

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

Rules of BATS Exchange, Inc.

CHAPTER XI. TRADING RULES

Rule 11.8. Obligations of Market Makers

(a)-(d) (No changes.)

(e) [(Reserved.)]Lead Market Maker Program

(1) Definitions. For purposes of this paragraph (e), the terms set forth below shall have the following meanings:

(A) The term “ETP” means any security listed pursuant to Exchange Rule 14.11. An ETP participating in the Competitive Liquidity Provider Program under Exchange Rule 11.8 Interpretation and Policy .02 (the “CLP Program”) shall not be eligible for participation in the Lead Market Maker Program under this paragraph (e) until and unless such ETP is no longer participating in the CLP Program. Any ETP listed after implementation of this Rule 11.8(e) shall not be eligible for participation in the CLP Program.

(B) The term “LMM” means a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain Minimum Performance Standards in the LMM Security.

(C) The term “LMM Security” means an ETP that has an LMM.

(D) The term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread.

(2) Lead Market Makers.

(A) LMMs shall be selected by the Exchange based on factors including, but not limited to, experience with making markets in ETPs, adequacy of capital, willingness to promote the Exchange as a marketplace, issuer

preference, operational capacity, support personnel, and history of adherence to Exchange rules and securities laws.

(B) The Exchange may limit the number of LMMs in a security or modify a previously established limit upon prior written notice to Members.

(C) If an LMM does not meet the Minimum Performance Standards for a given month, fees and credits will revert to standard equities pricing, as provided in the Exchange's fee schedule. If an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion. An LMM must provide 30 days written notice if it wishes to withdraw its registration as an LMM in an LMM Security, unless it is also withdrawing as a market maker in the LMM Security.

Interpretations and Policies

.01 (No changes.)

.02 Competitive Liquidity Provider Program

(a)-(c) (No changes.)

(d) *Securities Eligible for the CLP Program.*

(1) (No changes.)

(2) Exchange Traded Products. Any Exchange-listed security that is listed on the Exchange pursuant to Rule 14.11 (relating to exchange traded funds and other exchange traded products (collectively, "ETPs")) prior to the implementation of Rule 11.8(e), entitled Lead Market Maker Program, shall be eligible for the CLP Program unless and until such security has had a CADV of equal to or greater than 2 million shares for two (2) consecutive calendar months during the first three (3) years the security is subject to the CLP Program; or (2) has been subject to the CLP Program for three (3) years; provided, however, that any ETP initially listed on the Exchange shall be eligible for the CLP Program for six months regardless of the ETP's CADV. ETPs listed on the Exchange after the implementation of the Lead Market Maker Program will not be eligible for participation in the CLP Program.
