

BATS CHI-X EUROPE AND ICAP ANNOUNCE NEW SERVICES TO PROVIDE EXCHANGE FOR PHYSICALS (EFP) TRADING AND CLEARING

BATS expands BXTR services to enable EFP trade reporting; ICAP will be the first broker to use BATS' enhanced services to provide a fully cleared pan-European equities EFP solution

LONDON – 13 March 2015 – BATS Chi-X Europe (BATS), Europe's largest stock exchange, and ICAP, a leading markets operator, announce today new services which, when combined, will enable market participants to trade fully cleared equity index Exchange for Physical (EFP) transactions anonymously.

An EFP involves the simultaneous exchange between two parties of a futures position for a position in the underlying asset. EFPs are currently traded over-the-counter (OTC) with the futures leg of the transaction being exchange-traded and cleared, and the cash/physical leg settled on an OTC, bilateral basis.

Due to the evolving regulatory landscape, market participants in all asset classes are working to reduce counterparty risk, which can be a particular issue with bilaterally OTC trades. To enable firms to address these issues, BATS and ICAP have developed services that, taken together, provide the first fully cleared equities EFP trading solution.

As part of this solution, BATS has enhanced BXTR, its market-leading trade reporting facility, by expanding its Exchange Trade Reporting (ETR) services to enable the cash basket of the EFP to be traded on-exchange. ICAP will be the first broker to use the enhanced service, which is available to all participants, with transactions facilitated via ICAP Fusion – the firm's e-commerce portal for trading venues.

ICAP will make available fully cleared equity index EFPs on its ISL MTF and will also facilitate traditional voice broking in these products via its Global Broking division. ICAP's unique position in the market allows the company to offer fully cleared EFPs across the major European Indices, a world first, demonstrating ICAP's ability to provide its wholesale clients with streamlined and flexible technological trading solutions.

Mark Hemsley, CEO of BATS Chi-X Europe said: "The versatility of BXTR has been further demonstrated with this new EFP service, which will allow for more effective balance sheet management, and for operational workflows to be standardised. By settling more trades with CCPs and netting settlements, counterparty risk and costs across the European market will be reduced."

Garry Stewart, Deputy CEO of EMEA Global Broking at ICAP said: "As a leading player in execution services ICAP Global Broking is committed to developing innovative products for our customers particularly around hybrid and electronic trading offerings. ICAP Fusion provides a customisable, single point of access which will greatly enhance the operational efficiencies of clients. We are pleased to be working with BATS and our clients to refine and improve the trading of this market."

Once trades are accepted by BATS, they will be published in real time as on-exchange, off-book trades. All trades will be codified using Market Model Typology ([MMT](#)). BATS was the first exchange in Europe to introduce the standard, now under the supervision of FIX Trading Community, and its usage is now mandatory across all equity trades that touch BATS systems. In February, notional value either traded on BATS or reported to BXTR totalled €616.1bn.

About BATS Chi-X Europe

BATS Chi-X Europe is Europe's largest stock exchange and offers trading in more than 3,800 securities across 15 major European markets, over one platform and under one rule book. In addition, BATS' leading pan-European trade reporting service, BXTR, now reports the majority of OTC equity market trading. Based in London, BATS Chi-X Europe is regulated by the UK Financial Conduct Authority.

BATS Chi-X Europe is the brand name of BATS Trading Limited, a subsidiary of BATS Global Markets Inc., a leading global securities market operator in the US and Europe. Further information can be found at www.batstrading.co.uk or for regular updates, on Twitter at [@BATSGlobal](#).

About ICAP

ICAP is a leading markets operator and provider of post trade risk mitigation and information services. Group companies provide services that match buyers and sellers in the wholesale markets in interest rates, credit, commodities, FX, emerging markets and equity derivatives through voice and electronic networks. Through our post trade risk and information services we help our customers manage and mitigate risks in their portfolios. For more information, go to www.icap.com.

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