BATS BYX Exchange and BZX Exchange Announce Feature Release Available Effective October 31, 2014

Overview

As part of the Direct Edge Integration in accordance with the previously announced platform change matrix and software roadmap, BATS is pleased to announce that **effective Friday, October 31, 2014** (*pending SEC approval*), we will be releasing the following order behavior enhancements on the BATS BYX Exchange and BZX Exchange.

- 6 am ET Order Acceptance
- New Opening Process for All Symbols
- Cancel Order Behavior on Trading Halt

6 am ET Order Acceptance

On the effective date, the BYX Exchange and BZX Exchange will begin accepting and queueing orders at 6 am ET. At 8 am ET a PITCH *Trading Status* of "T" will be disseminated on each symbol individually to indicate that trading has begun. At that time, queued orders that are pre-market eligible will be submitted to the exchange order book in time priority.

New Opening Process for All Symbols

Also on the effective date, the BZX Exchange and the BYX Exchange will begin supporting an ***Opening Process*** in ***all*** symbols, which allows for orders to be queued at market open and during halts.

*Note that on BZX Exchange, the Auction Process for BATS-Listed securities **will not** be changing.*

Market Open

The Opening Process will allow for BATS to queue orders marked as Regular Hours Only (RHO) until certain market conditions are met that trigger the Opening Match after 9:30 am ET. The Opening Match will always occur at the NBBO Midpoint, and RHO orders will be eligible to be executed at the midpoint price in time priority. After the Opening Match, any unexecuted RHO orders will be submitted to the book in time priority. If market conditions do not allow the Opening Match to occur by 9:45 am ET all queued RHO orders will be submitted to the exchange book in time priority.

Regulatory Halt Re-Open

As part of the Opening Process BATS will allow orders to be queued during Regulatory Halts. BATS will disseminate a PITCH *Trading Status* of "Q" to indicate that the Quoting Period has begun and new orders may be submitted for the Halt Re-Opening Process. These orders are queued until the security is re-opened with either a trade or a two-sided quote by the Primary Listing Market. Queued orders will be matched at the prevailing NBBO Midpoint immediately following the re-opening, and any unexecuted orders will then be submitted to the exchange order book in time priority.

Cancel Order Behavior on Trading Halt

On the effective date, the BZX Exchange and BYX Exchange will allow members to specify how they want their orders handled during a trading halt. Currently, if a trading halt is issued, all orders in that security are immediately canceled back. That **default behavior will be changing on the effective date,** and orders not marked as Post Only or those with a non-zero MinQty will be queued and rolled into the Halt Re-Opening process. Members may submit a request to change their default port settings to have all orders cancelled upon a halt by using the Logical Port Request tool available in the BATS

Member Web Portal.

Testing Opportunities

BATS will make these features available for testing in the BATS certification environments effective Tuesday, September 30, 2014.

More Information

For more information refer to the following technical specifications:

US Equity Specifications

- BATS US Equities Opening/Re-Opening Process
- BATS BYX Exchange US Equities FIX v1 Specification
- BATS BZX Exchange US Equities FIX v1 Specification
- BATS US Equities FIX v2 Specification
- BATS BYX Exchange US Equities BOE v1 Specification
- BATS BZX Exchange US Equities BOE v1 Specification
- BATS US Equities BOE v2 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.

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Learn more about the BATS/Direct Edge merger at bats.com/edgeintegration.