



BATS Pegging Functionality Change

Effective Friday, February [19], 2010, BATS Exchange will alter the way all peg orders (primary, market, midpoint, and alternate midpoint) are priced within the system to comply with BATS Exchange Rules 11.9.(c)(8) Pegged Order and 11.9.(c)(9) Mid-Point Peg Order. Currently, the BATS Exchange BBO is not included in the NBBO calculation for the purpose of pricing pegs. As a result, when BATS is alone at the national best bid or offer, a BATS peg order will not peg to the national best bid or offer. BATS' System has been operating in this manner since the Exchange launched in November 2008. Starting Friday, February [19], 2010, the BATS Exchange BBO will be included in the NBBO calculation used to price all peg orders. A description of all BATS Exchange pegging order types can be found at http://batstrading.com/resources/features/bats_exchange_pegging.pdf or within our rules at <http://batstrading.com/regulation/>.

BATS appreciates your continued business. Please call the BATS Trade Desk or your Director of Sales with any questions regarding this change.

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