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## **BATS Europe reveals plan for dark pool**

By Jeremy Grant

BATS Europe, one of a new breed of share trading platforms, will today unveil plans to launch a pan-European "dark pool", becoming the latest entrant into the growing market for dealing in large blocks of shares.

The move comes as regulators on both sides of the Atlantic are stepping up scrutiny of dark pools amid questions over their transparency. Dark pools are a relatively new type of trading venue.

They allow trades of large blocks of shares to be carried out more easily than on the normal order book of an exchange, where trading is increasingly dominated by much smaller orders. Unlike on exchanges, prices on dark pools - also called "crossing networks" - are not displayed publicly before a trade is completed.

The US Securities and Exchange Commission is looking into whether it needs to take action in response to what its chairman, Mary Schapiro, says are "the potential investor protection and market integrity concerns raised by dark pools".

The European Commission is to include dark pools in a review of the markets in financial instruments directive, enacted in late 2007 to spur competition in European share trading.

BATS Europe was launched by its US parent, Kansas City-based BATS Trading, eight months ago. It offers equities trading across Europe in competition with the London Stock Exchange, Deutsche Börse, Euronext and other smaller platforms such as Chi-X and Turquoise.

The platform will, in August, add a dark pool component to its existing order book, following a similar move by Chi-X last month and the launch of a Turquoise dark pool in April. The BATS move will bring the number of dark pools in Europe to 13.

BATS will be the first dark pool to reward traders willing to post orders, while charging others to come in and match those orders.

BATS, on which more than 4 per cent of FTSE 100 shares are traded, said the fees it will charge on the dark pool were likely to be "similar to the pricing in the visible [order] book".

Separately, Turquoise will today unveil the first six "liquidity partners" for a new service starting next month that aggregates large orders and routes them out to other trading venues, including banks' own crossing networks. They are CA Cheuvreux, a broker owned by Calyon; Citadel Securities; Citi, Deutsche Bank, Merrill Lynch; Bank of America and Nomura.