



## BATS Options Exchange (BZX) Pricing Changes & Routing Enhancements Effective October 1<sup>st</sup>, 2010

Dear BATS Options Exchange Member,

BATS Exchange is pleased to announce improved routing redundancy, simple and aggressive routing fees and parallel smart order routing for the BATS Options Exchange (BZX).

### Redundant Routing

To improve routing consistency and reliability, redundant paths are now in place to all Exchanges via BATS Options Exchange effective **immediately**.

### Simple, Aggressive Routing Fee Schedule

Members routing through BATS Options Exchange (BZX) to access other Exchanges will realize simplified and lower access fees (subject to filing with the SEC) effective **October 1<sup>st</sup>, 2010**.

	Customer	Firm / MM
BATS+Classic (non-Make/Take pricing at destination exchange)	0.05	0.50
BATS+Make/Take (1)	0.20	0.50
BATS+Make/Take (2)	0.40	0.50
CYCLE and Parallel SOR	0.30	0.50
Directed ISO	0.50	0.60

### Market Center Groupings

Make/Take (1) – ISE(M/T)<sup>\*</sup>, PHLX(M/T)<sup>\*</sup>

Make/Take (2) – ARCA(M/T)<sup>\*</sup>, NOM

Classic – AMEX, ARCA, BOX, CBOE, ISE, PHLX

<sup>\*</sup> BATS+(Exchange) Make/Take pricing is for executions at the identified Exchange under which “Post Liquidity” or “Maker” rebates (“Make”) are credited by that exchange and “Take Liquidity” or “Taker” fees (“Take”) are charged by that Exchange.

Proposed and latest Fee Schedules can be found at <http://www.batsoptions.com/regulation/>.

### Routing Enhancements - New Parallel Smart Order Routing Strategies

#### **Parallel D (Depth) – Best Price (October 1, 2010)**

This new Options Locked and Crossed Market Plan (Linkage) compliant smart routing strategy will route to all protected market centers with a quote at **each** price level in parallel. Each price level will be exhausted before moving onto the next price level, even if multiple passes must be made at a price level. If the order size is larger than the sum of displayed quotes at a price level then the remaining quantity will be split among the market centers using a BATS over-allocation method. The price for Parallel D will be \$0.30/contract for Customer orders and \$0.50/contract for Firm/Market Maker orders.

#### **Parallel 2D – Fastest Execution (Coming soon!)**

This new Options Locked and Crossed Market Plan (Linkage) compliant smart routing strategy will route to **all** price levels at all protected market centers in parallel. This strategy will route enough size to each

protected market center to fulfill the displayed quotes until the order size is exhausted to the limit price of the order. If the entire order cannot be fulfilled with the displayed quotes the remaining quantity will be split among the market centers using a BATS over-allocation method. The price for Parallel 2D will be \$0.30/contract for Customer orders and \$0.50/contract for Firm/Market Maker orders.

***Parallel T – Top Only (Coming soon!)***

This new Options Locked and Crossed Market Plan (Linkage) compliant smart routing strategy will route the order in parallel to protected markets sending the exact quantity of only the protected (**top**) quote to each market center. Once the protected (top) quotes have been accessed, any unfilled shares will be posted to the BATS book (assuming the order is not an IOC order). The price for Parallel T will be \$0.30/contract for customer orders and \$0.50/contract for Firm & Market Maker orders.

***Standard Parallel Routing Behavior***

IOC orders using any of the new parallel routing strategies will cancel after routing to protected markets. Day orders will post on the BATS Exchange (BZX) order book at their limit price after routing to protected markets.

***Specifying a Smart Order Routing Strategy***

A character has been added to the 3<sup>rd</sup> position of FIX Tag 9303 to allow Member's to specify their preferred routing strategy.

<b><i>3<sup>rd</sup> Character</i></b>	<b><i>Routing Strategy</i></b>
<b><i>C (default)</i></b>	CYCLE
D	Parallel-D
T	Parallel-T
2	Parallel-2D

***Testing Availability***

Testing for parallel routing will be available within the BATS Options Certification environment effective September 22nd, 2010. For more information, please refer to the BATS FIX specification:

- [BATS US Options \(BZX\) FIX Specification](#)

Please contact the BATS Trade Desk or your Director of Sales with any questions. Thank you for your continued support of BATS and we look forward to earning more of your options business.

**BATS Trade Desk**

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