



BATS Options Exchange Pricing Update Effective August 1, 2011

Effective **Monday August 1, 2011**, BATS Options will be introducing a second *Market Quality Incentive* and adjusting *Standard* and *Routing* pricing, (subject to filing with the SEC).

Market Quality Pricing

BATS' new pricing is designed to incent behaviors on an order-by-order basis, regardless of size, that improve the quality of the market. This is different than most pricing models that reward only larger clients for being large and don't necessarily improve the quality of the market.

Market Quality Incentive: Quoting Incentive Program (QIP) Pilot

BATS Options will introduce a Quoting Incentive Program (QIP) of \$0.03 per contract, which will be added to standard rebates for any Member that meets the minimum quoting requirement. Starting August 1, 2011, the QIP will only apply to executions in options overlying XLF, CSCO, PFE, ORCL, and XRT. To qualify for the QIP a BATS Market Maker must be at the National Best Bid (NBB) or National Best Offer (NBO) 70% of the time for series trading between \$0.03 and \$5.00 for the front three (3) expiration months in that underlying during the current trading month. A Member not registered as a BATS Market Maker can also qualify for the QIP by quoting at the NBB or NBO 80% of the time in the same series. The QIP will not be additive to NBBO Setting rebates.

If a Member qualifies for the QIP, measured as a monthly average, they will receive the \$0.03 per contract *additional credit* for all executions which add liquidity in that underlying that month excluding executions which qualified for a NBBO Setter rebate. There will be no ADV requirements associated with the QIP initially.

Market Quality Incentive Pricing: NBBO Setter Rebate Incentive

BATS Options will continue to provide an improved rebate to all Members for orders that set the NBBO and get an execution. A \$0.45 per contract rebate will be applied to all executions that set the NBBO for Members who achieve an ADV of 1% of TCV on the BATS Options platform.

Additionally, Members achieving an ADV of 0.30% of TCV will be eligible to receive a \$0.35 per contract rebate applied to all executions that set the NBBO.

Note: ADV means average daily volume calculated as the number of contracts added or removed combined, per day on a monthly basis; routed contracts are not included in the ADV calculation.

Standard Pricing: Book Fees/Rebates

Market Maker or Firm orders executing with each other receive a rebate of \$0.32 per contract for adding liquidity and will be charged \$0.42 per contract for removing liquidity. All Members who post liquidity that is removed by a customer capacity order will receive a \$0.22 rebate. Customer orders receive a \$0.22 rebate to add liquidity and will pay a \$0.32 fee to remove liquidity.

Members that achieve the defined ADV levels will be eligible to receive additional discounts for removing liquidity. Members reaching an ADV of 0.30% or greater of TCV on the BATS Options platform will receive a low \$0.29 (Customer) and \$0.39 (Firm/MM) per contract take fee.

	Customer	Firm/Market Maker
Make (rebate)* Standard	\$0.22	\$.32/\$.22
QIP (XLF, CSCO, PFE, ORCL, XRT)	\$0.25	\$0.35
NBBO Set 0.30% of TCV ^T	\$0.35	\$0.35
NBBO Set 1.00% of TCV ^T	\$0.45	\$0.45
Take (fee)** Standard	\$0.32	\$0.42
0.30% of TCV ^T	\$0.29	\$0.39

*The NBBO Setter Rebate will be paid to the first order on the BATS Options book that creates a new price level in the market – sets a new NBBO.

**Firm/MM orders that provide liquidity and are traded against by Customer orders receive a \$.22 rebate and \$.32 when trading against non-Customer.

^T "TCV" means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month in which the fees are calculated.

Routing Fees

Customer capacity routing charges to AMEX, BOX and CBOE as well as in select names to ARCA, ISE and PHLX are being raised from \$.06 to \$.10 per contract.

For More Information

Refer to the BATS public web site for the proposed [BATS Options Fee Schedule](#).

Please contact the Trade Desk or your Director of Sales regarding 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.

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