



Participant Notice

Ref: PN09/04

Dated: 31st July 2009

From: Participant Services

Subject: Amendments to the Rule Book and Participant Manual

This Notice summarises a number of amendments BATS Trading Limited (“BATS”) is making to the Rule Book and Participant Manual.

None of the amendments have been deemed to be Material Amendments under the Rules. In the large part, they seek to make further clarifications for Participants or they introduce additional but not compulsory functionality or services.

Dark Book

The first set of amendments relate to BATS’ plans to offer a Dark Book in addition to the current Integrated Book, the latter combining Displayed (visible) and Non Displayed (hidden) Orders. In order to accommodate the new Dark Book, BATS has added a definition to the Rule Book and added a description of the service and new Order types to the Participant Manual.

The BATS Dark Book will make use of the pre-trade transparency waiver available for reference price systems under the MiFID Regulation. Therefore, any Orders submitted to the Dark Book will not be pre-trade transparent but any resultant transactions will be made public immediately. The reference price being used is the midpoint of the Best Bid and Offer available on the Primary Market (“PBBO”).

Participants may submit an Order to the Dark Book with an absolute limit, such that where the reference price moves beyond this level the Order will not be available for execution. However, executions in the Dark Book will only occur at the midpoint of the PBBO.

The Dark Book will be available to all Participants from market open on Friday 7th August.

Sponsored Access

BATS has offered Sponsored Access since the beginning of 2009. However, in response to feedback from Participants, BATS has made a number of amendments to streamline and simplify its Sponsored Access Agreement and application process. Notably, the provisions relating to Sponsored Access now form an Addendum to the Sponsoring Participant’s Agreement with BATS. These amendments have been reflected in the Rule Book and Participant Manual.



Whilst the structure of the Sponsored Access Addendum has changed, it does not alter the Sponsoring Participant's obligations to take full responsibility for Orders submitted and transactions executed by the Sponsored Participant in the name of the Sponsoring Participant on the BATS MTF.

The Sponsored Access Addendum and Sponsored Access Application Form will be available on the Website. Any Participant wishing to offer Sponsored Access may wish to contact their Account Manager or Participant Services for further information.

Other

BATS has also taken the opportunity to make a number of further clarifications to the Rule Book and the Participant Manual. For example: the definitions and Rules relating to Direct Clearing Participants and General Clearing Participants; the scope of the notification requirements; the process that BATS will follow when reviewing potentially erroneous transactions under the Rules; etc. These amendments are for clarification only and do not represent a change of intent.

A summary of the changes can be found in the attached table.

All amendments will come into effect from market open on Friday 7th August 2009.

A definitive copy of the amended Rule Book and the amended Participant Manual, which will take effect from market open on 7th August 2009, is attached and will be available on 7th August 2009 on the Website.

For any queries, please contact Participant Services: ParticipantServicesEurope@batstrading.com or +44 (0) 20 7012 8902

Regards,

Participant Services
BATS Europe
BATS ... Making Markets Better



Rule Book: Summary of amendments between version 2.1 and version 2.2

Page	Amendment
Cover	Change of date and change of version number
Contents	Amended page references Amended "Sponsored Participation" title to "Sponsored Access"
Page 1	Amended definition of "BATS MTF" to include both the Integrated Book and Dark Book Added definition of "Dark Book" Removed definition of "Dark Order" as this is now captured by "Non Displayed Order" Amended the definition of "Direct Clearing Participant" to clarify that a Direct Clearing Participant may clear transactions which have been executed for the account of clients of that Direct Clearing Participant Added definition of "Displayed Order"
Page 2	Amended the definition of "General Clearing Participant" to clarify that a General Clearing Participant may clear transactions which have been executed for its own account Added definition of "Integrated Book" Added definition of "Non Displayed Order" Amended definition of "Participant" to clarify that General Clearing Participants may also be Participants of BATS where they have entered into a Participant Agreement Removed duplicative reference to "Trading Limited" in the definition of the "Participant Agreement"
Page 3	Amended definition of "Sponsored Participant" to refer to the Sponsored Access Addendum not the Sponsored Access Agreement Amended definition of "Sponsored Access Agreement" to "Sponsored Access Addendum"



Page 4	Rule 2 (Participation): Amended Rule 2.1.3 to clarify that a General Clearing Participant may also be a Participant where it has entered into a Participant Agreement and meets the eligibility criteria
Page 5	<p>Rule 2 (Participation): Amended Rule 2.6 to refer the Sponsored Access Addendum not the Sponsored Access Agreement</p> <p>Rule 3 (Sponsored Access): Amended title to “Sponsored Access” not “Sponsored Participation”, and made amendments to reflect the language in the Sponsored Access Addendum, including the inclusion of former Rule 3.5 in new Rule 3.2</p>
Page 6	Rule 5 (Notifications): Amended Rule 5.2 to mirror the language in Rule 5.1 to clarify the timing of the notification requirement and that it extends to Sponsored Participants or any holding company
Page 7	Rule 6 (Suspension, Termination and Resignation): Amended Rule 6.1 to clarify that the provisions relate to the Participant of any person acting in the name of the Participant
Page 8	Rule 9 (Trading Rules): Removed superfluous “BATS” in reference to “BATS Participant Manual”

Participant Manual: Summary of amendments between version 2.3 and version 2.4

Page	Amendment
Cover	Change of date and change of version number
Page 2	Contents: Amended “Sponsored Participants” to “Sponsored Access”, amended “PTM LEVY” to “PTM LEVY (UK TRANSACTIONS)” and amended page references
Page 4	Section 2 (Our Mission): Capitalised “Better Alternative Trading System”
Pages 4-5	Section 3 (How BATS works): Added in references to the Dark Book and clarified the functioning of the current Integrated Book and Dark Book Clarified that Participants or their <u>General</u> Clearing Participants can receive copies of executed Orders via FIX or DROP
Page 5	Section 5 (Participation): Removed superfluous reference to “contact details for Applicants”
Page 6	Section 6 (Applications): Amended reference in second bullet point from “an Applicant” to “the Applicant”
Page 6-7	Section 7 (Sponsored Access): Amended title of section and amended text to reflect revised Sponsored Access Agreement structure and to clarify the Sponsored Access functionality offered by BATS
Page 7	Section 8 (Continuing Obligations): Simplified text
Page 8	Section 9 (PTM LEVY (UK TRANSACTIONS)): Amended title from “PTM LEVY” to “PTM LEVY (UK TRANSACTIONS)”
Pages 8	Section 10 (Tax (UK SDRT and Irish SDT)): Clarified that references to the UK Finance Act 1986 are to that Act as amended Clarified that a Participant may use the UK address of its <u>General</u> Clearing Participant with their agreement Removed a superfluous “the”
Page 10	Section 16 (Erroneous transactions): Clarified that BATS will notify, as soon as practicable, both parties to any transaction being considered by BATS under Rule 9.9 or Rule 9.10
Page	Section 20 (Eligible securities): Amended “ BATS will not be” to “BATS will not”

Page 12	Section 21 (Minimum and Maximum Order Sizes): Noted that the current maximum order size is 999,999 although it is currently in development to increase the maximum order size to 999,999,999
Pages 12-14	<p>Section 25 (Order types):</p> <p>Clarified the treatment of market Orders in the Integrated Book</p> <p>Clarified the treatment of Non Displayed Orders in the Integrated Book and added text in relation to Non Displayed Orders in the Dark Book</p> <p>Clarified the treatment of reserve and pegged Orders in the Integrated Book</p> <p>Clarified the treatment of post only Orders in the Integrated Book and the Dark Book</p> <p>Clarified that the partial post only at limit Order type is only available in the Integrated Book</p>
Page 15	Section 29 (Trading hours): Amended “participant” to “Participant”