

(A) Immediately after trading is halted in a security, and updated real-time thereafter, the Indicative Match Price of the Trading Halt Auction and the volume available to trade at such price, shall be published via electronic means. If such a price does not exist, the Archipelago Exchange shall indicate via electronic means that an Indicative Match Price does not exist.

(B) Immediately after trading is halted in a security, and updated real-time thereafter, the Market Imbalance and Total Imbalance associated with the Trading Halt Auction, if any, shall be published via electronic means.

(C) If the difference between the Indicative Match Price and the last price prior to the trading halt, as determined by the Consolidated Tape, is equal to or greater than a pre-determined amount, as determined from time to time by the Corporation, the Archipelago Exchange will assign a "SIG" designator to such Indicative Match Price and publish such designator via electronic means.

(3) Reduction of Imbalances

(A) Any Imbalance in the Trading Halt Auction may be reduced by new orders, entered on the side of the market opposite the Imbalance, pursuant to the following priority:

- (i) Market Orders; and
- (ii) Limited Price Orders.

(B) Primary Only Orders may be submitted to the Archipelago Exchange during a trading halt. Cleanup Orders are not eligible for execution in the Trading Halt Auction.

(C) The Corporation, if it deems such action necessary, will disseminate the time, prior to the time that orders are matched pursuant to the Trading Halt Auction, at which orders may no longer be cancelled.

(D) Interaction with ITS

(i) If a pre-opening indication is required pursuant to the ITS Plan, the Corporation will disseminate three minutes prior to the Re-Opening Time the applicable price range, consisting of the Indicative Match Price as one end of the price range and the Indicative Match Price plus an amount determined by the Corporation for the higher end of the price range.

(ii) The Archipelago Exchange will treat any responses to a pre-opening indication as an Auction-Only Limit Order.

(E) Other market centers may use private communication connections to enter Auction-Only Limit Orders for a Trading Halt Auction.

(4) Determination of Trading Halt Auction Price

(A) For exchange-listed securities:

(i) If there is no Imbalance and no other market center has re-opened

trading in the security, orders will be executed in the Trading Halt Auction at the Indicative Match Price as of the Re-Opening Time.

(ii) If an Imbalance exists, or if an equilibrium exists between buy market orders and sell market orders and an Indicative Match Price does not exist, or if another market center has re-opened trading in the security, as many buy market orders and sell market orders as possible shall be matched, on a time priority basis, at the midpoint of the first uncrossed, unlocked NBBO, once an NBBO is available.

(B) For Nasdaq securities:

(i) If there is no Imbalance, orders will be executed in the Trading Halt Auction at the Indicative Match Price as of the Re-Opening Time.

(ii) If an Imbalance exists, or if equilibrium exists between buy market orders and sell market orders, as many buy market orders and sell market orders as possible shall be matched, on a time priority basis, once an NBBO is available,

(a) at the midpoint of the NBBO at the Re-Opening Time, provided that the NBBO is not crossed; or

(b) at the midpoint of the first uncrossed NBBO after the Re-Opening Time, in the case in which the NBBO is crossed, but one side of the BBO is not crossed by the NBBO; or

(c) at the midpoint of the first uncrossed NBBO after the Re-Opening Time, in the case in which the NBBO is crossed and where both sides of the BBO are crossed by the NBBO; or

(d) at the bid (offer) of the BBO that was crossed prior to the Re-Opening Time, in the case in which the BBO is crossed by a market participant; or

(C) For those issues for which the Corporation is the primary market: Orders will be executed at the Indicative Match Price at the Re-Opening Time. If equilibrium exists between buy and sell Market Orders, the match price shall be at the last Corporation sale price in the security regardless of the trading session; however, if the last Corporation sale price is lower than the BBO, the match price shall be the displayed bid in the security, or if the last Corporation sale price is higher than the BBO, the match price will be the displayed offer in the security.

(5) If any orders are not executed in their entirety during the Trading Halt Auction, then such orders shall be executed in accordance with Rule 7.37 after the completion of the Trading Halt Auction.

(6) After the completion of the Trading Halt Auction, the Archipelago Exchange will re-open for trading the

previously halted security in accordance with Rule 7.

(g) Whenever in the judgment of the Corporation the interests of a fair and orderly market so require, the Corporation may adjust the timing of the auctions set forth in this Rule.

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II. Description of the Proposed Rule Change

The PCX, through its wholly-owned subsidiary PCXE, proposes to introduce the Closing Auction, which would apply to both Nasdaq and exchange-listed securities traded on ArcaEx. The Closing Auction would take place at the end of the Core Trading Session. As originally proposed, the Closing Auction would occur at 1:02 pm (Pacific Time). In Amendment No. 3, the PCX proposes to change the Closing Auction Time to 1:00 pm (Pacific Time). The PCX also proposes to implement two new order types, designated as a MOC Order⁷ and a LOC Order,⁸ which would be eligible for execution only during the Closing Auction. In Amendment No. 3, the PCX clarified that these two order types would occur during the Core Trading Session.

Before the start of the Closing Auction, ArcaEx would publish the Indicative Match Price,⁹ the volume of MOC and LOC orders that have been matched for execution, as well as the Market Imbalance and Total Imbalance relative to the Closing Auction.¹⁰ In Amendment No. 3, the PCX amended the definition of "Market Imbalance" to clarify that MOC order that are not yet matched for execution would be published as the "Market Imbalance" during the time leading up to the Closing Auction. Accordingly, beginning at 12:00 pm (Pacific Time), and updated on real-time basis thereafter, the Indicative Match Price of the Closing Auction and the volume available to trade at such price, along with the Market Imbalance and Total Imbalance associated with the Closing Auction, if any, would be published via electronic means by ArcaEx.

If the difference between the Indicative Match Price and the last sale during normal market hours, as determined by the consolidated tape,

⁷ See proposed PCXE Rule 7.31(dd) (definition of MOC Order).

⁸ See proposed PCXE Rule 7.31(ee) (definition of LOC Order).

⁹ See PCXE Rule 1.1(r). Pursuant to this current proposed rule change, the definition of "Indicative Match Price" in PCXE Rule 1.1(r) would be changed to reflect the inclusion of the Closing Auction.

¹⁰ The proposed rule change also provides for the publication of the Indicative Match Price and Imbalance following a trading halt.