpose of this proposed rule change is to amend BATS Rules 16.1(a)(57), 19.6, 29.2(n), and 29.11(h) related to the STOS Program. Specifically, the Exchange proposes to: (1) adopt a rule to permit the Exchange to list Short Term Option Series at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the STOS Program ("Eligible Option Classes"); (2) expand the number of expirations to five consecutive expirations under the STOS Program for trading on the Exchange; (3) increase the number of classes (from 15 to 30) that are eligible to participate in the STOS Program; (4) increase the number of strikes that may be listed per class (from 20 to 30) that participates in the STOS Program; (5) allow the Exchange to open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules; (6) indicate that during the expiration week of an option class that is selected for the STOS Program, the strike price intervals for the related non-STOS option shall be the same as the strike price intervals for the STOS option and that during the week before the expiration week of a STOS option, the Exchange shall open the related non-STOS option for trading in STOS option intervals in the same manner as for STOS options; (7) make clear that the Exchange may open up to 20 initial series for each option class that participates in the STOS Program; (8) amend the definitions of Short Term Option Series in order to reflect the proposed increase in expirations; and (9) make BATS Rules clearer by adding titles to certain paragraphs.

$0.50 Strikes in the STOS Program

The Exchange is proposing to amend BATS Rules 19.6 and 29.11(h) to permit the Exchange to list Short Term Option Series at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the STOS Program. Currently, BATS Rules do not permit the Exchange to list Short Term Option Series at $0.50 strike price intervals. Rather, BATS Rules 19.6 and 29.11(h) only state that after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire on the Friday of the following business week that is a business day.

The principal reason for the proposed structure is to compete on an equal playing field with other options exchanges in satisfying the high market demand for weekly options. Multiple options exchanges, including ISE, have implemented substantially similar STOS Programs, although there are some differences in the practical implementation of permitted strike prices. ISE's STOS Program differs from the other programs in that ISE permits $0.50 strike price intervals for weekly options for option classes that trade in one dollar increments and are in the STOS Program.[6] On the other hand, PHLX, for instance, permits $0.50 strike price intervals when the strike price is below $75, and $1 strike price intervals when the strike price is between $75 and $150.[7] The Exchange is proposing to allow $0.50 strikes in a manner identical to ISE.

There is continuing strong customer demand for having the ability to execute hedging and trading strategies effectively via STOS, particularly in the current fast,

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6 See Securities Exchange Act Release No. 67754 (August 29, 2012), 77 FR 54629 (September 5, 2012) (SR-ISE-2012-33).

7 See Securities Exchange Act Release No. 67753 (August 29, 2012) 77 FR 54635 (September 5, 2012) (SR-PHLX-2012-78).

multi-faceted trading and investing environment that extends across numerous markets and platforms.[8] The Exchange has observed increased demand for STOS classes and/or series, particularly when market moving events such as significant market volatility, corporate events, or large market, sector, or individual issue price swings have occurred. The STOS Program is one of the most popular and quickly expanding options expiration programs.

The changes proposed by the Exchange should allow execution of more trading and hedging strategies on the Exchange. The Exchange notes that in conformance with Exchange Rules, the Exchange shall not list $0.50 or $1 strike price intervals on Related non-STOS options within five (5) days of expiration. For example, if a Related non-STOS in an options class is set to expire on Friday, September 21, the Exchange could begin to trade $0.50 strike price intervals surrounding that Related non-STOS on Thursday, September 13, but no later than Friday September 14.

The Exchange believes that there are substantial benefits to market participants in the ability to trade the Eligible Option Classes at more granular strike price intervals the proposed interval for the Eligible Option Classes would allow traders and investors, and in particular public (retail) investors to more effectively and with greater precision consummate trading and hedging strategies on the Exchange. The Exchange believes that this precision is increasingly necessary, and in fact crucial, as traders and investors engage in trading and hedging strategies across various investment platforms (e.g. equity and ETF, index, derivatives, futures, foreign currency, and even commodities products).

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8 These include, without limitation, options, equities, futures, derivatives, indexes, exchange traded funds, exchange traded notes, currencies, and over-the-counter instruments.

Additional STOS Program Expirations

The Exchange is also proposing to amend BATS Rules 19.6 and 29.11(h) to permit the Exchange to open up to five consecutive expirations under the STOS Program for trading on the Exchange. Currently under the STOS Program, the Exchange may open STOS option series for only one week expirations.

This proposal seeks to allow the Exchange to add a maximum of five consecutive week expirations under the STOS Program, however it will not add a STOS expiration in the same week that a monthly options series expires or, in the case of Quarterly Option Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same class. In other words, the total number of consecutive expirations will be five, including any existing monthly or quarterly expirations.[9] As noted above, the STOS Program has been well-received by market participants, in particular by retail investors, and the Exchange believes that the proposed revision to the STOS Program will permit the Exchange to meet increased customer demand and provide market participants with the ability to hedge in a greater number of option classes and series as well as to allow the Exchange to compete with other options exchanges offering similar short term options programs, such as NYSE Arca.[10]

Additional Classes Participating in the STOS Program

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[9] For example, if quarterly options expire week 1 and monthly options expire week 3, the proposal would allow the following expirations: week 1 quarterly, week 2 STOS, week 3 monthly, week 4 STOS, and week 5 STOS. If quarterly options expire week 3 and monthly options expire week 5, the following expirations would be allowed: week 1 STOS, week 2 STOS, week 3 quarterly, week 4 STOS, and week 5 monthly.

[10] See Securities Exchange Act Release No. 68190 (November 8, 2012), 77 FR 68193 (November 15, 2012) (SR-NYSEArca-2012-95).

The Exchange is also proposing to amend BATS Rules 19.6 and 29.11(h) to permit the Exchange to increase the number of classes that are eligible to participate in the STOS Program from 15 to 30. Currently, for each option class that has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on no more than fifteen option classes that expire on the Friday of the following business week that is a business day.

Several other options exchanges, including NASDAQ Options Market ("NOM"),[11] have rules that allow 30 classes to be eligible to participate in their STOS Programs. As a result, the Exchange is competitively disadvantaged because it operates a substantially similar STOS Program as ISE, NOM, and PHLX, but is limited to selecting only 15 classes that may participate in its STOS Program (whereas ISE, NOM, and PHLX may each select 30 classes).

The proposed increase to the number of classes eligible to participate in the STOS Program is required for competitive purposes as well as to ensure consistency and uniformity among the competing options exchanges that have adopted similar short term options series programs.

<u>Additional Series per Class in the STOS Program</u>

The Exchange is also proposing to amend its rules to permit the Exchange to increase the number of series that the Exchange may open per class that is eligible to participate in the STOS Program from 20 to 30 as well as to make a clarifying change

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[11] <u>See</u> Securities Exchange Act Release No. 65528 (October 11, 2011), 76 FR 64142 (October 17, 2011) (SR-NASDAQ-2011-138).

that states that the Exchange may open 20 initial series for each option class that participates in the STOS Program. Currently, for each class that has been approved for listing and trading on the Exchange as part of the STOS Program, the Exchange may open up to 20 series.

ISE's rules and the rules of other exchanges allow them to open up to 30 STOS for each option class eligible for participation in the STOS Program.[12] As a result, the Exchange is competitively disadvantaged because it operates a substantially similar STOS Program as ISE and other exchanges but is limited to opening only 20 series per expiration in each class that is eligible to participate in its STOS Program (whereas ISE may select 30 series).

The Exchange is proposing to amend its rules to allow the Exchange to open up to ten additional series (a total of 30) for each option class that participates in the STOS Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. The Exchange is also proposing to amend its rules in order to clarify that it may open up to 20 initial series for each option class that participates in the STOS Program.

STOS Opened by Other Exchanges

The Exchange is also proposing to amend its rules to allow the Exchange to open STOS that are opened by other securities exchanges in option classes selected by other exchanges under their respective short term option rules. Currently, for each option class

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[12] See Securities Exchange Act Release Nos. 65771 (November 17, 2011), 76 FR 72472 (November 23, 2011) (SR-ISE-2011-60) and 65806 (November 22, 2011), 76 FR 73753 (November 29, 2011) (SR-NYSEArca-2011-88).

eligible for participation in the STOS Program, the Exchange may open up to 20 short term option series for each expiration date in that class.[13]

This proposal seeks to allow the Exchange to open STOS that are opened by other securities exchanges in option classes selected by other exchanges under their respective short term option rules. This change is being proposed notwithstanding the current cap of 20 series per class under the STOS Program. This too is a competitive change and is based on approved filings and existing rules of ISE, NOM, and PHLX.[14]

The Exchange is competitively disadvantaged because it operates a substantially similar STOS Program as ISE, NOM, and PHLX, but is limited to listing a maximum of 20 series per options class that participates in its STOS Program (whereas ISE, NOM, and PHLX are not similarly restricted).

The Exchange again notes that the STOS Program has been well-received by market participants, in particular by retail investors. The Exchange believes that the current proposed revision to the STOS Program will permit the Exchange to meet increased customer demand and provide market participants with the ability to hedge in a greater number of option classes and series, as well as provide consistency and uniformity among competing options exchanges.

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13 As previously discussed, the Exchange is also proposing to increase the number of series that may be opened on each class from 20 series per class to 30 series per class.

14 See Securities Exchange Act Release Nos. 65775 (November 17, 2011), 76 FR 72473 (November 23, 2011) (SR–NASDAQ–2011–138) (order granting approval of proposed rule change expanding the short term option series program) and 65776 (November 17, 2011), 76 FR 72482 (November 23, 2011) (SR–PHLX–2011–131) (order granting approval of proposed rule to increase the number of series permitted per class in the short term option series program); see also Securities Exchange Act Release No. 66623 (March 20, 2012), 77 FR 17531 (March 26, 2012) (SR-ISE-2012-23)

Strike Price Intervals in the non-STOS Options

The Exchange is also proposing to add Rule 19.6(g) and to amend Rule 19.6 Commentary .05(e) and Rule 29.11(h)(5) to indicate during the expiration week of an option class that is selected for the STOS Program, the strike price intervals for the related non-STOS option shall be the same as the strike price intervals for the STOS option. Currently, the Exchange does not list STOS options during the expiration week of an option class. The Exchange is not proposing to change this functionality, but rather, the Exchange is proposing to allow the use of the same strike price intervals for the related non-short term option during expiration week as are used for the short term option. This will allow option classes that are selected for the STOS Program that are trading at narrower strike price intervals as part of the STOS Program to continue trading at the narrower strike price intervals during expiration week, even though the short term option will not be traded during that week. In addition, the Exchange proposes that during the week before the expiration week of a STOS option, the Exchange shall open the related non-STOS option for trading in STOS option intervals in the same manner that they are opened for STOS options. Thus, a non-STOS option may be opened in STOS option intervals on a Thursday or Friday that is a business day before the non-STOS option expiration week. This functionality is identical to that of BOX,[15] among others, and would promote consistency in strike prices during the week prior to expiration, when the Exchange does not list short term options.

Definition of STOS

[15] See Securities Exchange Act Release No. 67870 (September 17, 2012), 77 FR 58600 (September 21, 2012) (SR-BOX-2012-012).

The Exchange is also proposing to amend Rules 16.1(a)(57) and 29.2(n) to make the definition of Short Term Option Series accurately reflect the proposed additional expirations proposed above. Currently, the definitions only include one expiration for STOS. The Exchange is proposing to include the additional expirations proposed above in both definitions of STOS.

Adding Titles to Certain Paragraphs

The Exchange is also proposing to amend its rules in order to make more clear which paragraphs are related to the initials series and additional series for each option class that participates in the STOS Program as well as the strike intervals on Short Term Option Series.

With regard to the impact of these proposals on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle the potential additional traffic associated with proposed expansion to the STOS Program.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[16] in general, and furthers the objectives of Section 6(b)(5) of the Act[17] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. This will be effectuated by the following rule changes: STOS Program strike price intervals of $0.50

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[16] 15 U.S.C. 78f(b).

[17] 15 U.S.C. 78f(b)(5).

for option classes that trade in $1 increments; during the expiration week of the non-short term option, the strike price intervals for the non-short term option will be the same as for the short term option; allowing the Exchange to open STOS that are opened by other securities exchanges in option classes selected under their respective short term option rules; expanding the number of expirations to five consecutive expirations under the STOS Program for trading on the Exchange; and increasing the number of classes and strikes that are eligible to participate in the STOS Program. The Exchange believes that expanding the current STOS Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment and hedging decisions, while ensuring conformity between short term options and related non-short term options. While the expansion of the STOS Program will generate additional quote traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal is limited to a limited number of classes. Further, the Exchange does not believe that the proposal will result in a material proliferation of additional series because it is limited to a fixed number of classes and the Exchange does not believe that the additional price points will result in fractured liquidity.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposal will allow the Exchange to compete more effectively with other options exchanges that have already adopted changes to their short term options series programs that are identical to the changes proposed by this filing.

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 believes that the foregoing proposed rule change may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)[18] of the Act and Rule 19b-4(f)(6)(iii) thereunder[19] 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.

The Exchange believes that its rule change proposal is particularly appropriate for filing on an immediately effective basis under paragraph (f)(6) of Rule 19b-4. The rule changes proposed herein are based on recent rule changes to ISE rules,[20] BOX Options Exchange LLC ("BOX") rules,[21] NOM,[22] PHLX,[23] and NYSE Arca rules,[24] and does not

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[18] 15 U.S.C. 78s(b)(3)(A)

[19] 17 CFR 240.19b-4(f)(6)(iii).

[20] See supra note 6.

[21] See Securities Exchange Act Release No. 67870 (September 17, 2012), 77 FR 58600 (September 21, 2012) (SR-BOX-2012-012).

[22] See supra note 12.

[23] See supra note 7.

raise any new policy issues. Because this filing is a "copycat" of rules of other options exchanges and does not present any new or novel issues that have not been previously considered by the Commission, the Exchange believes this proposal is properly filed pursuant to paragraph (f)(6) of Rule 19b-4.[25]

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests the Commission to waive the noted operative delay so that the Exchange may, as soon as possible, have the ability to compete with exchanges such as PHLX, BOX, ISE, NOM, and NYSE Arca that have expanded their short term option programs. Such waiver would help (1) eliminate investor confusion, and address any technical or operational issues that member organizations may experience if the options exchanges have different strike prices for options, and (2) promote competition among the options exchanges. Immediate operability will permit the Exchange to list and trade strikes listed by other exchanges using similar provisions.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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[24] See supra note 11; see also Securities Exchange Act Release No. 68191 (November 8, 2012), 77 FR 68194 (November 15, 2012) (SR-NYSEMKT-2012-42).

[25] 17 CFR 240.19b-4(f)(6).

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

All proposed rule changes are based on Supplementary Material .02 and .12 to ISE Rule 504 and Supplementary Material .01 and .05 to ISE Rule 2009 with the exception of the proposal to permit the Exchange to open up to five consecutive expirations under the STOS Program for trading on the Exchange, which is based on Commentary .07 to NYSE Arca Options Rule 6.4 and Commentary .01 to NYSE MKT Rule 903(h) and to apply STOS option strike prices to non-STOS options during expiration week, which is based on BOX Rules 5050(d)(6) and 6090(c)(6).[26] The proposal is substantially similar in all material respects to the above referenced rules.

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

Not applicable.

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[26] See Securities Exchange Act Release Nos. 67754 (August 29, 2012), 77 FR 54629 (September 5, 2012) (SR-ISE-2012-33)(order granting approval of expansion of short term option program); 68190 (November 8, 2012), 77 FR 68193 (November 15, 2012) (SR-NYSEArca-2012-95) (order granting approval of expansion of expirations in short term option program); and 68191 (November 8, 2012), 77 FR 68194 (November 15, 2012) (SR-NYSEMKT-2012-42) (order granting approval of expansion of expirations in short term option program). Other exchanges have similarly expanded their short term option programs. See Securities Exchange Act Release No. 67870 (September 17, 2012), 77 FR 58600 (September 21, 2012) (SR-BOX-2012-012).

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.

Exhibits 2 – 4: Not applicable.

Exhibit 5: Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-_____________; File No. SR-BATS-2013-006)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the Short Term Options Series Program.

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 January 23, 2013, BATS Exchange, Inc. (the “Exchange” or “BATS”) 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 Act[3] 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 filed a proposal for the BATS Options Market (“BATS Options”) to amend its rules to modify the short term option series (“Short Term Option Series” or “STOS”) Program[5] to permit, during the week before expiration week and expiration

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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 The STOS Program was established in August of 2010 on BATS Options. See Securities Exchange Act Release No. 62597 (July 29, 2010), 75 FR 47335 (August 5, 2010)(SR-BATS-2010-020) (notice of filing and immediate

week of an option class that is selected for the STOS Program, the strike price intervals for the related non-short term option series options to be the same as the strike price interval for the Short Term Option Series[6] options, to permit the Exchange to open STOS that are opened by other securities exchanges, and to adopt a rule to open Short Term Option Series for trading at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the STOS Program. The Exchange also proposes to increase the number of expirations, strikes per class, and classes that are eligible to participate in the STOS Program, along with a clarifying change regarding the number of initial strikes per class. Lastly, the Exchange is proposing to amend the definition of Short Term Option Series in order to reflect the proposed increase in the number of expirations eligible for participation in the STOS Program and to add titles to several of its rules in order to make clear the subject matter that the rule covers.

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.

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effectiveness establishing Short Term Option Series Program on BATS). Other exchanges have also established permanent short term option programs, including The NASDAQ Stock Market LLC ("NOM"), NASDAQ OMX PHLX LLC ("PHLX"), Chicago Board Options Exchange ("CBOE"), International Securities Exchange ("ISE"), NYSE Arca Options ("NYSE Arca"), NYSE Amex, LLC ("Amex"), NASDAQ OMX BX ("BX"), and Boston Options Exchange LLC ("BOX").

6 Short Term Option Series are series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the next business week. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively. See BATS Rules 16.1(a)(57) and 29.2(n).

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 purpose of this proposed rule change is to amend BATS Rules 16.1(a)(57), 19.6, 29.2(n), and 29.11(h) related to the STOS Program. Specifically, the Exchange proposes to: (1) adopt a rule to permit the Exchange to list Short Term Option Series at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the STOS Program ("Eligible Option Classes"); (2) expand the number of expirations to five consecutive expirations under the STOS Program for trading on the Exchange; (3) increase the number of classes (from 15 to 30) that are eligible to participate in the STOS Program; (4) increase the number of strikes that may be listed per class (from 20 to 30) that participates in the STOS Program; (5) allow the Exchange to open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules; (6) indicate that during the expiration week of an option class that is selected for the STOS Program, the strike price intervals for the related non-STOS option shall be the same as the strike price intervals for the STOS option and that during the week before the expiration week of a STOS option, the Exchange shall open the related non-STOS option for trading in STOS option intervals in the same manner as for STOS options; (7) make clear that the Exchange may open up to 20 initial series for each option class that participates in the STOS Program; (8) amend the definitions of Short Term Option Series in order to reflect the proposed increase in expirations; and (9) make BATS Rules clearer by adding titles to certain paragraphs.

$0.50 Strikes in the STOS Program

The Exchange is proposing to amend BATS Rules 19.6 and 29.11(h) to permit the Exchange to list Short Term Option Series at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the STOS Program. Currently, BATS Rules do not permit the Exchange to list Short Term Option Series at $0.50 strike price intervals. Rather, BATS Rules 19.6 and 29.11(h) only state that after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire on the Friday of the following business week that is a business day.

The principal reason for the proposed structure is to compete on an equal playing field with other options exchanges in satisfying the high market demand for weekly options. Multiple options exchanges, including ISE, have implemented substantially similar STOS Programs, although there are some differences in the practical implementation of permitted strike prices. ISE's STOS Program differs from the other programs in that ISE permits $0.50 strike price intervals for weekly options for option classes that trade in one dollar increments and are in the STOS Program.[7] On the other

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[7] See Securities Exchange Act Release No. 67754 (August 29, 2012), 77 FR 54629 (September 5, 2012) (SR-ISE-2012-33).

hand, PHLX, for instance, permits $0.50 strike price intervals when the strike price is below $75, and $1 strike price intervals when the strike price is between $75 and $150.[8] The Exchange is proposing to allow $0.50 strikes in a manner identical to ISE.

There is continuing strong customer demand for having the ability to execute hedging and trading strategies effectively via STOS, particularly in the current fast, multi-faceted trading and investing environment that extends across numerous markets and platforms.[9] The Exchange has observed increased demand for STOS classes and/or series, particularly when market moving events such as significant market volatility, corporate events, or large market, sector, or individual issue price swings have occurred. The STOS Program is one of the most popular and quickly expanding options expiration programs.

The changes proposed by the Exchange should allow execution of more trading and hedging strategies on the Exchange. The Exchange notes that in conformance with Exchange Rules, the Exchange shall not list $0.50 or $1 strike price intervals on Related non-STOS options within five (5) days of expiration. For example, if a Related non-STOS in an options class is set to expire on Friday, September 21, the Exchange could begin to trade $0.50 strike price intervals surrounding that Related non-STOS on Thursday, September 13, but no later than Friday September 14.

The Exchange believes that there are substantial benefits to market participants in the ability to trade the Eligible Option Classes at more granular strike price intervals the

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8 See Securities Exchange Act Release No. 67753 (August 29, 2012) 77 FR 54635 (September 5, 2012) (SR-PHLX-2012-78).

9 These include, without limitation, options, equities, futures, derivatives, indexes, exchange traded funds, exchange traded notes, currencies, and over-the-counter instruments.

proposed interval for the Eligible Option Classes would allow traders and investors, and in particular public (retail) investors to more effectively and with greater precision consummate trading and hedging strategies on the Exchange. The Exchange believes that this precision is increasingly necessary, and in fact crucial, as traders and investors engage in trading and hedging strategies across various investment platforms (e.g. equity and ETF, index, derivatives, futures, foreign currency, and even commodities products).

Additional STOS Program Expirations

The Exchange is also proposing to amend BATS Rules 19.6 and 29.11(h) to permit the Exchange to open up to five consecutive expirations under the STOS Program for trading on the Exchange. Currently under the STOS Program, the Exchange may open STOS option series for only one week expirations.

This proposal seeks to allow the Exchange to add a maximum of five consecutive week expirations under the STOS Program, however it will not add a STOS expiration in the same week that a monthly options series expires or, in the case of Quarterly Option Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same class. In other words, the total number of consecutive expirations will be five, including any existing monthly or quarterly expirations.[10] As noted above, the STOS Program has been well-received by market participants, in particular by retail investors, and the Exchange believes that the proposed revision to the STOS Program will permit

[10] For example, if quarterly options expire week 1 and monthly options expire week 3, the proposal would allow the following expirations: week 1 quarterly, week 2 STOS, week 3 monthly, week 4 STOS, and week 5 STOS. If quarterly options expire week 3 and monthly options expire week 5, the following expirations would be allowed: week 1 STOS, week 2 STOS, week 3 quarterly, week 4 STOS, and week 5 monthly.

the Exchange to meet increased customer demand and provide market participants with the ability to hedge in a greater number of option classes and series as well as to allow the Exchange to compete with other options exchanges offering similar short term options programs, such as NYSE Arca.[11]

Additional Classes Participating in the STOS Program

The Exchange is also proposing to amend BATS Rules 19.6 and 29.11(h) to permit the Exchange to increase the number of classes that are eligible to participate in the STOS Program from 15 to 30. Currently, for each option class that has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on no more than fifteen option classes that expire on the Friday of the following business week that is a business day.

Several other options exchanges, including NASDAQ Options Market ("NOM"),[12] have rules that allow 30 classes to be eligible to participate in their STOS Programs. As a result, the Exchange is competitively disadvantaged because it operates a substantially similar STOS Program as ISE, NOM, and PHLX, but is limited to selecting only 15 classes that may participate in its STOS Program (whereas ISE, NOM, and PHLX may each select 30 classes).

The proposed increase to the number of classes eligible to participate in the STOS Program is required for competitive purposes as well as to ensure consistency and

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11 See Securities Exchange Act Release No. 68190 (November 8, 2012), 77 FR 68193 (November 15, 2012) (SR-NYSEArca-2012-95).

12 See Securities Exchange Act Release No. 65528 (October 11, 2011), 76 FR 64142 (October 17, 2011) (SR-NASDAQ-2011-138).

uniformity among the competing options exchanges that have adopted similar short term options series programs.

Additional Series per Class in the STOS Program

The Exchange is also proposing to amend its rules to permit the Exchange to increase the number of series that the Exchange may open per class that is eligible to participate in the STOS Program from 20 to 30 as well as to make a clarifying change that states that the Exchange may open 20 initial series for each option class that participates in the STOS Program. Currently, for each class that has been approved for listing and trading on the Exchange as part of the STOS Program, the Exchange may open up to 20 series.

ISE's rules and the rules of other exchanges allow them to open up to 30 STOS for each option class eligible for participation in the STOS Program.[13] As a result, the Exchange is competitively disadvantaged because it operates a substantially similar STOS Program as ISE and other exchanges but is limited to opening only 20 series per expiration in each class that is eligible to participate in its STOS Program (whereas ISE may select 30 series).

The Exchange is proposing to amend its rules to allow the Exchange to open up to ten additional series (a total of 30) for each option class that participates in the STOS Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. The

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[13] See Securities Exchange Act Release Nos. 65771 (November 17, 2011), 76 FR 72472 (November 23, 2011) (SR-ISE-2011-60) and 65806 (November 22, 2011), 76 FR 73753 (November 29, 2011) (SR-NYSEArca-2011-88).

Exchange is also proposing to amend its rules in order to clarify that it may open up to 20 initial series for each option class that participates in the STOS Program.

STOS Opened by Other Exchanges

The Exchange is also proposing to amend its rules to allow the Exchange to open STOS that are opened by other securities exchanges in option classes selected by other exchanges under their respective short term option rules. Currently, for each option class eligible for participation in the STOS Program, the Exchange may open up to 20 short term option series for each expiration date in that class.[14]

This proposal seeks to allow the Exchange to open STOS that are opened by other securities exchanges in option classes selected by other exchanges under their respective short term option rules. This change is being proposed notwithstanding the current cap of 20 series per class under the STOS Program. This too is a competitive change and is based on approved filings and existing rules of ISE, NOM, and PHLX.[15]

The Exchange is competitively disadvantaged because it operates a substantially similar STOS Program as ISE, NOM, and PHLX, but is limited to listing a maximum of 20 series per options class that participates in its STOS Program (whereas ISE, NOM, and PHLX are not similarly restricted).

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[14] As previously discussed, the Exchange is also proposing to increase the number of series that may be opened on each class from 20 series per class to 30 series per class.

[15] See Securities Exchange Act Release Nos. 65775 (November 17, 2011), 76 FR 72473 (November 23, 2011) (SR–NASDAQ–2011–138) (order granting approval of proposed rule change expanding the short term option series program) and 65776 (November 17, 2011), 76 FR 72482 (November 23, 2011) (SR–PHLX–2011–131) (order granting approval of proposed rule to increase the number of series permitted per class in the short term option series program); see also Securities Exchange Act Release No. 66623 (March 20, 2012), 77 FR 17531 (March 26, 2012) (SR-ISE-2012-23)

The Exchange again notes that the STOS Program has been well-received by market participants, in particular by retail investors. The Exchange believes that the current proposed revision to the STOS Program will permit the Exchange to meet increased customer demand and provide market participants with the ability to hedge in a greater number of option classes and series, as well as provide consistency and uniformity among competing options exchanges.

<u>Strike Price Intervals in the non-STOS Options</u>

The Exchange is also proposing to add Rule 19.6(g) and to amend Rule 19.6 Commentary .05(e) and Rule 29.11(h)(5) to indicate during the expiration week of an option class that is selected for the STOS Program, the strike price intervals for the related non-STOS option shall be the same as the strike price intervals for the STOS option. Currently, the Exchange does not list STOS options during the expiration week of an option class. The Exchange is not proposing to change this functionality, but rather, the Exchange is proposing to allow the use of the same strike price intervals for the related non-short term option during expiration week as are used for the short term option. This will allow option classes that are selected for the STOS Program that are trading at narrower strike price intervals as part of the STOS Program to continue trading at the narrower strike price intervals during expiration week, even though the short term option will not be traded during that week. In addition, the Exchange proposes that during the week before the expiration week of a STOS option, the Exchange shall open the related non-STOS option for trading in STOS option intervals in the same manner that they are opened for STOS options. Thus, a non-STOS option may be opened in STOS option intervals on a Thursday or Friday that is a business day before the non-

STOS option expiration week. This functionality is identical to that of BOX,[16] among others, and would promote consistency in strike prices during the week prior to expiration, when the Exchange does not list short term options.

Definition of STOS

The Exchange is also proposing to amend Rules 16.1(a)(57) and 29.2(n) to make the definition of Short Term Option Series accurately reflect the proposed additional expirations proposed above. Currently, the definitions only include one expiration for STOS. The Exchange is proposing to include the additional expirations proposed above in both definitions of STOS.

Adding Titles to Certain Paragraphs

The Exchange is also proposing to amend its rules in order to make more clear which paragraphs are related to the initials series and additional series for each option class that participates in the STOS Program as well as the strike intervals on Short Term Option Series.

With regard to the impact of these proposals on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle the potential additional traffic associated with proposed expansion to the STOS Program.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act[17] in general, and furthers the objectives of Section 6(b)(5) of the Act[18] in particular,

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16 See Securities Exchange Act Release No. 67870 (September 17, 2012), 77 FR 58600 (September 21, 2012) (SR-BOX-2012-012).

in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. This will be effectuated by the following rule changes: STOS Program strike price intervals of $0.50 for option classes that trade in $1 increments; during the expiration week of the non-short term option, the strike price intervals for the non-short term option will be the same as for the short term option; allowing the Exchange to open STOS that are opened by other securities exchanges in option classes selected under their respective short term option rules; expanding the number of expirations to five consecutive expirations under the STOS Program for trading on the Exchange; and increasing the number of classes and strikes that are eligible to participate in the STOS Program. The Exchange believes that expanding the current STOS Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment and hedging decisions, while ensuring conformity between short term options and related non-short term options. While the expansion of the STOS Program will generate additional quote traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal is limited to a limited number of classes. Further, the Exchange does not believe that the proposal will result in a material proliferation of additional series because it is limited to a fixed number of classes and the Exchange does not believe that the additional price points will result in fractured liquidity.

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[17] 15 U.S.C. 78f(b).

[18] 15 U.S.C. 78f(b)(5).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposal will allow the Exchange to compete more effectively with other options exchanges that have already adopted changes to their short term options series programs that are identical to the changes proposed by this filing.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change 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 Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[19] and paragraph (f) of Rule 19b-4 thereunder.[20] At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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.

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19 15 U.S.C. 78s(b)(3)(A)(ii).

20 17 CFR 240.19b-4(f)(2).

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-2013-006 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-2013-006. 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 website (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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. 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-2013-006 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.[21]

Kevin M. O'Neill
Deputy Secretary

[21] 17 CFR 200.30-3(a)(12).

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

Rules of BATS Exchange, Inc.

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CHAPTER XVI. GENERAL PROVISIONS - BATS OPTIONS

Rule 16.1. Definitions

(a) With respect to the Rules contained in Chapters XVI to XXIX below, relating to the trading of options contracts on the Exchange, the following terms shall have the meanings specified in this Rule. A term defined elsewhere in the Exchange Rules shall have the same meaning with respect to this Chapter XVI, unless otherwise defined below.

(1)-(56) (No changes.)

(57) The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on any of the next five (5) consecutive Fridays[of the next business week]. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively.

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CHAPTER XIX. SECURITIES TRADED ON BATS OPTIONS

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Rule 19.6. Series of Options Contracts Open for Trading

(a)-(f) (No changes.)

(g) Notwithstanding the requirements set forth in this Rule 19.6 and any Interpretations and Policies thereto:

(i) During the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to Interpretation and Policy .05 of this Rule 19.6 ("Short Term Option"), the strike price intervals for the related non-Short Term Option ("Related non-Short Term Option") shall be the same as the strike price intervals for the Short Term Option.

(ii) During the week before the expiration week of a Short Term Option, the Exchange shall open the related non-Short Term Option for trading in Short Term Option intervals in the same manner permitted by Interpretation and Policy .05 of this Rule 19.6.

Interpretations and Policies

.01-.04 (No changes.)

.05 Short Term Options Series Program. After an option class has been approved for listing and trading on BATS Options, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on each of the next five (5) consecutive Fridays [of the following business week]that [is a]are business days ("Short Term Option Expiration Dates"). If BATS Options is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if BATS Options is not open for business on the Friday [of the following business week] that the options are set to expire, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(a) The Exchange may select up to thirty (30)[fifteen (15)] currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the 30 [fifteen-]option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to thirty(30)[twenty (20)] Short Term Option Series for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(b) (No changes.)

(c) Initial Series. The Exchange may open up to twenty (20) initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Short Term Option Series are initially opened for trading on the Exchange (*e.g.*, if seven (7) series are initially opened, there will be at least three (3) strike prices above and three (3) strike prices below the value of the underlying security or calculated index value). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index.

(d) [If the Exchange has opened less than twenty (20) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on BATS Options when deemed necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened.]Additional Series. The Exchange may open up to ten (10) additional series for each option class that participates in the Short Term Option Series Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current value of the underlying index provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened.

(e) Strike Interval. The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle. During the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to this rule ("Short Term Option"), the strike price intervals for the related non-Short Term Option ("Related non-Short Term Option") shall be the same as the strike price intervals for the Short Term Option. During the week before the expiration week of a Short Term Option, the Exchange shall open the related non-Short Term Option for trading in Short Term Option intervals in the same manner permitted by this Interpretation and Policy .05.

(f) Notwithstanding the requirements set forth in this Rule 19.6 and any Interpretations and Policies thereto, the Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the Short Term Option Series Program. No additional series, including additional series of the Related non-Short Term Option, may be opened during expiration week in classes that are listed pursuant to this paragraph.

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CHAPTER XXIX. INDEX RULES

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Rule 29.2. Definitions

(a)-(m) (No changes.)

(n) The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on any of the next five (5) consecutive Fridays[of the next business week]. If a Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively.

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Rule 29.11. Terms of Index Options Contracts

(a)–(g) (No changes.)

(h) Short Term Option Series Program. After an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on each of the next five (5) consecutive Fridays [of the following business week]that [is a]are business days ("Short Term Option Expiration Dates"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or

Friday. Similarly, if the Exchange is not open for business on the Friday [of the following business week] that the options are set to expire, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(1) The Exchange may select up to thirty (30)[fifteen (15)] currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the thirty-[fifteen-]option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to thirty (30)[twenty (20)] Short Term Option Series on index options for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(2) (No changes.)

(3) Initial Series. The Exchange may open up to 20 initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Short Term Option Series are initially opened for trading on the Exchange (*e.g.*, if seven (7) series are initially opened, there will be at least three (3) strike prices above and three (3) strike prices below the value of the underlying security or calculated index value). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index.

(4) [If the Exchange has opened less than twenty (20) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on BATS Options when deemed necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened.]Additional Series. The Exchange may open up to ten (10) additional series for each option class that participates in the Short Term Option Series Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current value of the underlying index provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened.

(5) Strike Interval. The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same index option class that expire in accordance with the normal monthly expiration cycle. During the expiration week of a Short Term Option, the strike price intervals for the Related non-Short Term Option shall be the same as the strike price intervals for the Short Term Option. During the week before the expiration week of a Short Term Option, the Exchange shall open the related non-Short Term Option for trading in Short Term Option intervals in the same manner permitted by this Rule 29.11(h).

(6) Notwithstanding the requirements set forth in this Rule 29.11 and any Interpretations and Policies thereto, the Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the Short Term Option Series Program. No additional series, including additional series of the Related non-Short Term Option, may be opened during expiration week in classes that are listed pursuant to this paragraph.

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