

## Panic in Paternoster Square

We're intrigued by the latest four-page pricing schedule to emerge from the London Stock Exchange (20<sup>th</sup> April). Eight months after abandoning maker-taker pricing in an effort to appeal to their "core" customers, a "Liquidity Provider Scheme" has been re-introduced, but only for a handful of clients.

Back in August 2009, Xavier Rolet said, "Maker-taker pricing relies on the concept that posting a passive order is a superior, more valued kind of liquidity. We believe that passive and aggressive orders are equally valuable. We do not want to favour one type of client over another."<sup>i</sup> We can't help but ask what has changed in the meantime, other than the LSE's continued loss of market share, now regularly less than 50% of the intraday volume in FTSE 100 securities.

As we read the fine print and navigate the conflicting footnotes of the LSE's latest pricing, we wonder how trading firms will decide which favoured desks can take advantage of the "Liquidity Provider Scheme", a benefit LSE members are prohibited from passing on to their customers. Contrast this with the fairness of the BATS Europe pricing schedule, where all passive orders receive the same rebate.

Under the new LSE pricing program, firms also must do the calculation to decide which conflicting aggressive fee they might qualify for, in addition to factoring in the cost of the "Non-persistent Order" tax which still applies. Maybe you'll get charged 0.29 bps, more likely 0.31 bps, or more. Again BATS Europe makes this easy -- our low 0.28 bps take fee is available to everyone.

Lastly, let's not forget that the LSE's technology team must keep TradElect limping along for its final few months, a problem made more difficult with the relaxation of the "High Usage" tax. The BATS Europe system has been built from the ground up to be the highest performing platform in the world. Participants can send orders to BATS Europe, confident of the same low latency experience. If your order does not execute, you pay nothing.

We'd like to thank all our participants for their continued support, marked by our recent 11.7% market share in FTSE 100 securities, and over 5% of pan-European market share. With no membership charge, no port charge, no market data charge, a rebate of 0.18 bps and a low take fee of 0.28 bps available to all users for all securities on our Integrated Book, we continue to Make Markets Better across Europe.

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<sup>i</sup> <http://www.thetradenews.com/trading-venues/exchanges/3504>