

## Participant Notice

Ref: PN13/02

Dated: 28<sup>th</sup> February 2013

From: Participant Services

**Subject: Consultation on proposed changes to the Rules, Participant Manual and Participant Agreements to be implemented upon recognition of BATS Chi-X Europe as a Recognised Investment Exchange (“RIE”)**

This Notice summarises a number of amendments that BATS Chi-X is proposing to make to the Rules, Participant Manual, Participant Agreement and other Participant documentation. These changes are required to ensure that BATS meets its obligations upon recognition as an RIE.

The amended Rules and Participant Manual are attached to this Notice and can also be found on the BATS website at the following link: <http://www.batstrading.co.uk/regulation/library/>. Summaries of significant changes are provided in the tables below. Participants are invited to provide comments on the draft documents by 30<sup>th</sup> March 2013.

Draft versions of the new Participant Agreement and other service agreements available to Participants are attached. The agreements are being varied in accordance with their terms.

New Order Routing and Away Venue Agreements will be published shortly. Current users of the Order Routing service will be contacted directly, as their existing agreements will be terminated on BATS obtaining RIE status; and new agreements will need to be entered into with BATS’ order routing broker subsidiary.

All documents are subject to review by the FSA as part of the RIE application process and may be subject to further amendment to reflect any feedback that it might provide.

For any queries, please contact Participant Services: ParticipantServicesEurope@bats.com or +44 (0) 20 7012 8927.

### Rules: Summary of amendments between MTF version 3 and RIE version 1

Page	Amendment
Cover	Change of title, date and change of version number
Multiple	References to “BATS MTF” changed to “BATS Markets”

Multiple	References to “Financial Services Authority” and “FSA” changed to “Financial Conduct Authority” and “FCA” respectively
Contents	Change to page reference numbers and introduction of new sections
Pages 1 to 6	Definitions and Interpretation: new definitions to support new and changed Rules
Page 15	Section 11. Negotiated Transactions – additional subsection allowing for consideration of arrangement time when considering application of Rule.
Page 16	Change of section title and wording of sections 13 and 14 to clarify that Rules apply to securities that are traded on the BATS MTF only.
Page 16,17	Section 15. Complaints by Participants – expansion of section to include right to refer complaints to Independent Complaints Commissioner.
Page 17	Section 16. Discipline: new section containing disciplinary Rules
Page 19	Section 17. Default – new section containing default Rules
Pages 21 to 24	Sections 18 to 22 – new sections containing Rules governing initial and ongoing requirements for issuers and securities to be admitted to trading on the BATS Regulated Market.
Page 24	Section 23. Amendments to the Rules – introduction of consultation requirement for material Rule changes.

Participant Manual: Summary of amendments between MTF version 5 and RIE version 1

<b>Page</b>	<b>Amendment</b>
Cover	Change of title, date and change of version number
Multiple	References to “BATS MTF” changed to “BATS Markets”
Multiple	References to “Financial Services Authority” and “FSA” changed to “Financial Conduct Authority” and “FCA” respectively
Page 4	Section 1. Introduction – clarification that Rules will apply in the event of any conflict with the Participant Manual
Page 4	Section 3. How BATS Works – amended to reflect change of regulatory status following Recognition as an RIE
Page 4, 6, 8, 23	Descriptions of Smart Order Routing services have been expanded to clarify that those services will be provided by an appropriately authorised subsidiary.
Page 13	Section 10. Tax – amended to clarify BATS’ position applies generally to national financial transaction taxes, and is not specific to France
Page 16	Section 18. Default – section replaced by reference to new Rule 19.
Page 17	Section 19. Complaints – reference to right to refer complaints to Independent Complaints Commissioner introduced.

Page 25	Section 26. Order and Trade Types – references to “Trade Capture Reports” and “TCRs” changed to “Exchange Trade Reports” and “ETRs”
Page 27	Section 30. Trading Days – new subsection detailing trading days for the BATS RM.