

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

Rules of BATS Exchange, Inc.

CHAPTER XIX. SECURITIES TRADED ON BATS OPTIONS

Rule 19.6. Series of Options Contracts Open for Trading

(a)-(g) (No changes.)

Interpretations and Policies

.01-.04 (No changes.)

.05 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 that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire (“Short Term Option Expiration Dates”). The Exchange may have no more than a total of five 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 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)]fifty (50) currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the 50[30] 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) 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)]thirty (30) 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]security 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] reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying is less than or equal to \$20, strike prices shall be not more than 100% above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty (50%) above or below the price of the underlying security.

(d) Additional Series. If the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange[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] reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying is less than or equal to \$20, strike prices shall be not more than 100% above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty (50%) above or below the price of the underlying security. The Exchange may also open additional strike prices of Short Term Option Series that are more than [30%] 50% above or below the current value of the underlying [index] security (if the price is greater than \$20); provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers, provided that such strike prices comply with the Options Listing Procedures Plan. 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. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security and all existing series have open interest, the Exchange may list additional series, in excess of the thirty series per class limit set forth in paragraph (c) above, that are between 10% and 30% above or below the price of the underlying security. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security, the Exchange will delist any series with no open interest in both the call and the put series having a: (i) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week. Notwithstanding any other provisions in this Rule 19.6, Short Term Options Series may be added up to and including on the Short Term Option Expiration Date for that option series.

(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. If the class does not trade in \$1 strike price intervals, the strike price interval for Short Term Option Series

may be (i) \$0.50 or greater where the strike price is less than \$75; (ii) \$1.00 or greater where the strike price is between \$75 and \$150; or (iii) \$2.50 or greater for strike prices greater than \$150. 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.]

CHAPTER XXIX. INDEX RULES

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 that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire (“Short Term Option Expiration Dates”). The Exchange may have no more than a total of five 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 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)]fifty (50) 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]fifty-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) 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)-(3) (No changes.)

(4) 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. In the event that the underlying index has moved such that there are no series that are at least 10% above or below the current value of the underlying index and all existing series have open interest, the Exchange may list additional series, in excess of the thirty series per class limit set forth in Rule 29.11(h)(1), that are between 10% and 30% above or below the value of the underlying index. In the event that the underlying index has moved such that there are no series that are at least 10% above or below the current value of the underlying index, the Exchange will delist any series with no open interest in both the call and the put series having a: (i) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week, so as to list series that are at least 10% but not more than 30% above or below the current value of the underlying index. Notwithstanding any other provisions in this Rule 29.11(h), Short Term Option Series may be added up to, and including on, the last trading day for that options series.

(5) (No changes.)

(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.]
