



September 25, 2007

Dear BATS Subscribers and Members of the Trading Community,

Thank you ...

I would like to thank all of our subscribers who enthusiastically participated in the BATS pricing special so far in September. We treated this as somewhat of a grand opening for our entry into the Tape A marketplace, recognizing that the timing was right for a shift in volume from manual markets to all electronic market centers. We came into the month with a 3.7% average daily market share in Tape A, and have recently been running around 9% market share, touching well over 10% during the regular session several times.

Our order match rate has also been excellent, with an average match rate of 81% - 84% (across the board at BATS). That means your order is highly likely to get filled on the BATS book and not be routed away. Arca and Nasdaq also have comparable match rates. High match rates translate into healthy order destinations.

BATS has been, and will continue to be, relentless at finding optimal ways in which to operate our market center. We run our market center with 35 employees, most of which work at our headquarters in Kansas City. We continue to drive down our internal operating and incremental trading related costs. We are maximizing our economics in terms of where we quote and print, albeit not at the expense of stability and reliability. We automate all tasks that computers are better at performing than humans are, with the obvious exception of customer support. We are proud to say that you will always find a helpful and knowledgeable person on the other end of the phone when you call BATS. When we benefit from tape revenue sharing, we pass these savings on to our subscribers in the form of narrow add/take spreads and lower access fees. These are just some of the ways that BATS is Making Markets Better.

I wanted to point out these many “philosophies of efficiency” so you might understand how we can run a world-class market center at very narrow spreads, often garnering 10% market share or more, after less than 2 years of operation.

What’s Next at BATS?

To show our subscribers just how seriously we take this pursuit of the “optimal market center”, we have decided to extend our Tape A campaign through the 4th quarter and run at a zero spread on Tape A securities for at least the remainder of 2007. We won’t be *giving money away* or *operating at a loss* to do this, but are in fact using our share of the market data tape revenue pool, along with our ultra low cost of doing business, as a means to directly benefit subscribers of the BATS market center with lower overall costs.

Starting in October, we plan to run for the remainder of the 2007 at a 24/24 (add/take) pricing model for Tape A securities. For subscribers that both add liquidity and take liquidity, this will prove to be the most aggressive pricing model by far among the major market centers (BATS, Arca, Nasdaq, and NYSE). For those who seek out the lowest cost to access liquidity among the

automated markets, our low take out rate will be very attractive when compared to our competitors' higher prices.

Improvements in Other Market Centers

We are happy to see the recent pricing announcement from NYSE, and feel this is a step in the right direction. NYSE Arca decreased their advertised add/take spread on Tape A securities, and increased their add/take spread on Hybrid. This should help shift more flow off their Hybrid system over to their fully automated Arca platform. We think this is a great move to protect their market share as Tape A trading volume migrates to faster, automated markets.

I doubt our price special in September had much to do with their decision to change prices in October. Our persistence, however, over the last several months of running the BATS market center with a 0.0002 add/take spread probably did provide some pressure to lower their spread from 0.0010 to 0.0005 at Arca (at least for Tape A & C). Other market centers have lowered their costs and effective add/take spreads in the past as a result of our lead-by-example approach, so we would like to think that our plan of Making Markets Better is really working.

We were also encouraged that NYSE Hybrid recently removed the restrictions on the minimum amount of price improvement that was required for specialists to provide on an order. In our view, any price improvement is still, well, price improvement. Having minimum thresholds in place based on effective bid/offer spreads was more of a limiting factor than anything else. We often see at BATS, and other market centers, price improvement at the midpoint of the NBBO, and we think this is good for the market. The recent change in policy at Hybrid should provide more opportunities for price improvement than before.

Exchange Application Progress

We have made good strides this summer in our application process to operate as an Exchange. This remains a high priority at BATS, and we are hopeful that a full application can be submitted for public comment in the next few weeks. We now have a greater appreciation of the full depth and breadth of responsibility involved in operating an exchange, and we feel strongly that it's the right thing to do for our market center. As our market share continues to grow, thanks to our subscribers, it simply makes sense that we should operate under the same rules and guidelines that our primary competitors do.

Quoting Redundancy

The quote resiliency / redundancy that we promised to deliver has been in operation for several weeks now. The project has been hugely successful. We have maintained a consistently visible quote, without going dark, since the middle of August when we rolled out the new functionality. We are thankful to both the ISE and the NSX for their support of the Order Delivery functionality and for being excellent partners in this venture. Both SRO partners have been supportive of our bid to keep our quote live and visible to the national market system through their respective systems. As a result, our customers have benefited from a high level of quote

reliability. This approach to quoting reliability sets BATS apart from the pack and reinforces our position as a market leader. It's one more way that we are Making Markets Better.

As always, your comments and feedback are welcome.

Sincerely,

Joe Ratterman
President and CEO
BATS Trading ... Making Markets Better