BATS Updates Retail Price Improvement (RPI) Program Launch Date to January 11, 2013

In response to Member feedback and end of year change freezes, BYX Exchange has decided to delay the launch of the Retail Price Improvement (RPI) program **to Friday, January 11, 2013**. Through the BATS RPI program, **any BYX Exchange Member** may input RPI Orders for a limited set of securities (*defined in the RPI Fee Schedule section below*) on the BYX Exchange order book that will offer price improvement in $.001 increments to Retail Member Organizations (RMOs, see rule filing for more detail on RMOs) that enter a Retail Order.

Only those members who are pre-qualified as RMOs may enter Retail Orders, and only those members who have completed the appropriate certification with the BATS Trade Desk will be authorized to enter either Retail Orders or RPI Orders. Members that wish to register to become an RMO may contact BATS Membership Services to request an application form.

RPI Fee Schedule
BATS BYX Exchange will implement the following fee schedule for RPI Program related fills:

Symbol	Description	Rebate/Fee
AAPL, C, FAS, FAZ, FB, GE, GLD, GOOG, IWM, SPY	Retail Order Remove Rebate	$.0025/share
	RPI Order and Standard Hidden Order Fee for Interacting with Retail Orders	$.0025/share
AMD, BAC, F, HPQ, JPM, MU, NOK, S, SIRI, XLF	Retail Order Remove Rebate	$.0010/share
	RPI Order and Standard Hidden Order Fee for Interacting with Retail Orders	$.0010/share

Note that Members that have the "Send 2nd Liquidity Character" feature enabled on their ports will receive BOE TradeLiquidityIndicator (FIX Tag 9730) = "AE" for RPI Order and Standard Hidden Order executions against Retail Orders. Members that do not have this port level feature enabled may contact the BATS Trade Desk to have it enabled on their order entry ports.

Retail Orders
Retail Orders may only be entered by RMOs. Retail Orders will access price improving liquidity in strict price/time priority as follows:

1. Retail Orders may interact with both RPI orders as well as other price improving hidden liquidity (i.e. midpoint pegs). **Retail Orders may receive price improvement at multiple price levels.**
2. Retail Orders will then access displayed interest as well as hidden interest at the NBBO.
3. Retail Orders may then route.

Retail Orders may be entered by RMOs in 0.01 increments as follows:
➢   Retail Order – Type 1 – Price Improvement Only (*Only access price improving orders.*)
    o   **Must** set BOE field *ExtendedExecInst* (FIX Tag 9416) = 'P' (Retail Order – Price

Improvement only)

- o **Must** set BOE field *TimeInForce* (FIX Tag 59) = '3' (IOC)
- ➢ Retail Order – Type 2 – BATS Only (*Access price improving orders up to the limit price and access any liquidity available on BATS at the limit price.*)
  - o BOE field *RoutingInst* (FIX Tag 9303) = 'B'
  - o **Must** set BOE field *ExtendedExecInst* (FIX Tag 9416) = 'R' (Retail Order)
  - o **Must** set BOE field *TimeInForce* (FIX Tag 59) = '3' (IOC)
- ➢ Retail Order – Type 2 – Routable (*Access price improving orders up to the limit price and access any liquidity available on BATS at the limit price. Then route out at the limit price.*)
  - o BOE field *RoutingInst* (FIX Tag 9303) and BOE field *ExecInst* (FIX Tag 18) may be any combination of currently accepted values for routing purposes
  - o **Must** set BOE field *ExtendedExecInst* (FIX Tag 9416) = 'R' (Retail Order)
  - o **Must** set BOE field *TimeInForce* (FIX Tag 59) = '3' (IOC)

RPI Orders

Any BYX Exchange Member that has been certified (see Certification and Testing below) may enter RPI Orders in $.001 increments. RPI Orders are only accessible to Retail Orders. No other order type will interact with an RPI Order.

RPI Orders may be entered in 0.001 increments by any BYX Exchange Member as follows:
- ➢ RPI Order:
  - o **Must** set BOE field *RoutingInst* (FIX Tag 9303) = 'B',' P', or 'Q'
  - o **Must** set BOE field *ExtendedExecInst* (FIX Tag 9416) = 'T' (RPI Order)
  - o BOE field *DisplayIndicactor* (FIX Tag 9479) = 'I' is implied but, like peg orders, not required; any other values for *DisplayIndicator* will be rejected.
- ➢ RPI Order Peg:
  - o **Must** set BOE field *RoutingInst* (FIX Tag 9303) = 'B',' P', or 'Q'
  - o **Must** set BOE field *ExtendedExecInst* (FIX Tag 9416) = 'T' (RPI Order)
  - o **Must** set BOE field *ExecInst* (FIX Tag 18) = 'R' (Primary Peg)
  - o **Must** set BOE field *PegDifference* (FIX Tag 211). Price may be in 0.001 increments.
  - o BOE field *DisplayIndicactor* (FIX Tag 9479) = 'I' is implied but, like peg orders, not required; any other values for *DisplayIndicator* will be rejected.

Retail Liquidity Indicators (RLI)

An RLI includes symbol and side, but not price and size. RLIs will be displayed to the SIPs (*refer to the CTA/UTP Technical Specifications*) and the BYX Exchange Multicast PITCH and TCP PITCH market data feeds as shown below.

Multicast PITCH Retail Price Improvement Message				
Field Name	**Offset**	**Length**	**Type/(Value)**	**Description**
Length	0	1	Binary	Length of this message including this field
Message Type	1	1	0x98	Retail Price Improvement message
Time offset	2	4	Binary	Nanosecond offset from last unit timestamp
Symbol	6	8	Alphanumeric	Symbol right padded

					with spaces.
Retail Price Improvement	14	1		Alpha	"B" = Buy Side RPI "S" = Sell Side RPI "A" = Buy & Sell RPI "N" = No RPI

Total Length = 15 bytes

TCP PITCH Retail Price Improvement Message

Field Name	Offset	Length	Data Type	Description
Timestamp	0	8	Numeric	TimeStamp
Message Type	8	1	"R"	Retail Price Improvement message
Stock Symbol	9	8	Alpha	Symbol
Retail Price Improvement	17	1	Alpha	"B" = Buy Side RPI "S" = Sell Side RPI "A" = Buy & Sell RPI "N" = No RPI

Certification

Retail Orders and RPI Orders may only be entered by Members that have completed the appropriate certification with the BATS Trade Desk. Contact the BATS Trade Desk for more information regarding Retail Order and/or RPI Order certification.

Testing Opportunities

Testing of Retail Order and RPI functionality is currently available to Members in the BATS Certification environment as well as within the BYX Exchange production environment using test symbols ZBZX and ZTEST.

How is BATS RPI distinct from NYSE's RLP Program?

1. BATS will allow Retail Orders to execute against price improving liquidity that is not an RPI Order in strict price/time priority.
2. BATS will allow Retail Orders to execute at more than one price so that the Retail Order realizes the maximum price improvement RPI Orders are willing to offer.
3. BATS will not favor certain members who enter RPI Orders over other members. All firms entering RPI Orders will be subject to the same fees.
4. Once the rollout is complete, BATS will support RPI in all NMS securities on a single exchange, BATS BYX Exchange.

For More Information

Refer to the following technical specifications for RPI related updates:
- ➢ BATS BYX Exchange US Equities BOE Specification
- ➢ BATS BYX Exchange US Equities FIX Specification
- ➢ BATS US Equities/Options Multicast PITCH Specification
- ➢ BATS US Equities TCP PITCH Specification

Please contact the BATS Trade Desk or your Director of Sales with any questions. We appreciate your continued support of BATS and look forward to earning more of your business. As always, we are committed to our Members and to Making Markets Better.

BATS Trade Desk
913.815.7001
tradedesk@bats.com
www.batstrading.com/alerts
www.batsoptions.com/alerts