

Cboe Europe Equities (Cboe), Europe's largest stock exchange is bringing together a range of features designed to realise the significant potential that exists in the European exchange-traded fund (ETF) markets whilst addressing inefficiencies to make markets better for all participants.

As a Recognised Investment Exchange (RIE), Cboe is positioned to deliver the vision of a borderless pan-European capital market and to introduce innovative solutions to issuers and their customers.

Proven Track Record

Cboe is well positioned to become a leading listings venue given its established European equities presence and experience in the U.S. listings business.

- › UK Recognised Investment Exchange and EU Regulated Market status
- › Attracted and retained liquidity providers and customer flow
- › Established sustainable competition with aggressive pricing and leading market quality
- › Effective engagement with domestic and regional regulators, media and industry associations
- › Market share more than 24% in January 2015
- › Primary market listing success in U.S. with 29 ETFs listed

Focus on Market Quality

It is our priority to provide market quality efficiencies to our clients to deliver an overall better European trading experience. Cboe's order books are more often better than the primary market when measured by:

- › the number of times they provide the best bid and offer (BBO)
- › the amount of time at BBO, and
- › the volume/quantity available at BBO

Innovation is Part of Cboe's Culture

Cboe is bringing together a range of features designed to address a number of inefficiencies in the European ETF market to make markets better for all participants.

- › Liquidity provider schemes and Maker/Taker tariffs
- › Lit and dark order books, off-order book on-exchange and OTC trade reporting services
- › Smart Order Routing provides customers the opportunity to achieve best price executions
- › Choice of three interoperable central counterparties (CCPs)

Listings Services

The Cboe philosophy of "making markets better" is extended to an ETF strategy that seeks to provide issuers and the ETF market with products and services designed to reduce costs and risks and open up new trading opportunities. Cboe's competitive offering to issuers will focus on liquidity, better execution and transparency.

Liquidity

Cboe makes available three incentive schemes to attract liquidity providers and order flow:

- › Maker/Taker pricing
- › Issuers can sponsor either a Competitive Liquidity Provider (CLP) scheme (see reverse), or a traditional designated market maker model, and
- › Subject to pricing and issuer incentive schemes, Cboe can rebate a significant proportion of its revenue from ETF trading to its Participants

Cboe will closely monitor quoting and trading behavior and provide issuers with comprehensive analytics related to the quality of their order books e.g. liquidity provider performance, depth and spread data and comparisons with the competing venues.

Better Execution and Transparency

Cboe's order books more often provide the tightest bid/offer spread. To help concentrate liquidity, Cboe will make its Smart Order Routing capabilities available to eligible brokers and dealers to encourage order routing to Cboe in order that they can achieve best price executions for their clients. Cboe' rules will require firms to report their OTC trades through our own or another trade reporting service.

The Competitive Liquidity Provider (CLP) program is a rebate-based program designed to encourage quoting activity and therefore increase liquidity in issuer sponsored securities. This innovative program has been used by Cboe in the U.S. since January 2012 and in Europe since November 2013 and has proven to create tighter spreads, more size at the BBO (Best Bid and Offer) and greater depth of liquidity.

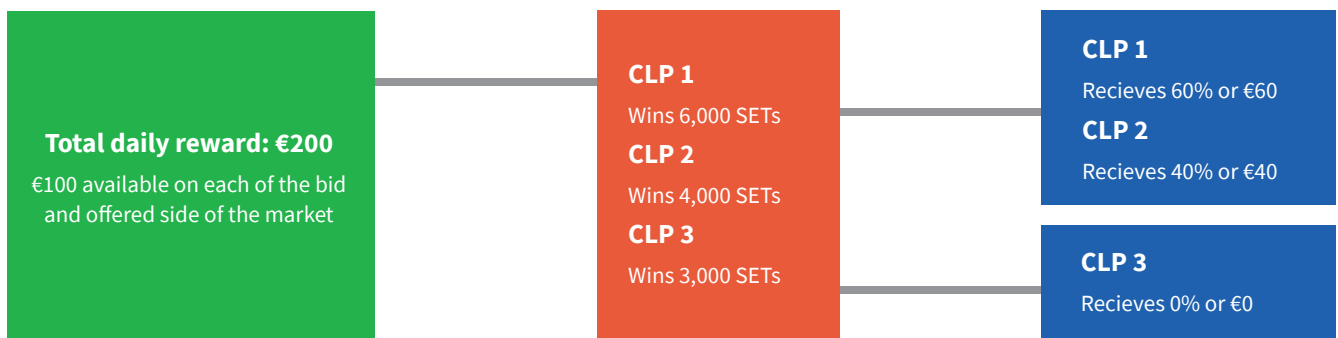
How the Program Works

- › The Issuer will determine with Cboe how long the security remains in the CLP program and the value of the incentives paid. It is expected that most schemes will run for either six or 12 months.
- › Any Cboe trading Participant can register as a CLP but must achieve the criteria, set on a security-by-security basis, to be rewarded.
- › If the Issuer requires seed capital, the number of CLPs would be limited to those that fund the ETF at its launch.
- › CLPs compete for a known financial amount — half paid to the winning CLP(s) on each of the bid and the offer side of the market. The two winning CLP(s) on each side will share the daily rebate based on their percentage of Size Event Tests (SETs) won during the trading day. A SET is a testing event evaluated randomly within each second between 08:00 and 16:30. See the example below.

To win a SET, a CLP must:

- › have the most aggregated size at the best bid or the best offer on the lit order book
- › quote at the minimum published size for that ETF
- › quote on the other side for that ETF at the minimum published size and within a maximum published spread
- › win at least 10% of the available SETs each day

A non-attributable daily report will be provided to Issuers sponsoring a CLP program and the registered CLPs. The report will include market quality, SETS ranking and market share analysis.



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