

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="44"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2015"/> - * <input type="text" value="121"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by **BATS Exchange**  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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

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 \*).

BATS Exchange, Inc. proposes rule changes to Rules 11.5, Registration of Market Makers, 11.6, Obligations of Market Maker Authorized Traders, 11.7, Registration of Market Makers in a Security, and 11.8, Obligations of Market Makers.

**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 * <input type="text" value="Chris"/>	Last Name * <input type="text" value="Solgan"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="csolgan@bats.com"/>	
Telephone * <input type="text" value="(646) 856-8723"/>	Fax <input type="text"/>

**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 <input type="text" value="12/29/2015"/>	<input type="text" value="Assistant General Counsel"/>
By <input type="text" value="Chris Solgan"/>	<input type="text"/>
(Name *)	

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 Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> BATS Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend Rules 11.5, Registration of Market Makers, 11.6, Obligations of Market Maker Authorized Traders, 11.7, Registration of Market Makers in a Security, and 11.8, Obligations of Market Makers, in order to update certain provisions and conform to the rules of EDGA Exchange, Inc. (“EDGA”), EDGX Exchange, Inc. (“EDGX”), Exchange’s equity options trading platform (“BZX Options”), EDGX’s equity options trading platform (“EDGX Options”), and the Nasdaq Stock Market LLC (“Nasdaq”).<sup>3</sup> The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>4</sup>

(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.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20; BZX Options Rule 22.6(d)(4), (5), and (7); EDGX Options Rule 22.6(d)(4), (5), and (7); and Nasdaq Rules Rule 4613(a)(2)(ii), 4613(a)(2)(D) and (E).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

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 February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Eric Swanson  
EVP, General Counsel  
(913) 815-7000

Chris Solgan  
Assistant General Counsel  
(646) 856-8723

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

a. Purpose

In early 2014, the Exchange and its affiliate, BATS Y-Exchange, Inc. ("BYX"), received approval to effect a merger (the "Merger") of the Exchange's parent company, BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of EDGX and EDGA (together with BZX, BYX and EDGX, the "BGM Affiliated Exchanges").<sup>5</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align their rules, retaining only intended differences between the BGM Affiliated Exchanges. Thus, the Exchange proposes to amend Rules 11.5, Registration of Market Makers, 11.6, Obligations of Market Maker Authorized Traders, 11.7, Registration of

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<sup>5</sup> See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

Market Makers in a Security, and 11.8, Obligations of Market Makers, in order to update certain provisions and conform to the rules of EDGA and EDGX and provide a consistent rule set across each of the BGM Affiliated Exchanges.<sup>6</sup> As amended, Exchange Rules 11.5, 11.6, 11.7, and 11.8 would be identical to EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20 but for different cross references to Exchange Rules that are due to the different rule numbering amongst the Exchange, EDGA and EDGX.<sup>7</sup>

#### Rule 11.5, Registration of Market Makers

Like EDGA and EDGX Rule 11.17, Exchange Rule 11.5 governs the registration of Market Makers on the Exchange. In particular, paragraphs (a) and (b) of Rule 11.5 sets forth the application process for Members seeking to register as Market Makers on the Exchange. The Exchange proposes to amend paragraphs (c) and (d) of Rule 11.5 to harmonize Rule 11.5 with EDGA and EDGX Rule 11.17.

Paragraph (c) sets for the scenarios under which the Exchange may suspend or terminate a Market Maker's registration which include where the Market Maker has: (i) substantially of continuously failed to engage in dealings in accordance with Rule 11.8 (discussed below); (ii) failed to meet the minimum net capital requirements set forth under paragraph (a) of the Rule; and (iii) maintain a fair and orderly market. Rule 11.5(c)

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<sup>6</sup> The Exchange notes that BYX intends to file an identical proposal with the Commission to amend its Rules 11.5, 11.6, 11.7, and 11.8 to updated certain provisions and conform to EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20. The Exchange also notes that EDGA and EDGX intend to file proposals with the Commission to amend Rules 11.17, 11.18, 11.19, and 11.20 to update certain provisions to harmonize with the changes to Exchange Rules 11.5, 11.6, 11.7, and 11.8 proposed herein.

<sup>7</sup> The Exchange notes that the substance of the rules that are cross-referenced in Rule 11.5, 11.6, 11.7 and 11.8 are identical or substantially similar to the corresponding EDGA and EDGX Rules.

is substantially similar to EDGA and EDGX Rules 11.17(c)(1) thru (3). EDGA and EDGX contain an additional provision under Rule 11.17(c)(4) allowing them to suspend or terminate a Market Maker's registration where it does not have at least one registered Market Maker Authorized Trader ("MMAT") qualified to perform market making activities as set forth in EDGA and EDGX Rule 11.18(b)(5).<sup>8</sup> Under proposed Rule 11.5(c)(4), a MMAT whose registration is suspended pursuant to Exchange Rule 11.6(c) shall not be deemed qualified within the meaning of Exchange Rule 11.6(c). In order to harmonize the scenarios under which the Exchange may suspend or terminate a Market Maker's registration under Rule 11.5(c) with EDGA and EDGX, the Exchange proposes to adopt the provisions under EDGA and EDGX Rule 11.17(c)(4) as new subparagraph (c)(4) under Rule 11.5. The Exchange believes it is reasonable to suspend or terminate a Market Maker's registration where it does not have at least one registered MMAT qualified to perform market making activities as the absence of a qualified MMAT would impede its ability to satisfy its market making obligations. To accommodate the addition of subparagraph (c)(4) under Rule 11.5, the Exchange also proposes to relocate the "or" from the end of subparagraph (c)(2) to the end of subparagraph (c)(3).

Lastly, to conform to EDGA and EDGX Rules 11.17(d), the Exchange proposes to amend paragraph (d) or Rule 11.5 to remove the letter "s" from after the word

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<sup>8</sup> Under Exchange Rule 11.6(b)(5), a Market Maker must ensure that a MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in Exchange Rule 11.6(b)(2). In addition, the Exchange notes that EDGA and EDGX Rules Rule 11.17(c)(4) currently reference EDGA and EDGX Rules 11.19(b)(5). The Exchange notes that this reference should be to EDGA and EDGX Rules 11.18(b)(5) and that EDGA and EDGX intend to include this correction in an upcoming rule filing to be submitted to the Commission.

“interests”.

Rule 11.6, Obligations of Market Maker Authorized Traders

Like EDGA and EDGX Rules 11.18, Exchange Rule 11.6 governs the registration of MMATs. The Exchange proposes to amend paragraph (b)(4) to remove the letter “s” from after the word “interests” to harmonize Rule 11.6 with EDGA and EDGX Rule 11.18.

Rule 11.7, Registration of Market Makers in a Security

Like EDGA and EDGX Rules 11.19, Exchange Rule 11.7 sets forth the process for a Market Maker to become registered in a newly authorized security or in a security already admitted to dealings on the Exchange. The Exchange proposes to make the following changes to harmonize Rule 11.7 with EDGA and EDGX Rule 11.19:

- amend paragraph (a) to state that registration in a security shall become effective on the same day as the Exchange’s approval of the registration, unless otherwise provided by the Exchange; rather than the day following the following the Exchange’s approval of the registration. This proposed amendment would harmonize Exchange Rule 11.7(a) with EDGA and EDGX Rules 11.19(a) in order to provide for consistent timeframes within which a registration may become effective across each of the BGM Affiliated Exchanges. Also, allowing for a registration to become effective on the same day as Exchange approval would enable a Market Maker to immediately provide liquidity in a security, rather than waiting until the following trading day. The Exchange would continue to maintain the authority to delay the effectiveness of the registration due to the

Market Maker satisfying additional procedural requirements, such as the daily notification to the Exchange of the symbols to which it will make a market in on a particular trading day;

- amend paragraph (a)(4) to replace the term “they are” with “Market Maker is”;
- amend paragraph (a)(5) to add an “and” to the end of the paragraph; and
- amend paragraph (b) to remove the letter “s” from after the word “interests”.

The changes proposed above would harmonize Exchange Rule 11.7 with EDGA and EDGX Rules 11.19.

#### Rule 11.8, Obligations of Market Makers

Like EDGA and EDGX Rules 11.20, Exchange Rule 11.8 sets forth the obligations of Market Makers. In short, Members who are registered as Market Makers in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Exchange in accordance with these Rules. The Exchange proposes to make the following changes to harmonize Rule 11.8(a), (c), and (d) with EDGA and EDGX Rule 11.19:

- amend subparagraph (a)(1) to clarify that the Market Maker must maintain continuous, two-sided quotations;<sup>9</sup>

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<sup>9</sup> The Exchange does not propose to amend a Market Maker’s quoting obligations. The proposed change is simply intended to make clear that the obligation is to maintain a *continuous, two-sided* quotation.

- amend paragraph (c) to: (i) replace in the first sentence “or” with “including, but without limitation” and “the” with “its”; (ii) delete the “other” from the second sentence; and (iii) add an “s” to the word “power” in the second sentence;
- amend paragraph (d)(1) to: (i) add “Continuous” to the title “Two-Sided Quote Obligations”;<sup>10</sup>
- amend paragraphs (d)(2) and (d)(2)(C) to replace the word “under” with “of” before Regulation NMS;
- amend paragraph (d)(2)(A) to replace “from” with “as reported by” before reference to the responsible single plan processor; and
- amend paragraph (d)(2)(B) to replace “received from” with “reported by” before reference to the responsible single plan processor.

The Exchange also proposes to amend Rule 11.8(d)(1) to clarify the scenarios in which a Market Maker’s two-sided quoting obligation may be temporarily suspended or alleviated. The provisions proposed to be added are each substantially similar to the rules of BZX Options and EDGX Options.<sup>11</sup> Proposed Rule 11.8(d)(1)(A) addresses a Market Maker’s ability to satisfy the quoting standard in the event of a technical failure or system limitation. In particular, if a technical failure or limitation of a system of the Exchange prevents the Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in each security in which a Member is registered as a Market Maker,

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<sup>10</sup> Id.

<sup>11</sup> See BZX Options Rule 22.6(d)(4), (5), and (7). See also EDGX Options Rule 22.6(d)(4), (5), and (7).

the duration of such failure shall not be considered in determining whether the Market Maker has satisfied the quoting standard with respect to that security.<sup>12</sup>

In addition, proposed Rule 11.8(d)(1)(B) addresses a Market Maker's ability to satisfy the quoting standard during a halt, suspension or pause. A Market Maker's quoting obligation under Rule 11.8 would be suspended during a trading halt, suspension, or pause in the security.<sup>13</sup> A Market Maker's quoting obligation would recommence after the first regular way transaction on the primary listing market following such halt, suspension, or pause in the security, as reported by the responsible single plan processor.<sup>14</sup> A Market Maker's quoting obligation would also be suspended under Rule 11.8(d)(1)(B) for the duration that an NMS stock is in a Limit State or a Straddle State declared pursuant to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan" or "Plan").<sup>15</sup>

Under proposed Rule 11.8(d)(1)(C), the Exchange would have the ability to consider other exceptions to the Two-Sided Obligation based on demonstrated legal or

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<sup>12</sup> See Securities Exchange Act Release No. 71229 (December 18, 2013), 78 FR 77736 (December 24, 2013) (SR-BATS-2013-062) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify BATS Options Market Maker Continuous Quoting Obligation Rules).

<sup>13</sup> The Exchange notes that proposed Rule 11.8(d)(B) would differ from BZX Options and EDGX Options Rules 22.6(d)(5) in so far as proposed Rule 11.8(d)(B) references "security" rather than "underlying security" in order to conform to the equities markets.

<sup>14</sup> See also Nasdaq Stock Market LLC ("Nasdaq") Rule 4613(a)(2)(ii).

<sup>15</sup> See BZX and BYX Rules 11.18(e). See also EDGA and EDGX Rules 11.16(e). See also Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (the "Limit Up-Limit Down Release").

regulatory requirements or other mitigating circumstances. For example, a Market Maker must implement the pre-trade and other risk controls required by Rule 15c3-5 of the Act (the “Market Access Rule”) with respect to all of their quoting activity. These pre-trade risk controls must be reasonably designed to systemically limit financial exposure and ensure compliance with all regulatory requirements. The risk controls a Market Maker may have in place to comply with the Market Access Rule may prevent that Market Maker from satisfying its quoting obligation. In such case, the Exchange would consider whether the Market Maker’s failure to satisfy its quoting obligation due to its compliance with the Market Access Rule was proper.

Lastly, the Exchange proposes to amend its definitions of “Designated Percentage” and “Defined Limit” under Rules 11.8(d)(2)(D) and (E) respectively to be substantially similar to Nasdaq Rules 4613(a)(2)(D) and (E). The pricing obligations applicable to quotations of Market Makers are based on the Designated Percentage and the Defined Limit, which are determined based on the applicable trigger percentage. The amended definitions would include revised percentages and updated descriptions of the categories of securities that are subject to those percentages. The Exchange notes that the percentages discussed below in the proposed definitions of Designated Percentage and Defined Limit are currently included in Interpretation and Policy .01 to Rule 11.8. Therefore, the Exchange is not proposing new percentages governing a Market Maker’s quoting obligations; it is seeking to adopt revised definitions that are substantially similar to that of Nasdaq in order to provide consistent rules with regard to Market Maker’s

quoting obligations.<sup>16</sup> The Exchange believes consistent definitions would avoid confusion amongst market participants that make markets on multiple venues.

The Exchange currently defines Designated Percentage under Rule 11.8(d)(2)(D) as the individual stock pause trigger percentage under the applicable rules of a primary listing market less: two (2) percentage points for securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products and for all other NMS stocks with a price equal to or greater than \$1.00 per share; and twenty (20) percentage points for all NMS stocks with a price less than \$1.00 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. Exchange Rule 11.8(d)(2)(D) also states that for times during Regular Trading Hours<sup>17</sup> when stock pause triggers are not in effect under the rules of the primary listing market, the Designated Percentage will be 20% for securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. The Designated Percentage will remain the same throughout Regular Trading Hours for all other NMS stocks.

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<sup>16</sup> The Exchange proposed to categorize securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products as Tier 1 NMS Stocks under the under the Limit Up-Limit Down Plan. Securities not included in the S&P 500® Index, Russell 1000® Index, or in the pilot list of Exchange Traded Products would be categorized as Tier 2 NMS Stocks under the under the Limit Up-Limit Down Plan. Nasdaq Rule 4613(a)(2)(D) and (E) references securities as included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products as such and those that are not as Tier 2 NMS Stocks. The Exchange notes that EDGA and EDGX also intent to amend their definitions of Designated Percentage and Defined Limit to mirror that proposed herein.

<sup>17</sup> See Exchange Rule 1.5(w).

As amended, Designated Percentage would be defined as 8% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan,<sup>18</sup> 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan<sup>19</sup> with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Designated Percentage shall be 20% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00.

The Exchange currently defines Defined Limit under Rule 11.8(d)(2)(E) as the individual stock pause trigger percentage under the applicable rules of a primary listing market less one-half (1/2) percentage point for securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products and for all other NMS stocks with a price equal to or greater than \$1.00 per share; and eighteen and one-half (18.5) percentage points for all NMS stocks with a price less than \$1.00 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. As amended, Defined Limit would be defined as 9.5% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 29.5% for Tier 2 NMS Stocks

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<sup>18</sup> Tier 1 NMS Stocks under the Limit Up-Limit Down Plan are securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. See the Limit Up-Limit Down Release supra note 15.

<sup>19</sup> Tier 2 NMS Stocks under the Limit Up-Limit Down Plan are securities that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. Id.

under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 31.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Defined Limit shall be 21.5% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 29.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 31.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00. Exchange Rule 11.8(d)(2)(E) also states that for times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Defined Limit will be 21.5% for securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. The Defined Limit will remain the same throughout Regular Trading Hours for all other NMS stocks.

The Exchange proposes to delete Interpretation and Policy .01 to Rule 11.8 as its content would now be duplicative with the definitions of Designated Percentage and Defined Limit under proposed Rules 11.8(d)(2)(D) and (E).

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>20</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the

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<sup>20</sup> 15 U.S.C. 78f(b).

Act,<sup>21</sup> because 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. As mentioned above, the proposed rule changes, combined with the planned filing for the BYX, EDGA, and EDGX, would allow the BGM Affiliated Exchanges to provide a consistent set of rules as it relates to the registration and obligations of Market Makers. Consistent rules, in turn, will simplify the regulatory requirements for Market Makers on the Exchange that are also Market Makers on EDGA, EDGX and/or BYX. The proposed rule change would provide greater harmonization between rules of similar purpose on the BGM Affiliated Exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance and understanding of Exchange Rules. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system. Similarly, the Exchange also believes that, by harmonizing the rules across each BGM Affiliated Exchange, the proposal will enhance the Exchange's ability to fairly and efficiently regulate its Market Makers by utilizing a consistent rule set and obligations across each of the BGM Affiliated Exchanges. Consistent rules would enable the Exchange to apply identical standards to that of its affiliates, alleviating confusion by Market Makers on who may also be registered as such on BYX, EDGA, or EDGX, thereby promoting just and equitable principles of trade in accordance with Section 6(b)(5) of the Act.<sup>22</sup>

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<sup>21</sup> 15 U.S.C. 78f(b)(5).

<sup>22</sup> Id.

The Exchange also believes the proposed amendments to Rule 11.8(d) are consistent with Section 6(b)(5) of the Act,<sup>23</sup> because they are 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. The proposed amendments to Rule 11.8(d)(1) are meant to clarify the scenarios in which a Market Maker's two-sided quoting obligation may be temporarily suspended or alleviated. The provisions proposed to be added are each substantially similar to the rules of the BZX Options, EDGX Options and Nasdaq.<sup>24</sup> The Exchange believes it is appropriate to have consistent rules across its equities and options platforms. Consistent rules would aid in alleviating confusion amongst those that are Members on both platforms. The Exchange believes it is reasonable to suspend or alleviate a Market Maker's quoting obligations in the event of a technical or system limitation, during a trading halt, suspension or pause, as well as where demonstrated legal or regulatory requirements prevent the Market Maker from quoting. In each scenario, the Exchange will review the reasons behind the Market Maker inability to quote for compliance with the Rule. In addition, the percentages included in the proposed definitions of Designated Percentage and Defined Limit are currently included in Interpretation and Policy .01 to Rule 11.8. Therefore, the Exchange is not proposing to new percentages governing a Market Maker's quoting obligations; it is seeking to adopt revised definitions that are substantially similar to that of Nasdaq in order to provide a consistent rules with regard to Market Makers quoting obligations.

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<sup>23</sup> 15 U.S.C. 78f(b)(5).

<sup>24</sup> See supra notes 11 and 14.

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, allowing the Exchange to implement substantively identical rules across each of the BGM Affiliated Exchanges regarding Market Maker registration and their obligations does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BYX, EDGX, and EDGA rules of similar purpose. The proposed rule change should, therefore, result in less burdensome and more efficient regulatory compliance and understanding of Exchange Rules for common members of the BGM Affiliated Exchanges and an enhanced ability of the BGM Affiliated Exchanges to fairly and efficiently regulate Market Makers.

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

Not applicable.

6. Extension of Time Period for Commission Action

Not applicable.

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

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>25</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>26</sup> The Exchange asserts that the proposed rule change: (1) will not significantly affect the protection of investors or the public interest, (2) will not impose any significant burden on competition,

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<sup>25</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>26</sup> 17 C.F.R. 240.19b-4.

(3) and will not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.<sup>27</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>28</sup> because the proposed rule change would not significantly affect the protection of investors or the public interest; rather, the proposed rule change will promote greater harmonization between the Exchange and EDGA, BZX, and BYX rules of similar purpose, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As described above, the Exchange notes that the proposed change is directly based on the rules of Nasdaq, BATS Options, EDGA and EDGX, all of which have been previously published for notice and comment.<sup>29</sup> Based on the foregoing, the proposed rule change does not present any unique issues not previously considered by the Commission, and the Exchange has accordingly designated this rule filing as “non-controversial” under Section 19(b)(3)(A) of the Act<sup>30</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>31</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the

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<sup>27</sup> 17 C.F.R. 240.19b-4(f)(6)(iii).

<sup>28</sup> 17 CFR 240.19b-4(f)(6).

<sup>29</sup> See *supra* notes 3, 11, and 14.

<sup>30</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>31</sup> 17 C.F.R. 240.19b-4.

Commission that such action is: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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 Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule text is based on EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20. Proposed Exchange Rule 11.8(d)(1)(B) is based on Nasdaq Rule 4613(a)(2). Proposed Exchange Rule 11.8(d)(2)(D) and (E) are based on Nasdaq Rule 4613(a)(2)(D) and (E). The only differences between proposed Exchange Rule 11.8(d)(2)(D) and (E) and Nasdaq Rule 4613(a)(2)(D) and (E) are: (i) Nasdaq references Rule 4120(a)(11)(B) and (c) while the Exchange references Tier 1 and Tier 2 NMS Securities under the Limit Up-Limit Down Plan; and (ii) Nasdaq Rule 4613(a)(2)(D) references rights and warrants while Exchange Rule 11.8(d)(2)(D) does not because the Exchange does not trade rights or warrants. The proposed changes to Exchange Rule 11.8(d)(1) are based on BZX Options and EDGX Options Rules 22.6(d)(4), (5), and (7).

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 – Form of Notice of Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-BATS-2015-121)

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Changes to Rules 11.5, Registration of Market Makers, 11.6, Obligations of Market Maker Authorized Traders, 11.7, Registration of Market Makers in a Security, and 11.8, Obligations of Market Makers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, 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<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> 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 to amend Rules 11.5, Registration of Market Makers, 11.6, Obligations of Market Maker Authorized Traders, 11.7, Registration of Market Makers in a Security, and 11.8, Obligations of Market Makers, in order to update

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

certain provisions and conform to the rules of EDGA Exchange, Inc. (“EDGA”), EDGX Exchange, Inc. (“EDGX”), Exchange’s equity options trading platform (“BZX Options”), EDGX’s equity options trading platform (“EDGX Options”), and the Nasdaq Stock Market LLC (“Nasdaq”).<sup>5</sup>

The text of the proposed rule change is available at the Exchange’s website at [www.batstrading.com](http://www.batstrading.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

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

1. Purpose

In early 2014, the Exchange and its affiliate, BATS Y-Exchange, Inc. (“BYX”), received approval to effect a merger (the “Merger”) of the Exchange’s parent company, BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of EDGX and EDGA (together with BZX, BYX and EDGX, the “BGM Affiliated

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<sup>5</sup> See EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20; BZX Options Rule 22.6(d)(4), (5), and (7); EDGX Options Rule 22.6(d)(4), (5), and (7); and Nasdaq Rules Rule 4613(a)(2)(ii), 4613(a)(2)(D) and (E).

Exchanges”).<sup>6</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align their rules, retaining only intended differences between the BGM Affiliated Exchanges. Thus, the Exchange proposes to amend Rules 11.5, Registration of Market Makers, 11.6, Obligations of Market Maker Authorized Traders, 11.7, Registration of Market Makers in a Security, and 11.8, Obligations of Market Makers, in order to update certain provisions and conform to the rules of EDGA and EDGX and provide a consistent rule set across each of the BGM Affiliated Exchanges.<sup>7</sup> As amended, Exchange Rules 11.5, 11.6, 11.7, and 11.8 would be identical to EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20 but for different cross references to Exchange Rules that are due to the different rule numbering amongst the Exchange, EDGA and EDGX.<sup>8</sup>

#### Rule 11.5, Registration of Market Makers

Like EDGA and EDGX Rule 11.17, Exchange Rule 11.5 governs the registration of Market Makers on the Exchange. In particular, paragraphs (a) and (b) of Rule 11.5 sets forth the application process for Members seeking to register as Market Makers on the Exchange. The Exchange proposes to amend paragraphs (c) and (d) of Rule 11.5 to

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<sup>6</sup> See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

<sup>7</sup> The Exchange notes that BYX intends to file an identical proposal with the Commission to amend its Rules 11.5, 11.6, 11.7, and 11.8 to updated certain provisions and conform to EDGA and EDGX Rules 11.17, 11.18, 11.19, and 11.20. The Exchange also notes that EDGA and EDGX intend to file proposals with the Commission to amend Rules 11.17, 11.18, 11.19, and 11.20 to update certain provisions to harmonize with the changes to Exchange Rules 11.5, 11.6, 11.7, and 11.8 proposed herein.

<sup>8</sup> The Exchange notes that the substance of the rules that are cross-referenced in Rule 11.5, 11.6, 11.7 and 11.8 are identical or substantially similar to the corresponding EDGA and EDGX Rules.

harmonize Rule 11.5 with EDGA and EDGX Rule 11.17.

Paragraph (c) sets for the scenarios under which the Exchange may suspend or terminate a Market Maker's registration which include where the Market Maker has: (i) substantially of continuously failed to engage in dealings in accordance with Rule 11.8 (discussed below); (ii) failed to meet the minimum net capital requirements set forth under paragraph (a) of the Rule; and (iii) maintain a fair and orderly market. Rule 11.5(c) is substantially similar to EDGA and EDGX Rules 11.17(c)(1) thru (3). EDGA and EDGX contain an additional provision under Rule 11.17(c)(4) allowing them to suspend or terminate a Market Maker's registration where it does not have at least one registered Market Maker Authorized Trader ("MMAT") qualified to perform market making activities as set forth in EDGA and EDGX Rule 11.18(b)(5).<sup>9</sup> Under proposed Rule 11.5(c)(4), a MMAT whose registration is suspended pursuant to Exchange Rule 11.6(c) shall not be deemed qualified within the meaning of Exchange Rule 11.6(c). In order to harmonize the scenarios under which the Exchange may suspend or terminate a Market Maker's registration under Rule 11.5(c) with EDGA and EDGX, the Exchange proposes to adopt the provisions under EDGA and EDGX Rule 11.17(c)(4) as new subparagraph (c)(4) under Rule 11.5. The Exchange believes it is reasonable to suspend or terminate a Market Maker's registration where it does not have at least one registered MMAT

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<sup>9</sup> Under Exchange Rule 11.6(b)(5), a Market Maker must ensure that a MMAT is properly qualified to perform market making activities, including but not limited to ensuring the MMAT has met the requirements set forth in Exchange Rule 11.6(b)(2). In addition, the Exchange notes that EDGA and EDGX Rules Rule 11.17(c)(4) currently reference EDGA and EDGX Rules 11.19(b)(5). The Exchange notes that this reference should be to EDGA and EDGX Rules 11.18(b)(5) and that EDGA and EDGX intend to include this correction in an upcoming rule filing to be submitted to the Commission.

qualified to perform market making activities as the absence of a qualified MMAT would impede its ability to satisfy its market making obligations. To accommodate the addition of subparagraph (c)(4) under Rule 11.5, the Exchange also proposes to relocate the “or” from the end of subparagraph (c)(2) to the end of subparagraph (c)(3).

Lastly, to conform to EDGA and EDGX Rules 11.17(d), the Exchange proposes to amend paragraph (d) or Rule 11.5 to remove the letter “s” from after the word “interests”.

#### Rule 11.6, Obligations of Market Maker Authorized Traders

Like EDGA and EDGX Rules 11.18, Exchange Rule 11.6 governs the registration of MMATs. The Exchange proposes to amend paragraph (b)(4) to remove the letter “s” from after the word “interests” to harmonize Rule 11.6 with EDGA and EDGX Rule 11.18.

#### Rule 11.7, Registration of Market Makers in a Security

Like EDGA and EDGX Rules 11.19, Exchange Rule 11.7 sets forth the process for a Market Maker to become registered in a newly authorized security or in a security already admitted to dealings on the Exchange. The Exchange proposes to make the following changes to harmonize Rule 11.7 with EDGA and EDGX Rule 11.19:

- amend paragraph (a) to state that registration in a security shall become effective on the same day as the Exchange’s approval of the registration, unless otherwise provided by the Exchange; rather than the day following the following the Exchange’s approval of the registration. This proposed amendment would harmonize Exchange Rule 11.7(a) with EDGA and EDGX Rules 11.19(a) in order to provide for consistent timeframes within

which a registration may become effective across each of the BGM Affiliated Exchanges. Also, allowing for a registration to become effective on the same day as Exchange approval would enable a Market Maker to immediately provide liquidity in a security, rather than waiting until the following trading day. The Exchange would continue to maintain the authority to delay the effectiveness of the registration due to the Market Maker satisfying additional procedural requirements, such as the daily notification to the Exchange of the symbols to which it will make a market in on a particular trading day;

- amend paragraph (a)(4) to replace the term “they are” with “Market Maker is”;
- amend paragraph (a)(5) to add an “and” to the end of the paragraph; and
- amend paragraph (b) to remove the letter “s” from after the word “interests”.

The changes proposed above would harmonize Exchange Rule 11.7 with EDGA and EDGX Rules 11.19.

#### Rule 11.8, Obligations of Market Makers

Like EDGA and EDGX Rules 11.20, Exchange Rule 11.8 sets forth the obligations of Market Makers. In short, Members who are registered as Market Makers in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Exchange in accordance with these Rules. The Exchange proposes to make the following changes to harmonize Rule 11.8(a), (c), and (d) with

## EDGA and EDGX Rule 11.19:

- amend subparagraph (a)(1) to clarify that the Market Maker must maintain continuous, two-sided quotations;<sup>10</sup>
- amend paragraph (c) to: (i) replace in the first sentence “or” with “including, but without limitation” and “the” with “its”; (ii) delete the “other” from the second sentence; and (iii) add an “s” to the word “power” in the second sentence;
- amend paragraph (d)(1) to: (i) add “Continuous” to the title “Two-Sided Quote Obligations”;<sup>11</sup>
- amend paragraphs (d)(2) and (d)(2)(C) to replace the word “under” with “of” before Regulation NMS;
- amend paragraph (d)(2)(A) to replace “from” with “as reported by” before reference to the responsible single plan processor; and
- amend paragraph (d)(2)(B) to replace “received from” with “reported by” before reference to the responsible single plan processor.

The Exchange also proposes to amend Rule 11.8(d)(1) to clarify the scenarios in which a Market Maker’s two-sided quoting obligation may be temporarily suspended or alleviated. The provisions proposed to be added are each substantially similar to the rules

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<sup>10</sup> The Exchange does not propose to amend a Market Maker’s quoting obligations. The proposed change is simply intended to make clear that the obligation is to maintain a *continuous, two-sided* quotation.

<sup>11</sup> Id.

of BZX Options and EDGX Options.<sup>12</sup> Proposed Rule 11.8(d)(1)(A) addresses a Market Maker's ability to satisfy the quoting standard in the event of a technical failure or system limitation. In particular, if a technical failure or limitation of a system of the Exchange prevents the Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in each security in which a Member is registered as a Market Maker, the duration of such failure shall not be considered in determining whether the Market Maker has satisfied the quoting standard with respect to that security.<sup>13</sup>

In addition, proposed Rule 11.8(d)(1)(B) addresses a Market Maker's ability to satisfy the quoting standard during a halt, suspension or pause. A Market Maker's quoting obligation under Rule 11.8 would be suspended during a trading halt, suspension, or pause in the security.<sup>14</sup> A Market Maker's quoting obligation would recommence after the first regular way transaction on the primary listing market following such halt, suspension, or pause in the security, as reported by the responsible single plan processor.<sup>15</sup> A Market Maker's quoting obligation would also be suspended under Rule 11.8(d)(1)(B) for the duration that an NMS stock is in a Limit State or a Straddle State

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<sup>12</sup> See BZX Options Rule 22.6(d)(4), (5), and (7). See also EDGX Options Rule 22.6(d)(4), (5), and (7).

<sup>13</sup> See Securities Exchange Act Release No. 71229 (December 18, 2013), 78 FR 77736 (December 24, 2013) (SR-BATS-2013-062) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify BATS Options Market Maker Continuous Quoting Obligation Rules).

<sup>14</sup> The Exchange notes that proposed Rule 11.8(d)(B) would differ from BZX Options and EDGX Options Rules 22.6(d)(5) in so far as proposed Rule 11.8(d)(B) references "security" rather than "underlying security" in order to conform to the equities markets.

<sup>15</sup> See also Nasdaq Stock Market LLC ("Nasdaq") Rule 4613(a)(2)(ii).

declared pursuant to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the “Limit Up-Limit Down Plan” or “Plan”).<sup>16</sup>

Under proposed Rule 11.8(d)(1)(C), the Exchange would have the ability to consider other exceptions to the Two-Sided Obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances. For example, a Market Maker must implement the pre-trade and other risk controls required by Rule 15c3-5 of the Act (the “Market Access Rule”) with respect to all of their quoting activity. These pre-trade risk controls must be reasonably designed to systemically limit financial exposure and ensure compliance with all regulatory requirements. The risk controls a Market Maker may have in place to comply with the Market Access Rule may prevent that Market Maker from satisfying its quoting obligation. In such case, the Exchange would consider whether the Market Maker’s failure to satisfy its quoting obligation due to its compliance with the Market Access Rule was proper.

Lastly, the Exchange proposes to amend its definitions of “Designated Percentage” and “Defined Limit” under Rules 11.8(d)(2)(D) and (E) respectively to be substantially similar to Nasdaq Rules 4613(a)(2)(D) and (E). The pricing obligations applicable to quotations of Market Makers are based on the Designated Percentage and the Defined Limit, which are determined based on the applicable trigger percentage. The amended definitions would include revised percentages and updated descriptions of the

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<sup>16</sup> See BZX and BYX Rules 11.18(e). See also EDGA and EDGX Rules 11.16(e). See also Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (the “Limit Up-Limit Down Release”).

categories of securities that are subject to those percentages. The Exchange notes that the percentages discussed below in the proposed definitions of Designated Percentage and Defined Limit are currently included in Interpretation and Policy .01 to Rule 11.8. Therefore, the Exchange is not proposing new percentages governing a Market Maker's quoting obligations; it is seeking to adopt revised definitions that are substantially similar to that of Nasdaq in order to provide consistent rules with regard to Market Maker's quoting obligations.<sup>17</sup> The Exchange believes consistent definitions would avoid confusion amongst market participants that make markets on multiple venues.

The Exchange currently defines Designated Percentage under Rule 11.8(d)(2)(D) as the individual stock pause trigger percentage under the applicable rules of a primary listing market less: two (2) percentage points for securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products and for all other NMS stocks with a price equal to or greater than \$1.00 per share; and twenty (20) percentage points for all NMS stocks with a price less than \$1.00 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange

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<sup>17</sup> The Exchange proposed to categorize securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products as Tier 1 NMS Stocks under the Limit Up-Limit Down Plan. Securities not included in the S&P 500® Index, Russell 1000® Index, or in the pilot list of Exchange Traded Products would be categorized as Tier 2 NMS Stocks under the Limit Up-Limit Down Plan. Nasdaq Rule 4613(a)(2)(D) and (E) references securities as included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products as such and those that are not as Tier 2 NMS Stocks. The Exchange notes that EDGA and EDGX also intent to amend their definitions of Designated Percentage and Defined Limit to mirror that proposed herein.

Traded Products. Exchange Rule 11.8(d)(2)(D) also states that for times during Regular Trading Hours<sup>18</sup> when stock pause triggers are not in effect under the rules of the primary listing market, the Designated Percentage will be 20% for securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. The Designated Percentage will remain the same throughout Regular Trading Hours for all other NMS stocks.

As amended, Designated Percentage would be defined as 8% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan,<sup>19</sup> 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan<sup>20</sup> with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Designated Percentage shall be 20% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00.

The Exchange currently defines Defined Limit under Rule 11.8(d)(2)(E) as the individual stock pause trigger percentage under the applicable rules of a primary listing

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<sup>18</sup> See Exchange Rule 1.5(w).

<sup>19</sup> Tier 1 NMS Stocks under the Limit Up-Limit Down Plan are securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. See the Limit Up-Limit Down Release supra note 16.

<sup>20</sup> Tier 2 NMS Stocks under the Limit Up-Limit Down Plan are securities that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. Id.

market less one-half (1/2) percentage point for securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products and for all other NMS stocks with a price equal to or greater than \$1.00 per share; and eighteen and one-half (18.5) percentage points for all NMS stocks with a price less than \$1.00 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. As amended, Defined Limit would be defined as 9.5% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 29.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 31.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Defined Limit shall be 21.5% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 29.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 31.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00. Exchange Rule 11.8(d)(2)(E) also states that for times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Defined Limit will be 21.5% for securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. The Defined Limit will remain the same throughout Regular Trading Hours for all other NMS stocks.

The Exchange proposes to delete Interpretation and Policy .01 to Rule 11.8 as its content would now be duplicative with the definitions of Designated Percentage and Defined Limit under proposed Rules 11.8(d)(2)(D) and (E).

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>21</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>22</sup> because 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. As mentioned above, the proposed rule changes, combined with the planned filing for the BYX, EDGA, and EDGX, would allow the BGM Affiliated Exchanges to provide a consistent set of rules as it relates to the registration and obligations of Market Makers. Consistent rules, in turn, will simplify the regulatory requirements for Market Makers on the Exchange that are also Market Makers on EDGA, EDGX and/or BYX. The proposed rule change would provide greater harmonization between rules of similar purpose on the BGM Affiliated Exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance and understanding of Exchange Rules. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system. Similarly, the Exchange also believes that, by harmonizing the rules across each BGM Affiliated

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<sup>21</sup> 15 U.S.C. 78f(b).

<sup>22</sup> 15 U.S.C. 78f(b)(5).

Exchange, the proposal will enhance the Exchange's ability to fairly and efficiently regulate its Market Makers by utilizing a consistent rule set and obligations across each of the BGM Affiliated Exchanges. Consistent rules would enable the Exchange to apply identical standards to that of its affiliates, alleviating confusion by Market Makers on who may also be registered as such on BYX, EDGA, or EDGX, thereby promoting just and equitable principles of trade in accordance with Section 6(b)(5) of the Act.<sup>23</sup>

The Exchange also believes the proposed amendments to Rule 11.8(d) are consistent with Section 6(b)(5) of the Act,<sup>24</sup> because they are 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. The proposed amendments to Rule 11.8(d)(1) are meant to clarify the scenarios in which a Market Maker's two-sided quoting obligation may be temporarily suspended or alleviated. The provisions proposed to be added are each substantially similar to the rules of the BZX Options, EDGX Options and Nasdaq.<sup>25</sup> The Exchange believes it is appropriate to have consistent rules across its equities and options platforms. Consistent rules would aid in alleviating confusion amongst those that are Members on both platforms. The Exchange believes it is reasonable to suspend or alleviate a Market Maker's quoting obligations in the event of a technical or system limitation, during a trading halt, suspension or pause, as well as where demonstrated legal or regulatory requirements prevent the Market Maker from quoting. In each scenario, the

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<sup>23</sup> Id.

<sup>24</sup> 15 U.S.C. 78f(b)(5).

<sup>25</sup> See supra notes 12 and 15.

Exchange will review the reasons behind the Market Maker inability to quote for compliance with the Rule. In addition, the percentages included in the proposed definitions of Designated Percentage and Defined Limit are currently included in Interpretation and Policy .01 to Rule 11.8. Therefore, the Exchange is not proposing to new percentages governing a Market Maker's quoting obligations; it is seeking to adopt revised definitions that are substantially similar to that of Nasdaq in order to provide a consistent rules with regard to Market Makers quoting obligations.

(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, allowing the Exchange to implement substantively identical rules across each of the BGM Affiliated Exchanges regarding Market Maker registration and their obligations does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BYX, EDGX, and EDGA rules of similar purpose. The proposed rule change should, therefore, result in less burdensome and more efficient regulatory compliance and understanding of Exchange Rules for common members of the BGM Affiliated Exchanges and an enhanced ability of the BGM Affiliated Exchanges to fairly and efficiently regulate Market Makers.

(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

Because the foregoing proposed rule change does not: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>26</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>27</sup> the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

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: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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.

#### 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:

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<sup>26</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>27</sup> 17 CFR 240.19b-4.

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](mailto:rule-comments@sec.gov). Please include File No. SR-BATS-2015-121 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-BATS-2015-121. 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 change 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-2015-121 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.<sup>28</sup>

Robert W. Errett  
Deputy Secretary

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<sup>28</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

Proposed new language is underlined; proposed deletions are in [brackets].

## Rule 11.5. Registration of Market Makers

(a) – (b) (No change).

(c) The registration of a Market Maker may be suspended or terminated by the Exchange if the Exchange determines that:

(1) (No change).

(2) The Market Maker has failed to meet the minimum net capital conditions set forth under paragraph (a) above; [or]

(3) The Market Maker has failed to maintain fair and orderly markets[.]; or

(4) The Market Maker does not have at least one registered Market Maker Authorized Trader (“MMAT”) qualified to perform market making activities as set forth in Rule 11.6(b)(5). A MMAT whose registration is suspended pursuant to this paragraph (c) shall not be deemed qualified within the meaning of this subsection.

(d) Any registered Market Maker may withdraw its registration by giving written notice to the Exchange. The Exchange may require a certain minimum prior notice period for withdrawal, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest[s] of maintaining fair and orderly markets.

(e) – (f) (No change).

## Rule 11.6. Obligations of Market Maker Authorized Traders

(a) (No change).

(b) *Registration of Market Maker Authorized Traders.* The Exchange may, upon receiving an application in writing from a Market Maker on a form prescribed by the Exchange, register a person as a MMAT.

(1) - (3) (No change).

(4) The Exchange may grant a person conditional registration as a MMAT subject to any conditions it considers appropriate in the interest[s] of maintaining a fair and orderly market.

(5) (No change).

(c) (No change).

Rule 11.7. Registration of Market Makers in a Security

(a) A Market Maker may become registered in a newly authorized security or in a security already admitted to dealings on the Exchange by filing a security registration form with the Exchange. Registration in the security shall become effective on the [first business] same day [following] as the Exchange's approval of the registration, unless otherwise provided by the Exchange. In considering the approval of the registration of the Market Maker in a security, the Exchange may consider:

(1) – (3) (No change).

(4) the maintenance and enhancement of competition among Market Makers in each security in which the[y are]Market Maker is registered;

(5) the existence of satisfactory arrangements for clearing the Market Maker's transactions; and

(6) (No change).

(b) *Voluntary Termination of Security Registration.* A Market Maker may voluntarily terminate its registration in a security by providing the Exchange with a written notice of such termination. The Exchange may require a certain minimum prior notice period for such termination, and may place such other conditions on withdrawal and re-registration following withdrawal, as it deems appropriate in the interest[s] of maintaining fair and orderly markets. A Market Maker that fails to give advanced written notice of termination to the Exchange may be subject to formal disciplinary action pursuant to Chapter VIII of these Rules.

(c) – (d) (No change).

Rule 11.8. Obligations of Market Makers

(a) *General.* Members who are registered as Market Makers in one or more securities traded on the Exchange must engage in a course of dealings for their own account to assist in the maintenance, insofar as reasonably practicable, of fair and orderly markets on the Exchange in accordance with these Rules. The responsibilities and duties of a Market Maker specifically include, but are not limited to, the following:

(1) Maintain continuous, two-sided quotations consistent with the requirements of paragraph (d) below;

(2) – (5) (No change).

(b) (No change).

(c) If the Exchange finds any substantial or continued failure by a Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, such Market Maker will be subject to disciplinary action, [or] including, without limitation, suspension or revocation of

[the]its registration by the Exchange in one or more of the securities in which the Market Maker is registered. Nothing in this Rule 11.8 will limit any [other] powers of the Exchange under the By-Laws, Rules, or procedures of the Exchange with respect to the registration of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule 11.8. Any Member aggrieved by any determination under this Rule 11.8 may seek review under Chapter X of the Exchange Rules governing adverse action.

(d) Quotation Requirements and Obligations

(1) Continuous, Two-Sided Quote Obligation. For each security in which a Member is registered as a Market Maker, the Member shall be willing to buy and sell such security for its own account on a continuous basis during Regular Trading Hours and shall enter and maintain a two-sided trading interest (“Two-Sided Obligation”) that is identified to the Exchange as the interest meeting the obligation and is displayed in the Exchange’s System at all times. Interest eligible to be considered as part of a Market Maker’s Two-Sided Obligation shall have a displayed quotation size of at least one normal unit of trading (or a larger multiple thereof); provided, however, that a Market Maker may augment its Two-Sided Obligation size to display limit orders priced at the same price as the Two-Sided Obligation. Unless otherwise designated, a “normal unit of trading” shall be 100 shares. After an execution against its Two-Sided Obligation, a Market Maker must ensure that additional trading interest exists in the System to satisfy its Two-Sided Obligation either by immediately entering new interest to comply with this obligation to maintain continuous two-sided quotations or by identifying existing interest on the BATS Book that will satisfy this obligation.

(A) If a technical failure or limitation of a system of the Exchange prevents the Market Maker from maintaining or communicating to the Exchange timely and accurate quotes in each security in which a Member is registered as a Market Maker, the duration of such failure shall not be considered in determining whether the Market Maker has satisfied the quoting standard with respect to that security.

(B) The continuous quoting obligations set forth above: (i) shall be suspended during a trading halt, suspension, or pause in the security, and shall not re-commence until after the first regular way transaction on the primary listing market following such halt, suspension, or pause in the security, as reported by the responsible single plan processor, and (ii) shall be suspended for the duration that an NMS stock is in a Limit State or a Straddle State.

(C) The Exchange may consider other exceptions to the Two-Sided Obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(2) Pricing Obligations. For NMS stocks (as defined in Rule 600 [under]of Regulation NMS) a Market Maker shall adhere to the pricing obligations established by

this Rule during Regular Trading Hours; provided, however, that such pricing obligations (i) shall not commence during any trading day until after the first regular way transaction on the primary listing market in the security, as reported by the responsible single plan processor, and (ii) shall be suspended during a trading halt, suspension, or pause, and shall not re-commence until after the first regular way transaction on the primary listing market in the security following such halt, suspension, or pause, as reported by the responsible single plan processor.

(A) Bid Quotations. At the time of entry of bid interest satisfying the Two-Sided Obligation, the price of the bid interest shall be not more than the Designated Percentage away from the then current NBB, or if no NBB, not more than the Designated Percentage away from the last reported sale [from] as reported by the responsible single plan processor. In the event that the NBB (or if no NBB, the last reported sale) increases to a level that would cause the bid interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBB (or if no NBB, the last reported sale), or if the bid is executed or cancelled, the Market Maker shall enter new bid interest at a price not more than the Designated Percentage away from the then current NBB (or if no NBB, the last reported sale), or must be able to identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

(B) Offer Quotations. At the time of entry of offer interest satisfying the Two-Sided Obligation, the price of the offer interest shall be not more than the Designated Percentage away from the then current NBO, or if no NBO, not more than the Designated Percentage away from the last reported sale [received from]reported by the responsible single plan processor. In the event that the NBO (or if no NBO, the last reported sale) decreases to a level that would cause the offer interest of the Two-Sided Obligation to be more than the Defined Limit away from the NBO (or if no NBO, the last reported sale), or if the offer is executed or cancelled, the Market Maker shall enter new offer interest at a price not more than the Designated Percentage away from the then current NBO (or if no NBO, the last reported sale), or must be able to identify to the Exchange current resting interest that satisfies the Two-Sided Obligation.

(C) The NBB and NBO, as defined in Rule 1.5, shall be determined by the Exchange in accordance with its procedures for determining Protected Quotations [under]of Rule 600 under Regulation NMS.

(D) For purposes of this Rule, the [term] “Designated Percentage” shall be 8% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 28% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Designated Percentage shall be 20% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 28% for Tier 2 NMS Stocks under the Limit Up-Limit

Down Plan with a price equal to or greater than \$1.00, and 30% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00.[mean the individual stock pause trigger percentage under the applicable rules of a primary listing market less:

(i) two (2) percentage points for securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products and for all other NMS stocks with a price equal to or greater than \$1 per share; and

(ii) twenty (20) percentage points for all NMS stocks with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products.

For times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Designated Percentage will be 20% for securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. The Designated Percentage will remain the same throughout Regular Trading Hours for all other NMS stocks.]

(E) For purposes of this Rule, the term “Defined Limit” shall be 9.5% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 29.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 31.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00, except that between 9:30 a.m. and 9:45 a.m. and between 3:35 p.m. and the close of trading, when Exchange Rule 11.18(b) is not in effect, the Defined Limit shall be 21.5% for Tier 1 NMS Stocks under the Limit Up-Limit Down Plan, 29.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price equal to or greater than \$1.00, and 31.5% for Tier 2 NMS Stocks under the Limit Up-Limit Down Plan with a price less than \$1.00.[mean the individual stock pause trigger percentage under the applicable rules of a primary listing market less:

(i) one-half (1/2) percentage point for securities that are included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products and for all other NMS stocks with a price equal to or greater than \$1 per share; and

(ii) eighteen and one-half (18.5) percentage points for all NMS stocks with a price less than \$1 per share that are not included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products.

For times during Regular Trading Hours when stock pause triggers are not in effect under the rules of the primary listing market, the Defined Limit will be 21.5% for securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products. The

Defined Limit will remain the same throughout Regular Trading Hours for all other NMS stocks.]

(F) – (G) (No change).

(e) (No change).

#### Interpretations and Policies

.01 Reserved.[ The current primary listing market individual stock pause trigger percentage, Designated Percentage and Defined Limit described in paragraphs (d)(2)(D) and (d)(2)(E) of this Rule, respectively, are illustrated in the following table.

	Security Type	Pause Trigger Percentage	Designated Percentage	Defined Limit
Regular Trading Hours when stock pause triggers are in effect under the rules of the primary listing market (i.e., between 9:45 a.m. and 3:35 p.m. Eastern Time)	S&P 500® Index, Russell 1000® Index, and pilot list of Exchange Traded Products	10%	8%	9.5%
	Other NMS stocks, priced \$1 and above	30%	28%	29.5%
	Other NMS stocks, priced below \$1	50%	30%	31.5%
Regular Trading Hours when stock pause	S&P 500® Index, Russell 1000® Index,	Not applicable	20%	21.5%

triggers are not in effect under the rules of the primary listing market (i.e., prior to 9.45 a.m. and after 3:35 p.m. Eastern Time)	and pilot list of Exchange Traded Products			
	Other NMS stocks, priced \$1 and above	Not applicable	28%	29.5%
	Other NMS stocks, priced below \$1	Not applicable	30%	31.5%]

.02 (No change).

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