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

CHAPTER XI. Trading Rules

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Rule 11.11. Orders and Modifiers

Users may enter into the System the types of orders listed in this Rule 11.11, subject to the limitations set forth in this Rule or elsewhere in these Rules.

(a) – (b) *No Change*.

(c) Other Types of Orders and Order Modifiers.

(1) *No Change*.

(2) Reserve Order. A limit order with a portion of the quantity displayed ("display quantity") and with a reserve portion of the quantity ("reserve quantity") that is not displayed.

(A) A User may enter a Reserve Order with zero display quantity, in which case the Reserve Order will be known as a "Zero Display Reserve Order." The price of a Zero Display Reserve Order may be set ("pegged") to track the buy-side of the Protected BBO, the sell-side of the Protected BBO, or the midpoint of the Protected BBO. A pegged Zero Display Reserve Order which tracks the inside quote of the opposite side of the market is defined as a Market Peg: a pegged Zero Display Reserve Order that tracks the midpoint is defined as a Midpoint Peg; and a pegged Zero Display Reserve Order that tracks the inside quote of the same side of the market is defined as a Primary Peg. A pegged Zero Display Reserve Order may have an optional limit price ("Cap") beyond which the order shall not be executed. Notwithstanding the above, in accordance with Rule 11.24, Market Peg, Primary Peg or Midpoint Peg Zero Display Orders that would be "pegged" to a price outside of the Price Bands disseminated by the Processor (as defined in Rule 11.24(b)), will instead be "pegged" to the upper or lower Price Band, respectively (i.e., a buy order to the upper Price Band and a sell order to the lower Price Band). Under Rule 11.24(d)(2), a User may indicate to the Exchange, on an order-by-order basis, to not peg the order to the upper or lower Price Band, respectively. In such case, the System will reject the order if it is priced outside of the Price Band.

(B) - (D) *No Change*.

(3) - (10) *No Change*.

Interpretations and Policies

.01 *No Change*.

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Rule 11.15. Order Execution

Orders shall be matched for execution by following this Rule. For any execution to occur during Regular Trading Hours, however, the price must be equal to or better than the Protected NBBO, unless the order is marked ISO or unless the execution falls within another exception set forth in Rule 611(b) of Regulation NMS<u>, and the order must be executable in accordance with Rule 11.24</u>. The Exchange intends to take advantage of the self-help provisions of Regulation NMS.

(a) – (c) *No Change*.

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Rule 11.20. Trading Halts and Pauses

A. *No Changes*.

B. Trading Pauses in Individual Securities Due to Extraordinary Market Volatility

(a) Trading Pause. <u>During Phase 1 of the Plan, a Trading Pause in Tier 1 NMS Stocks subject to the requirements of the Plan, shall be subject to Plan requirements and paragraph (b) of this Rule; a Trading Pause in Tier 1 NMS Stocks not yet subject to the requirements of the Plan shall be subject to the requirements in paragraphs (a) – (f) of this Rule; and a Trading Pause in Tier 2 NMS Stocks shall be subject to the requirements set forth in paragraphs (a)(1)(B) – (f) of this Rule. Once the Plan has been fully implemented and all NMS Stocks are subject to the Plan, a Trading Pause under the Plan shall be subject to paragraph (b) of this Rule only.</u>

(1) Between 9:45 a.m. and 3:35 p.m. Eastern Time (or in the case of an early scheduled close, 25 minutes before the close of trading), if the price of <u>a security listed on the Exchange, other than rights or warrants</u>[an exchange-listed Circuit Breaker Security, as defined in Commentary .05 of this Rule, for which the Exchange is the primary listing market (a "Listed Circuit Breaker Security")] moves by a percentage specified below within a five-minute period ("Threshold Move"), as calculated pursuant to paragraph (c) below, trading in that [Listed Circuit Breaker Security]<u>security</u> shall immediately pause on the Exchange for a period of five minutes (a "Trading Pause").

([1]<u>A</u>) The Threshold Move shall be 10% or more with respect to securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products;

([2]<u>B</u>) The Threshold Move shall be 30% or more with respect to all <u>Tier 2</u> NMS [s]<u>S</u>tocks not subject to section (a)(1) of this Rule with a price equal to or greater than $1; and

([3]C) The Threshold Move shall be 50% or more with respect to all Tier 2 NMS [s]Stocks not subject to section (a)(1) of this Rule with a price less than $1.

The determination that the price of a stock is equal to or greater than $1 under paragraph (a)(1)(B[2]) above or less than $1 under paragraph (a)(1)(C[3]) above shall be based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidated Tape on the previous trading day.

(b) Re-opening of Trading following a Trading Pause. At the end of the Trading Pause, the Exchange shall re-open the [Listed Circuit Breaker Security]security in accordance with its procedures. In the event of a significant imbalance at the end of a Trading Pause, the Exchange may delay the re-opening of such [Listed Circuit Breaker Security]security.

(c) Calculation of Threshold Move. The Exchange shall calculate the Threshold Move by comparing the last consolidated sale price of a [Listed Circuit Breaker Security]security ("Trigger Trade") to a reference price every second. The reference price shall be any transaction in that [Listed Circuit Breaker Security]security printed to the Consolidated Tape during a five-minute period before the Trigger Trade, except for Trigger Trades in the first five minutes following 9:45 a.m. Eastern Time, for which reference prices will begin at 9:45 a.m. Eastern Time. Only regular way, in-sequence transactions qualify as either a Trigger Trade or reference price. The Exchange can exclude a transaction price from use as a reference price or Trigger Trade if it concludes that the transaction price resulted from an erroneous trade.

(d) Notification of Trading Pauses. If a Trading Pause in [Listed Circuit Breaker Security]a security is triggered under this Rule, the Exchange shall immediately notify the single plan processor responsible for consolidation of information for the [Circuit Breaker Security]security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934.

(e) Nothing in this Rule should be construed to limit the ability of the Exchange to otherwise halt or suspend the trading in any securities traded on the Exchange pursuant to any other Exchange rule or policy.

(f) If a primary listing market issues an individual stock trading pause [in any of the Circuit Breaker Security], the Exchange will pause trading in that security until trading has resumed on the primary listing market. If, however, trading has not resumed on the primary listing market and ten minutes have passed since the individual stock trading pause message has been received from the responsible single plan processor, the Exchange may resume trading in such stock.

(g) Trading Pause during a Straddle State. The Exchange may declare a Trading Pause for a NMS Stock listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State; and (ii) trading in that NMS Stock deviates from normal trading characteristics.

C. Effect of Halt or Pause. On the occurrence of any trading halt or pause pursuant to this Rule, all outstanding orders in the System will be cancelled.

Commentary:

.01 Reserved.

.02 Reserved.

.03 Reserved.

.04 Reserved.

.05 The provisions of Rule 11.20B shall be in effect during a pilot [set to end on the earlier of the initial date of operations of the Regulation NMS Plan to Address Extraordinary Market Volatility or February 4, 2014]to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility ("Plan"). During the pilot, all capitalized terms not otherwise defined in this Rule shall have the same meanings as set forth in the Plan or Exchange Rules, as applicable. [the term "Circuit Breaker Securities" shall mean the securities referenced in Rule 11.20B(a)(1), (2) and (3), other than rights and warrants.]

11.24. Limit Up-Limit Down

Operative as of April 8, 2013

 The provisions of this Rule shall be in effect during a pilot to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility.

 (a) Implementation

  (1) Phase I

   (A) On April 8, 2013, this Rule shall apply to select symbols from the Tier 1 NMS Stocks identified in Appendix A of the Plan; and during Regular Trading Hours, or earlier in the case of an early scheduled close.

   (B) Three months after April 8, 2013, or such earlier date as may be announced by the Processor with at least 30 days notice, this Rule shall fully apply to all Tier 1 NMS Stocks identified in Appendix A of the Plan during Regular Trading Hours.

  (2) Phase II – Full Implementation

   (A) Six months after April 8, 2013, or such earlier date as may be announced by the Processor with at least 30 days notice, the Plan shall fully apply to all NMS Stocks during Regular Trading Hours.

 (b) Definitions.

(1) "Plan" means the Plan to Address Extraordinary Market Activity submitted to the Securities and Exchange Commission pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934, Exhibit A to Securities Exchange Act Release No. 67091 (May 31, 2012) 77 FR 33498 (June 6, 2012), as it may be amended from time to time.

(2) All capitalized terms not otherwise defined in this Rule shall have the same meanings as set forth in the Plan or Exchange Rules, as applicable.

(c) Exchange Participation in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes procedures to address extraordinary market volatility in NMS Stocks.

(d) ETP Holder Compliance. ETP Holders shall comply with the applicable provisions of the Plan.

(e) Limit Up-Limit Down Mechanism. The System will not execute or display orders at prices that are outside of a specified Price Band (i.e., below the lower Price Band or above the upper Price Band) for an NMS Stock during Regular Trading Hours, unless specifically exempted from the Plan.

(f) Price Adjustments.

(1) Unless the User specifies otherwise on an order-by-order basis, any incoming limit-priced order (other than an IOC order) to buy (sell) that is priced above (below) the upper (lower) Price Band shall be repriced to the upper (lower) Price Band. Exchange systems shall also reprice resting limit-priced interest to buy (sell) to the upper (lower) Price Band if Price Bands move and the price of resting limit-priced interest to buy (sell) moves above (below) the upper (lower) Price Band.

(2) Opt Out. On an order-by-order basis, a User may indicate to the Exchange to not re-price the order to the upper or lower Price Band, respectively. In such case, the order will only execute against orders posted on the NSX Book resting within the Price Bands. Any unexecuted portion of the order will be cancelled if it would result in an execution outside of the Price Band.

(3) Where the Price Band moves so that a previously accepted limit-priced order is now priced outside of the Price Band, the order will either be repriced in accordance with Section (c)(1) of this paragraph or cancelled in accordance with paragraph (d)(2) of this paragraph.

(g) An incoming limit-priced order (other than an IOC order) to sell (buy) that is priced below (above) the upper (lower) Price Band will be accepted by the System and eligible for inclusion in the Exchange's Protected BBO. However, such orders will not be executed until the Price Band moves in such a way that the order falls within the Price Band.

(h) IOC Orders. The System will accept IOC orders (as defined under Rule 11.11(b)(1)) that are priced, explicitly or not, outside of the Price Band. However, the IOC order will only execute against orders posted on the NSX Book within the Price Bands. Any unexecuted portion of an IOC order will be cancelled if it would result in an execution outside of the Price Band.

(i) Market Orders. The System will execute Market Orders (as defined under Rule 11.11(a)(1)) at or better than the opposite side of the Price Band (i.e., sell orders to the lower Price Band and buy orders to the upper Price Band). Any unexecuted portion of a Market Order will be cancelled if it would result in an execution outside of the Price Band.

(j) Market Peg, Primary Peg or Midpoint Peg Zero Display Orders that would be "pegged" to a price outside of the Price Bands disseminated by the Processor, will instead be "pegged" to the upper or lower Price Band, respectively. See paragraph (c) above and Rule 11.11(d)(2)(A) for a description of how Midpoint Peg, Primary Peg and Midpoint Peg Zero Display Orders are to be "pegged".

(k) Routing to Away Markets. The Exchange System shall route orders to an away market in accordance with Rule 11.15(a)(ii) regardless of whether the away market is displaying a sell (buy) quote that is above (below) the Upper (Lower) Price Band.