



BATS Exchange Modifies Handling of Reserve Orders on Equities and Options PITCH Feeds

Dear Member,

Summary

In response to customer feedback, effective **Friday, August 20th, 2010**, BATS Exchange will modify the representation of reserve orders in both equities and options PITCH feeds. This change follows BATS' obfuscation of OrderIDs, with member ability to opt-out, for all trade messages generated from non-displayed liquidity on the BATS Exchange (BZX) book which took effect June 18th, 2010.

This change to better protect reserve orders includes the following:

1. Separation of the displayed and non-displayed portions of an execution against a reserve order into two (2) executions.
2. One execution will represent the displayed size and carry the OrderID. The second execution will represent the hidden size executed and will have an obfuscated OrderID so that the displayed and hidden executions cannot be linked.
3. The execution against the hidden portion of the order will be reported after displayed, non-displayed, and peg executions at the same price matching the BATS Exchange Priority Rule 11.12.
4. When the displayed portion of the reserve order is refreshed, the order will be assigned a new OrderID on the PITCH feed.

Technical Details

PITCH 2.0 (Multicast)

ExecuteAtPriceAndSize (0x24) will no longer be used to report executions where the executed size is not equal to the displayed decrement size. Instead the trade against a reserve order will be reported as an Execution (0x23) of the displayed portion, followed by other displayed, non-displayed, and peg executions if applicable, followed by a Trade (0x2A, 0x2B, or 0x30) with an obfuscated OrderID, followed by an Add Order (0x21, 0x22, or 0x2F) with a new OrderID when the remainder is nonzero.

PITCH 1.0 (TCP)

A combination of Cancel (X) + Trade (P or r) + Add (A or d) will no longer be used to report executions where the executed size is not equal to the displayed decrement size. Instead the trade against a reserve order will be reported as an Execution (E) of the displayed portion, followed by other displayed, non-displayed, and peg executions if applicable, followed by a Trade (P or r) with an obfuscated OrderID, followed by an Add Order (A or d) with a new OrderID when the remainder is nonzero.

As no new fields, message types, or use cases are being introduced in either protocol, no change is required of PITCH feed recipients.

Testing

Testing will be available in the BATS Exchange certification environment effective **Wednesday, August 18th, 2010**.

Documentation

http://www.batstrading.com/resources/membership/BATS_PITCH_Specification.pdf

http://www.batstrading.com/resources/membership/BATS_FAST_PITCH.pdf

http://www.batstrading.com/resources/membership/BATS_MC_PITCH_Specification.pdf

Please contact the [Trade Desk](#) or your Director of Sales if you have any questions or comments.

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