



## BATS Options Exchange Pricing Update Effective January 3<sup>rd</sup>, 2012

**Effective Tuesday, January 3, 2012**, BATS Options will be adjusting pricing, (subject to filing with the SEC).

### **Market Quality Pricing**

BATS' pricing is designed to incent behaviors on an order-by-order basis that improve the quality of the market. This is different than most pricing models that reward only larger clients for being large and don't necessarily improve the quality of the market.

### **New Pricing for Customer Orders**

Customer orders will continue to receive a base rebate of \$0.30 per contract to add liquidity and an updated base fee of \$0.44 per contract to remove liquidity.

However, customers that achieve the defined ADV levels will be eligible to receive *improved rebates* for adding liquidity. Customer orders achieving an ADV of 1% of TCV will receive a *rebate* of \$0.42 per contract. Those members achieving an ADV of 0.3% of TCV will receive a rebate of \$0.40 per contract.

Additionally, Customer orders removing liquidity and achieving an ADV of 1% of TCV will be charged a *discounted fee* of \$0.28 per contract. Customer orders achieving an ADV of 0.3% of TCV will be charged a *discounted fee* of \$0.36 per contract.

*Note: ADV means average daily volume calculated as the number of contracts added or removed combined, per day on a monthly basis; routed contracts are not included in the ADV calculation.*

### **Market Quality Incentive: Grow With Us**

BATS Options is pleased to also introduce "grow with us" pricing in January that will reward members who increase their trading activity on BATS Options on a monthly basis. This pricing will award members increasing their activity on BATS with ½ the benefit of the next TCV tier. We will provide *improved rates (add and remove)* for Customer orders and *improved NBBO Setter rebates* for Market Maker, Firm or Professional Customer orders from members that show a *minimum of 5 basis points TCV improvement over their previous high water mark*. The high water mark will initially be set based on each Member's Q4 2011 TCV and will be a member's best monthly TCV on BATS Options thereafter.

Qualifying Customer orders from members achieving an ADV between 0.3% and 1.0% of TCV will receive an *improved rebate* of \$0.41 per contract for adding liquidity and a *discounted rate* of \$0.32 per contract for removing liquidity. Those members achieving an ADV less than 0.30% of TCV will receive an *improved rebate* of \$0.35 per contract for adding liquidity and a *discounted rate* of \$0.40 per contract for removing liquidity.

### **Market Quality Incentive Pricing: NBBO Setter Rebate Incentive**

BATS Options will provide *improved NBBO Setter rebates* for Market Maker, Firm or Professional Customer orders that qualify for the "grow with us" pricing. An *improved NBBO Setter rebate* will apply to all Members who achieve an ADV of 1% of TCV of \$0.42 per contract when trading against non-Customer orders and \$0.32 per contract when trading against Customer orders.

Additionally, Members achieving an ADV of 0.30% of TCV will be eligible to receive an *improved rebate* of \$0.38 per contract when trading against non-Customer orders and \$0.28 per contract when trading against Customer orders.

Those Members who also qualify for "grow with us" pricing and achieve an ADV between 0.3% and 1% of TCV will be eligible to receive an *improved NBBO Setter rebate* of \$0.40 per contract when trading against non-Customer orders and \$0.30 per contract when trading against Customer orders.

Members who qualify for “grow with us” pricing and do not achieve the minimum ADV of 0.30% of TCV will still be eligible to receive an *improved NBBO Setter rebate* of \$0.35 per contract when trading against non-Customer orders and \$0.25 per contract when trading against Customer orders.

#### **Market Quality Incentive: Quoting Incentive Program (QIP)**

BATS Options Quoting Incentive Program (QIP) will provide an *additional rebate* of \$0.03 per contract for Customer orders and \$0.05 per contract for Market Maker, Firm or Professional Customer orders on all executions which add liquidity and also meet the minimum quoting requirements.

The QIP will apply to executions in *all* underlying securities. To qualify for the QIP a BATS Market Maker must be at the National Best Bid (NBB) or National Best Offer (NBO) 60% of the time for series trading between \$0.03 and \$5.00 for the front three (3) expiration months in that underlying during the current trading month. A Member not registered as a BATS Market Maker can also qualify for the QIP by quoting at the NBB or NBO 70% of the time in the same series.

		Make (rebate)	Take (fee)
Customer	Base Rate	\$0.30	\$0.44
	5bps TCV growth (< 0.3% TCV) <sup>†</sup>	\$0.35	\$0.40
	0.3% TCV <sup>†</sup>	\$0.40	\$0.36
	5bps TCV growth (< 1.0% TCV) <sup>†</sup>	\$0.41	\$0.32
	1.0% TCV <sup>†</sup>	\$0.42	\$0.28
	QIP (Additive Rebates)	+\$0.03	-
Pro Customer/ Firm/ Market Maker	Base Rate	\$0.32 / \$0.22 (vs. PC/F/MM) / (vs. Cust.)	\$0.44
	5bps TCV growth (< 0.3% TCV) <sup>*†</sup>	\$0.35/\$0.25	-
	0.3% TCV <sup>*†</sup>	\$0.38/\$0.28	
	5bps TCV growth (< 1.0% TCV) <sup>*†</sup>	\$0.40/\$0.30	
	1.0% TCV <sup>*†</sup>	\$0.42/\$0.32	
	QIP (Additive Rebates)	+\$0.05	

<sup>\*</sup>Increased rebate will only be applied on NBBO setting contracts. The NBBO Setter Rebate will be paid to the first order on the BATS Options book that creates a new price level in the market – sets a new NBBO.

<sup>†</sup> “TCV” means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month in which the fees are calculated.

#### **Port Fees**

BATS Options Exchange will begin charging \$400 per month per logical port for all production BOE, FIX, and Drop ports effective Tuesday, January 3, 2012. Logical ports with bulk-quoting capabilities will continue to be assessed a fee of \$1000 per month per logical port. **Binary Order Entry (BOE) Bulk port fees will be waived for Members achieving QIP thresholds in more than 25 underlying securities.**

Multicast PITCH customers will be provided one logical GRP port and one set of 32 Multicast PITCH Spin Server ports for free. Additional GRP ports and sets of 32 Spin Server ports will be charged at \$400 per month.

Firms will be charged for their ports in full month increments. Any port created after the first day of the month will not be charged until the following month. Any port cancellations that occur after the first day of the month will be effective on the date requested by the firm. However, the firm will be required to pay for the cancelled port through the rest of the month.

#### **Please Note:**

1. BATS will not charge for certification ports used for testing.
2. BATS will not begin assessing new port fees until January 3, 2012.
3. Members can email the BATS Trade Desk ([tradedesk@batstrading.com](mailto:tradedesk@batstrading.com)) to get a full list of all their ports.

It should be noted that there are no licensing costs or port fees associated with standard access to our world-class Multicast PITCH feed. Also, BATS continues to believe in an open connectivity model, allowing Members to connect to BATS via whichever method and carrier/extranet they deem optimal for their business.

**Routing Fees**

All routing charges will remain unchanged.

**For More Information**

Refer to the BATS public web site for the proposed [BATS Options Fee Schedule](#).

Please contact the Trade Desk or your Director of Sales regarding any questions. We appreciate your continued support of BATS and look forward to earning more of your business. As always, we are committed to our Members and to Making Markets Better.

**BATS Trade Desk**

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