

## **HOTSPOT INTRODUCES MARKET-LEADING STANDARDS FOR LIQUIDITY PROVIDERS**

*New Standards for Market Makers Designed to Provide Enhanced Transparency to the Global Electronic FX Market*

NEW YORK and LONDON – May 28, 2015 – Hotspot, a leading institutional foreign exchange (FX) market owned and operated by BATS Global Markets (BATS), today announced new standards for Hotspot liquidity providers that qualify as Market Makers, including reduced timeframes for acting on Non-Firm Liquidity and high targeted acceptance rates for such orders.

The Hotspot market provides participants with access to a unique combination of “Firm Liquidity” and “Non-Firm Liquidity.” Firm Liquidity and orders can be provided by all Hotspot market participants, including approved Market Makers, while Non-Firm Liquidity can only be provided by approved Market Makers.<sup>1</sup> The Hotspot market prioritizes Firm Liquidity – in price-time priority order – over Non-Firm Liquidity. Hotspot also offers participants a choice with regard to accessing Non-Firm Liquidity, including a choice of Market Makers with whom to interact. All Market Makers must be approved to provide Non-Firm Liquidity and must continue to satisfy certain Hotspot Market Maker requirements.

Hotspot is also introducing more transparency around the benefits of Non-Firm Liquidity while increasing the standards for Market Makers. While Hotspot participants are free to choose the types of liquidity that they would like to access, the addition of Non-Firm Liquidity typically yields tighter prices. For example, bid-offer spreads on Non-Firm Liquidity can be up to 80% tighter than spreads from Firm Liquidity alone.<sup>2</sup>

The new [Hotspot Market Maker standards](#), which will be effective July 5, 2015, include the following:

- **Tighter Timeframes for Action:** Hotspot is reducing the timeframe under which Market Makers are required to act on their Non-Firm Liquidity to 100 milliseconds from 200 milliseconds.
- **85% Targeted Acceptance Rates:** Market Makers are expected to have an acceptance rate of at least 85% of the orders interacting with their Non-Firm Liquidity, to ensure the Hotspot market continues to provide exceptional fill rates and market quality.
- **1 Million Minimum Quote Sizes:** Market Makers must quote a minimum size of 1 million base currency units.
- **Market Maker Eligibility:** In order to be eligible to provide Non-Firm Liquidity, a Market Maker must trade an average daily notional volume (ADV) of \$250 million or more aggregated across all market making accounts.

“We are constantly striving to ensure our customers experience the highest level of fulfillment and market quality on Hotspot. We believe that these new Market Maker standards will further increase fill rates and enhance market quality, creating an even more robust experience for our customers,” said Bill Goodbody, Jr., Senior Vice

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<sup>1</sup> Firm Liquidity consists of orders and quotes posted to the Hotspot Platform that are immediately executable against incoming orders without any further action. Non-Firm Liquidity consists of orders and quotes posted to the Hotspot Platform that require the Market Maker posting such order or quote to either accept or decline an incoming order (within certain parameters determined by Hotspot) prior to an execution against such Market Maker’s order or quote.

<sup>2</sup> Source: Hotspot Market data.

President, Foreign Exchange at BATS. “As we drive to bring more transparency to the global foreign exchange market, we feel it is important to introduce new standards to further strengthen the requirements around our liquidity.”

Hotspot utilizes world-class market surveillance and supervision, including propriety tools, to oversee its market to ensure that the highest standards are upheld by all Hotspot participants. In addition, Hotspot’s Liquidity Management team works closely with participants to ensure an optimal trading experience.

Hotspot’s average daily volume in April 2015 was \$28.4 billion, up from \$25.2 billion in April 2014. Its diverse customer base of more than 220 clients includes banks, market makers, hedge funds and institutions.

BATS acquired Hotspot in March 2015. In addition to Hotspot, BATS Global Markets operates Europe’s largest stock exchange, the continent’s #1 trade reporting facility for equities, the second-largest U.S. stock market, and the fastest-growing U.S. options market. In April 2015, more than 40% of all equity trades executed in Europe touched the BATS exchange or trade reporting systems. BATS executed notional volume of \$126.1 billion per day across all of its platforms for the month.<sup>3</sup>

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#### **About BATS Global Markets, Inc.**

BATS Global Markets, Inc., a leading global operator of exchanges and services for financial markets, is committed to Making Markets Better for traders, investors and issuers. In Europe, BATS operates the largest pan-European equities exchange, offering trading and listing services across 15 major European markets, as well as BXTR, the continent’s largest trade reporting facility. In the U.S., BATS operates four stock exchanges – BZX, BYX, EDGX and EDGA – and regularly ranks as the top market for exchange-traded fund (ETF) and retail-driven liquidity. The company is a listing venue for ETFs and other structured products and also operates a U.S. equity options market, BATS BZX Options, and is launching BATS EDGX Options later in 2015. Globally, BATS serves the foreign exchange (FX) market, the world’s largest asset class, with Hotspot, a leading institutional spot foreign exchange market. With its world-class technology and relentless customer focus, BATS strives to bring efficiency, transparency and fairness to market participants. The company is headquartered in Kansas City with offices in New York, London, Chicago and Singapore. Further information on BATS can be found at [www.bats.com](http://www.bats.com) and by following us on Twitter [@BATSGlobal](https://twitter.com/BATSGlobal).

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<sup>3</sup> Source: BATS Global Markets data.