



Participant Notice

Ref: PN10/02

Dated: 19th March 2010

From: Participant Services

Subject: Amendments to the Participant Manual

This Notice summarises a number of amendments that BATS Trading Limited ("BATS") is making to the Participant Manual. The amendments have not been deemed Material Amendments under the Rules. The amendments: introduce a new optional Order type ("RECYCLE") available through the Order Routing Facility; amend the functionality of existing market on close Orders; and clarify the functionality of the existing order entry collar.

RECYCLE Orders

The Participant Manual has been amended to include two RECYCLE Order types as part of the BATS Order Routing Facility which complement the current CYCLE Order type: RECYCLE on Lock and RECYCLE on Cross.

With the current CYCLE Order type, after routing, any unfilled portion of a non-IOC CYCLE Order will rest on the BATS Europe Integrated Book until it is either matched with an incoming Order to the BATS Europe Integrated Book, or cancelled.

The RECYCLE Order type targets quotes from other Displayed Away Venues that lock or cross the order up to the limit price specified on the original Order. With RECYCLE on Lock, the Order routes according to the CYCLE logic up to the specified limit price. Any remaining unexecuted quantity then rests on the BATS Integrated Book until it is either executed, cancelled, or the EBBO locks or crosses the BATS quote, at which time the order re-routes via the CYCLE logic. RECYCLE on Cross is similar to RECYCLE on Lock except re-routing occurs only if another Displayed Away Venue crosses the BATS quote.

The RECYCLE behaviour is triggered whenever BATS Europe receives an updated quote from a Displayed Away Venue that locks or crosses the RECYCLE Order resting on the BATS Europe Integrated Book. Re-routing via RECYCLE may continue until the order is completely filled.

The BATS Order Routing Facility is a separate service from the BATS MTF and is only available to clients who are Participants of the BATS MTF and who are categorised as Eligible Counterparties, as defined under the FSA Rules.

The RECYCLE Order types will be available from market open on Monday 22nd March 2010.



Market on close Orders

The Participant Manual has been amended to cater for a change in functionality to the market on close Order type. The new functionality only relates to orders entered during the Trading at Last phase that takes place following the end of the Listing Market closing auction. The new functionality will come into effect from market open on Friday 16th April 2010.

The default behaviour of Orders entered during the Trading at Last phase will alter so that all Orders are Displayed Orders during this phase. All market on close Orders entered prior to the Trading at Last phase (that is, prior to the end of the Listing Market closing auction) will continue to be Non Displayed Orders. **Participants may choose to opt-out of the new default behaviour by specifying that any Order entered during the Trading at Last phase is Non Displayed.**

BATS Europe will also allow Participants to enter standard market Orders and limit Orders as well as specific market on close Orders during the Trading at Last phase. At the close of the BATS MTF market, any unexecuted Orders will continue to be cancelled. **Any market, limit or market on close Orders entered after the end of the Listing Market closing auction will automatically be entered into the Trading at Last phase and will be available for execution at the closing price published by the Listing Market.**

All market on close Orders will continue to only execute at the relevant closing price published by the Listing Market.

Order entry collar

This section has been amended to clarify the current functionality of the existing order entry collar, including the circumstances in which there is no order entry collar.

A summary of the changes can be found in the attached table. A definitive copy of the amended Participant Manual, which will take effect from market open on Monday 22nd March 2010, is attached and will be available on Monday 22nd March 2010 on the Website.

Please note that the new market on close Order type functionality for the Trading at Last phase will come into effect from market open on Friday 16th April 2010.

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



Participant Manual: Summary of amendments between version 2.6 and version 2.7

Page	Amendment
Cover	Change of date and change of version number
Page 5	Section 3 (How BATS works): Clarification of the description of the order entry collar
Pages 16-17	Section 26 (Order types): Amendment to the functionality of existing market on close Orders
Page 18	Section 26 (Order types): Clarified wording of CYCLE Order types
Page 19	Section 26 (Order types): Added the RECYCLE Order types