



BATS Europe

Sponsored Access Specification

VERSION 5.4

29th November 2011

BATS Trading Limited is authorised and regulated by the Financial Services Authority. BATS Trading Limited is a wholly-owned subsidiary of BATS Global Markets, Inc. and is a company registered in England and Wales with Company Number 6547680 and registered office at 25 Copthall Avenue, London EC2R 7BP. This document has been established for informational purposes only. None of the information concerning the services or products described in this document constitutes advice or a recommendation of any product or service. To the extent that the information provided in this document constitutes a financial promotion as defined by section 21 of the Financial Services and Markets Act 2000, it is only directed at persons who qualify as a Professional Client or Eligible Counterparty. Persons who do not qualify should not act or rely upon it.

Contents

1	Introduction	3
1.1	Overview	3
1.2	Requirements	3
1.3	Cut-off	4
1.4	Size Limits	4
1.5	Market Limits	4
1.6	Daily Limits	5
1.7	Restricted List	5
1.8	DROP Port Monitoring	5
2	Support	6
3	Revision History	6

1 Introduction

1.1 Overview

BATS Europe Sponsored Access provides Sponsoring Participants with the ability to set various constraints on orders for pre-trade protection and the ability to receive a DROP COPY of its Sponsored Participant's order and trade activity.

The Sponsored Participant's orders are validated in the FIX handler prior to entering the matching engine. Based on parameters provided by the Sponsoring Participant, the order is immediately passed on to the matching engine or rejected back.

Sponsoring Participants can offer Sponsored Participants direct connectivity to BATS Europe by proximity hosting in its data centres or via remote access.

BATS Europe provide the following controls to Sponsoring Participants:

- Block new orders and cancel existing orders
- Max notional per order per market
- Max number of shares per order
- Max number of orders per second per port
- Max number of orders per symbol per second per port
- Primary market restriction
- Restricted stock list
- Max daily notional (executed + exposure) per port
- Execution collar
- DROP port monitoring

1.2 Requirements

BATS Europe's responsibilities

- To ensure that it meets its own regulatory requirements
- To ensure the orderly functioning of the market through the provision of rules, guidance, and pre- and post-execution controls or functionality
- To monitor the market and take actions to maintain the order functioning of the market, as appropriate

Sponsoring Participant's responsibilities

- To ensure that it meets its own regulatory requirements and those applicable to it as a Participant of BATS Europe
- To conduct appropriate due diligence on prospective Sponsored Participants
- To only offer Sponsored Access to suitable prospective Sponsored Participants (eg. those who are competent, conversant with BATS Europe's rules and have suitable systems and controls)
- To use the pre-execution controls offered by BATS Europe and impose suitable levels, tailored to the individual Sponsored Participant

- To use the DROP COPY functionality provided by BATS Europe
- To monitor the activity of the Sponsored Participant, including its ongoing suitability and the effectiveness of the pre-execution controls

Sponsored Participant's responsibilities

- To be competent and suitably experienced
- To have in place appropriate systems and controls, taking into account the nature and scale of its business
- To be familiar and comply with BATS Europe's rules and guidance
- To provide the Sponsoring Participant with sufficient access to monitor the Sponsored Participant's activity on BATS Europe
- To take reasonable measures to prevent unauthorised use of its access to BATS Europe

1.3 Cut-off

The following section shows the types of cut-off which can be performed on Sponsored Participants. These two options can be used independently or in conjunction with each other. For example, a Sponsoring Participant could block its Sponsored Participant from entering new orders without pulling existing orders from the market, or vice versa.

Block new orders

Sponsoring Participants have the ability to prevent order flow from their Sponsored Participants in real-time.

Cancel all open orders

Sponsoring Participants have the ability to cancel their Sponsored Participants' orders in real-time.

1.4 Size Limits

Maximum shares per order

When the specified value is exceeded the order is rejected.

Port order rate threshold

This value controls the maximum number of orders per second that a Sponsored Participant is allowed to submit per FIX port.

Symbol port order rate threshold

This value controls the maximum number of orders per second that a Sponsored Participant is allowed to submit in a single symbol per FIX port.

Execution collar percentage

This value controls the maximum percentage away from our reference price that an execution is allowed to occur for a Sponsored Participant.

1.5 Market Limits

Permitted Market

Control which symbols Sponsored Participants can trade based on their primary listing venue.

Maximum notional value per order per market

When the specific value is exceeded, the order is rejected. This value is set per listing market and can be specified in any BATS supported currency. Conversion will be carried out using rates published on our website, which are updated daily.

1.6 Daily Limits

Enable Daily Limits

Control whether a Sponsored Participant should be restricted to only taking a certain level of risk (defined as executed notional plus unexecuted notional currently in the market) per day per port. If enabled during an active trading session, limits will not be effective until the next trading session. If disabled, all current settings are removed.

Cutoff Aggregation Method

Daily Limits will be enforced using a Notional Value Cutoff Aggregation Method, which may be either on a gross (the default) or a net basis for all orders on the port. When considering the cutoff settings on a net basis, the absolute value of the position is considered.

Notional Value Cutoff

When the specified value is exceeded the order is rejected. This value can be specified in any currency. Conversion will be carried out using rates published on our website, which are updated daily.

Market Orders Notional Value Cutoff

By default, market orders are not permitted. You may set a value (in the same currency as the overall limit), which must be between zero and 100% of the Notional Value Cutoff, at which point market orders will start being rejected. When picking a value for this setting, please be aware that the impact of the order on overall exposure is not considered as the order does not have a price at time of order entry.

Warnings

If desired, you can specify a percentage point at which you can be notified by email if the Sponsored Participant exceeds that percentage of the notional value cutoff, with a separate setting possible for exceeding a specified percentage of the market order notional value cutoff. You can specify multiple email addresses to notify by inserting a comma between each address.

Please note that the email warning process is provided on a best endeavours approach and BATS makes no guarantee as to email delivery.

1.7 Restricted List

Sponsoring Participants have the ability to restrict a Sponsored Participant from entering orders in a security that is restricted due to insider holding status or any other restrictions placed on the Sponsoring Participant by the relevant Regulator.

1.8 DROP Port Monitoring

Sponsoring Participants have the ability to configure actions that may apply to their Sponsored Participant in the event of them disconnecting from their DROP port.

Reject Orders on DROP Port Disconnect

This feature restricts order entry capability based on the connection status of specified DROP ports. The BATS Europe Trade Desk should be provided with a list of DROP ports that the Sponsoring Participant would like to be monitored for their connection status. Once the association has been established, at least one DROP port must be connected in order for orders to be accepted by BATS Europe. Otherwise, any new orders entered will be rejected until at least one of the DROP ports has reconnected.

Cancel Open Orders on DROP Port Disconnect

Similar to the rejection option above, Sponsoring Participants may request BATS Europe to cancel all open orders on an order entry port, should all associated DROP ports disconnect.

Reject/Cancel Orders on DROP Port Timeout

Sponsoring Participants may tune the amount of time that must pass between the last associated DROP port disconnection and the time when the reject/cancel actions take effect on the order entry session(s).

This setting has a default of thirty (30) seconds and the minimum allowed is twenty (20) seconds. Once any associated DROP port reconnects, the timer is reset and reject actions will cease.

2 Support

If you have any queries or would like to begin using Sponsored Access, please contact your account manager directly.

Sales Team

SalesEurope@batstrading.com

Phone: +44.207.012.8906

Participant Services

ParticipantServicesEurope@batstrading.com

Phone: +44.207.012.8902

Trade Desk

TradeDeskEurope@batstrading.com

Phone: +44.207.012.8901

3 Revision History

Protocol Version	Date	Description
5.4	29/11/2011	Add market order and aggregation method to daily limits
5.3	25/10/2011	Refactor document + add drop port monitoring
5.2	10/10/2011	Remove MOC/TAL