

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

Rules of BATS Y-Exchange, Inc.

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CHAPTER XI. TRADING RULES

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Rule 11.24. Retail Price Improvement Program

(a) (No change.)

(b) *Retail Member Organization Qualifications and Application.*

(1) To qualify as a Retail Member Organization, a Member must conduct a retail business or [handle]route retail orders on behalf of another broker-dealer. For purposes of this Rule, conducting a retail business shall include carrying retail customer accounts on a fully disclosed basis.

(2)-(5) (No change.)

(6) A Retail Member Organization must have written policies and procedures reasonably designed to assure that it will only designate orders as Retail Orders if all requirements of a Retail Order are met. Such written policies and procedures must require the Member to: (i) exercise due diligence before entering a Retail Order to assure that entry as a Retail Order is in compliance with the requirements of this Rule, and (ii) monitor whether orders entered as Retail Orders meet the applicable requirements. If a Retail Member Organization [represents]does not itself conduct a retail business but routes Retail Orders [from another]on behalf of another broker-dealer [customer], the Retail Member Organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such other broker-dealer [customer] that [it]are designated[s] as Retail Orders meet the definition of a Retail Order. The Retail Member Organization must: (i) obtain an annual written representation, in a form acceptable to the Exchange, from each other broker-dealer [customer] that sends [it]the Retail Member Organization orders to be designated as Retail Orders that entry of such orders as Retail Orders will be in compliance with the requirements of this Rule; and (ii) monitor whether [its broker-dealer customer's] Retail Order flow routed on behalf of such other broker-dealers meets the applicable requirements.

(c)-(i) (No change.)

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