



March 25, 2012

On Friday, March 23, just as the BATS Global Markets stock was about to begin trading for the first time in the public markets, we experienced a serious technical failure on our stock exchange. The failure caused us to cancel the trading of our new stock and eventually our planned initial public offering (IPO).

As you can imagine, this was a devastating moment for our company, our associates, our members, our investors and our underwriters.

This failure was particularly painful since we've prided ourselves on being one of the most stable and resilient stock exchanges in the industry. Over the past three years, the BATS Exchange has a performance record of being "up" more than 99.9% of the time. We've built our reputation on building world-class technology that delivers results. But in this case, we failed. We know we can do better. And we will.

These events are a setback for BATS, but we are not going to let this moment define who we are as a company. We've spent the last six years building a company that has introduced competition and innovation into the equities markets, which has benefited all investors from Main Street to Wall Street through lower trading costs and unprecedented efficiency. Each and every day our outstanding team of talented professionals pours their heart and soul into upholding our motto: Making Markets Better.

We sincerely apologize to the industry and investing public for our failure. We want you to know that you have our commitment that we will do better.

I'd like to also share a letter I sent to our customers and members of the trading community, which is [posted on our website](#). And below we've outlined some of the key questions some of you may have at this time.

We know we have a lot of work ahead to win back the trust and confidence of our members, the industry and the investing public. And we will do everything we can to make that happen. You can count on it.

Sincerely,
Joe Ratterman
Chairman, President and CEO of BATS Global Markets

What caused the issue?

A software bug related to facilitating IPO auctions. This was the first corporate IPO on the BATS Exchange. While we had spent months testing our system, an unforeseen bug appeared during the BATS IPO auction that caused the system failure. Unfortunately, sometimes technology implementations are prone to failures and unexpected outcomes, even after going through rigorous testing.

Were any other securities impacted by the BATS system issues on Friday?

The BATS IPO auction system glitch played a role in an issue resulting in the halting of Apple Inc.'s stock for five minutes. Three erroneous prints occurred that triggered a single stock circuit breaker for the AAPL ticker. Normal trading in AAPL resumed after the five minute trading pause and the three erroneous trades were later broken. While it was unfortunate that our issues impacted another security, the industry's single stock circuit breaker system worked as planned and proved that recent improvements in U.S. equity market structure are working as intended.

Why did BATS decide to pull its initial public offering?

We felt that the technical problem and the delay in its resolution was a material event for BATS that had eroded investor confidence and made the timely resumption of fair and orderly trading unlikely. As such, we believed that pulling the IPO was in the best interest of our new shareholders and we made the difficult decision to do so. We were grateful to the warm reception we received on the IPO Roadshow and shareholder interest. Given the technical issues that happened on our exchange that caused us to halt the trading of the BATS stock, we were concerned that if we reopened trading in the stock, the results would be devastating. We did not feel that would be fair to the new shareholders who had placed their faith in us as a company.

What happened to the shareholders of the new BATS stock?

As the offering was not scheduled to officially close until March 28, 2012, no money or shares had yet changed hands with the new shareholders.

Will BATS be going public anytime soon?

At this time, BATS' plan to go public is on hold for the foreseeable future.

How did the issue affect the overall U.S. equities markets?

Despite the issue on the BATS Exchange, overall U.S. equities trading on Friday, March 23, was virtually unaffected due to new regulatory solutions that have recently been established, such as single stock circuit breakers. The overall equities market is very resilient and, if anything, our failure on Friday proves just that.

Our company mission is "Making Markets Better" and we fell short of this mission. While our mission going forward will not change, it is with renewed focus on this credo that we will work vigorously to regain the confidence of our customers and the overall trading community.

What does this mean for BATS' new primary listings business?

It means we have a lot of work to do to win back the trust and confidence of issuers and the industry. Our team has worked extremely hard to bring our listings business to fruition and we continue to believe we have an innovative program and great offering for issuers. We pioneered a new approach to market maker support for our issuers that has a proven track record of providing high quality quotes in terms of quoted spread and size at the inside. While our own corporate IPO auction suffered from a software failure, we are confident that the core elements of our program will bring increasing value to issuers on our exchange over time.

What is next for BATS?

We continue to have the full support of our investors and, while recognizing that we have a lot of work to do to regain the trust of our stakeholders and the public, we plan to move ahead with our business strategy. We'll continue to focus on growing our current markets, while looking at expansion opportunities in new markets in the months ahead.