

Bats Announces Alternative to Closing Auctions

- Bats Market Close is an end-of-day match process for non-Bats listed securities
- Follows significant and persistent demand from a broad range of industry participants

KANSAS CITY and NEW YORK – May 8, 2017 – Bats, a CBOE Holdings, Inc. company, and the second-largest operator of stock exchanges in the United States, announced today that it is proposing to adopt a new, competitively priced alternative to the primary market closing auctions that take place at the end of the U.S. equities trading day, subject to regulatory approval.

The creation of Bats Market Close (BMC), an end-of-day match process for non-Bats listed securities, follows increasing demand from a range of industry participants frustrated by rising closing auction trading fees on other exchanges. In the past five years, closing auction fees have increased anywhere between 16 percent and 60 percent at NYSE and Nasdaq respectively. In the same timeframe, volume executed in those auctions has increased over 70 percent, from 200 million shares per day in 2012 to almost 350 million shares in 2016. As a result, a growing portion of trading is become increasingly expensive for market participants.

BMC is designed to challenge this dynamic. Under the current proposal, participants can elect to route Market-On-Close (MOC) orders to BMC on Bats' BZX Exchange, where they are pre-matched with other MOC orders at 3.35 p.m. ET. Pre-matched trades are then executed when the primary exchange closing price is published. As a result, participants obtain a closing price for a fraction of the cost. Further, the timing of the BMC match allows any MOC orders that go unmatched to be sent to the primary exchange closing auctions.

A variety of brokers already provide Market-On-Close prices for investors. Subject to regulatory approval, BMC will be the first such functionality to be offered by an equity venue operator, incorporating unique on-exchange features including anonymity and trade transparency.

Bryan Harkins, Head of U.S. Equities and Global FX said: "Over the past few years, we have seen the primary market auction operators steadily increasing auction fees while, conversely, intraday exchange trading fees have steadily dropped as a result of competition. This has made a critical part of the trading day markedly more expensive. As a result, market participants have asked us to provide competitive pressure of the sort that we apply during the trading day. The Bats Market Close is our response that provides an alternative that reduces costs for market orders but preserves a single, consolidated closing price, all through an exchange platform."

Most importantly, the BMC does not create a rival, price-forming auction for non-listed securities. This is because the BMC avoids removing Limit-On-Close orders from forming price in the primary market closing auctions, only matching market-on-close orders. This reduces participant costs without distorting auction price formation.

About CBOE Holdings, Inc.

CBOE Holdings, Inc. (BATS: CBOE | NASDAQ: CBOE), owner of the Chicago Board Options Exchange, the Bats exchanges, CBOE Futures Exchange (CFE) and other subsidiaries, is one of the world's largest exchange holding companies and a leader in providing global investors cutting-edge trading and investment solutions.

The company offers trading across a diverse range of products in multiple asset classes and geographies, including options, futures, U.S. and European equities, exchange-traded funds (ETFs), and multi-asset volatility and global foreign exchange (FX) products. CBOE Holdings' 14 trading venues include the largest options exchange in the U.S. and the largest stock exchange in Europe, and the company is the second-largest stock exchange operator in the U.S. and a leading market globally for ETF trading.

CBOE Holdings is home to the CBOE Volatility Index (VIX Index), the world's barometer for equity market volatility; the CBOE Options Institute, the company's world-renowned education arm; CBOE Livevol, a leading provider of options technology, trading analytics and market data services; CBOE Vest, an asset management company specializing in target-outcome investment strategies; CBOE Risk Management Conferences (RMC), the premier financial industry forums on derivatives and volatility products; ETF.com, a leading provider of ETF news, data and analysis; and Hotspot, a leading platform for global FX trading.

The company is headquartered in Chicago with offices in Kansas City, New York, London, San Francisco, Singapore and Ecuador. For more information, visit www.cboe.com.

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