



BATS June 2011 U.S. Market Update

Dear BATS Customers and Members of the Trading Community,

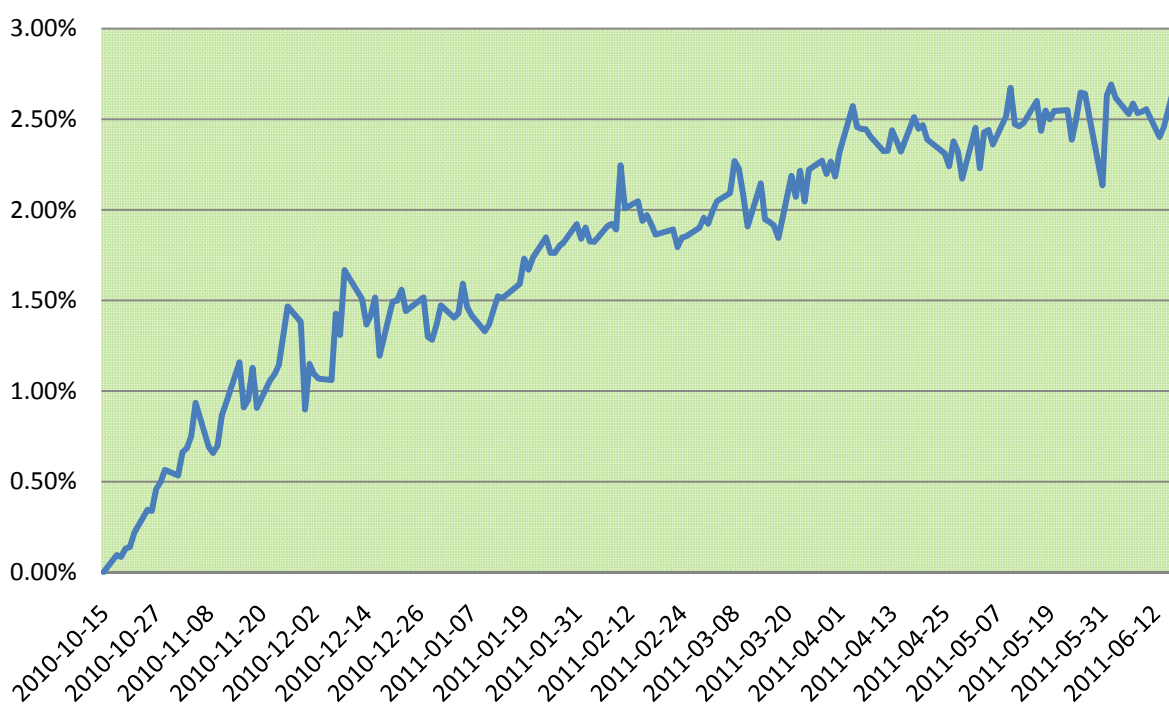
In this June 2011 edition of the BATS U.S. Market Update:

1. BATS BYX Exchange and BATS Options – Both Have Experienced Early Success and are Still Growing
2. Improving Market Quality on the BATS BZX Equity Exchange - New Pricing Innovation Announced
3. Reminder: BATS BZX Exchange as a Primary Listing Exchange – Coming later this Year
4. Reminder: BATS Latency Feed – Innovation Continues

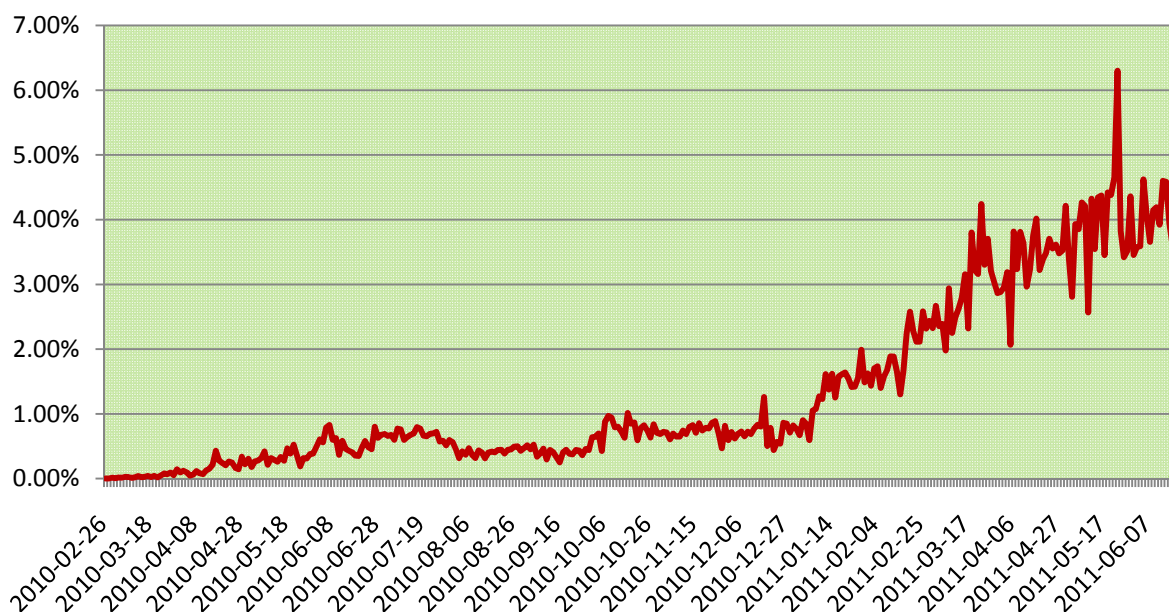
BYX Exchange and BATS Options – Both Have Experienced Early Success and are Still Growing

Both BYX Exchange and BATS Options have started the first half of 2011 with significant growth. This growth can be attributed to you, our customers, validating the differentiation and innovation these markets have added to the overall U.S. equity and options marketplace. The story here is pricing differentiation and innovation with our NBBO Setter program, great BATS technology and service, and rapidly adding new customers to each platform. Thank you to all early adopters who have propelled these new BATS markets to initial success. With BATS Options above 4% in June (5% on 6/17/2011) and BYX Exchange above 2.5% daily, now is the time to get connected if you have yet to experience the value these markets can add to your trading strategies. The following charts tell the story.

BYX Exchange Market Share



BATS Options Market Share



Improving Market Quality on the BATS BZX Equity Exchange - New Pricing Innovation Announced

In the wake of May 6th, 2010, numerous changes to market structure have been proposed and publically discussed. Some of these have already been implemented, like single-stock circuit breakers, clearly erroneous rule harmonization, and the elimination of “stub” quotes. Further, limit up/down is progressing and will provide an even better market-wide volatility mechanism necessary to mitigate a recurrence of May 6th. Market Maker obligations have been enhanced through the elimination of “stub” quotes, and now include the obligation to quote much closer to levels representative of the prevailing market. At BATS, we have also focused on incentive programs like NBBO Setter (currently active on BATS Options and BYX) and the proposed Directed Order in BATS Options. These programs are designed to incent trading behavior that can make the market better for all participants. Along this same vein, starting July 1, we will be introducing new innovative pricing on the BZX Equities Exchange to incent BATS members to improve the overall quality of the BZX equity market. We will be offering two initial incentives to our members in July:

1. **Enhanced Liquidity Rebates** (includes added and removed volume) – Higher rebates for BZX equity members who reach higher volume thresholds as a percentage of the Total Consolidated Volume (TCV).
2. **NBBO Setter** – Encourages members to target setting the NBBO on BZX for an increased rebate on that order if executed. Members trading at least 0.5% of daily TCV (added + removed) on BZX are eligible for this order-by-order based incentive. Members can opt-in to receive FIX Tag 9730=AS on NBBO Setter executions in order to calculate their rebate in real-time.

This initial combination of incentives is targeted at improving the quality of the BZX market. Similar to additional moves that we are planning in the months ahead, NBBO Setter is an innovative and unique approach to directing enhanced trading economics at the “specific orders and behaviors” that can improve market quality for all participants. We are convinced that the traditional “tier only” pricing models used by our competitors can be inefficient, and even ineffective, at actually improving market quality. The BATS Sales team stands ready to help you analyze how this new BZX

pricing will impact you and the opportunities it provides. The full details of the new [BZX Equities Exchange pricing](#) for July 1, 2011 follow.

BZX Equities Pricing Effective July 1, 2011
\$.0029 rebate for displayed liquidity if member trades at least 1% of TCV on BZX (add+remove)
\$.0027 rebate for displayed liquidity if member trades at least 0.5% of TCV on BZX (add+remove)
\$.0025 rebate for displayed liquidity if member trades less than 0.5% of TCV on BZX
\$.0002/share additional rebate if order sets the NBBO and executes
\$.0017 rebate to add non-displayed liquidity
\$.0029/share fee to remove liquidity
\$.0029/share fee to route using Parallel-D, Parallel-2D, and CYCLE

Reminder: BATS BZX Exchange as a Primary Listing Exchange – Coming later this Year

As previously announced, BATS is starting a listings business, with an anticipated launch in the 3rd or early 4th quarter this year. In support of this exciting new business at BATS, we have already released [BATS Auctions specifications](#) for customers to begin developing toward. Starting July 1, BATS will offer auction testing in the BZX Exchange certification environment and we've secured two (2) dedicated BATS test symbols (ZBZX, ZTEST) that will be used to test auctions in production and disseminated to the SIPs. All BATS customers should be ready to support BATS as a primary listing exchange no later than September 1, 2011.

Reminder: BATS Latency Feed – Innovation Continues

Finally, we remain focused on you, our customer, and innovation through technology. To this end, in May we released the [BATS Latency Feed](#) to offer all BATS participants a view into how our systems are responding in real-time. This feed is the first of its kind offered by an exchange and is a natural extension of the free [BATS Latency Monitoring Service](#) we started offering to participants in February. We will continue to innovate with the introduction of further functionality operating at faster speeds later this year across all our global markets.

We greatly appreciate your feedback on how we can further enhance the world-class BATS trading platform. Thank you for your continued business as we strive to make markets better for you our customers.

Chris Isaacson

BATS...Making Markets Better

SVP, COO