



**Hotspot NY5 Migration
Final Customer Call – Prepared Remarks
November 5, 2015**

[SLIDE 1] – Cover Slide

Operator introduction: Welcome to the Hotspot Customer Call ... I'll now turn the call over to your host, Stacie Fleming, Communications Director for BATS Global Markets.

[SLIDE 2] – Hotspot Update

Stacie Fleming: Thank you, [Operator]. Good morning all, and thank you for your time. On today's call, the team will review the final plans for going live with Hotspot's new U.S. matching engine at the Equinix NY5 data center in Secaucus, New Jersey, next Monday, November 9th.

The call will be led by Chris Isaacson, Executive Vice President and Global Chief Information Officer, and Paul Reidy, Head of FX Technology. After the short prepared remarks, we will hold a Q&A session for customers, who can ask questions by following the instructions at the end of today's remarks.

If you're a journalist, analyst or other party, please reach out to us via email at comms@bats.com and we will address any queries you may have separately. Please note that certain statements in the prepared presentation and during the subsequent Q&A may relate to future events and expectations and, as such, constitute forward-looking statements.

With that, I'll hand it off to Chris.

[SLIDE 3] – NY5: Launch Timeline & Testing Opportunities

Chris Isaacson: Thanks, Stacie. And thanks to everyone participating in today's call. We appreciate you joining us at this critical and final point in the migration of the Hotspot U.S. matching engine from its current location in Jersey City to the Equinix NY5 data center. Today we will review the final details of the go-live plans as we prepare for Monday's launch at NY5. I'll begin on slide 3.

This Saturday, November 7th will mark our third and final weekend testing opportunity to support this migration. I want to take a moment to thank those customers that participated in the first two weekend testing opportunities last month; we appreciate all of the effort put forth by each of you to help make this migration a success.

This weekend's test will take place from 7:00 a.m. to 11:00 a.m. ET or Noon to 4:00 p.m. GMT. All pairs will be available in the Production environment for Saturday's test. We plan to go live with the new matching engine at 5:00 p.m. ET or 10:00 p.m. GMT on Sunday, November 8th to mirror our current trading schedule. Upon completion of this weekend's test, all Members should leave their systems configured for the new matching engine to be ready for trading beginning Sunday evening.

In addition to this Saturday's test, daily testing opportunities are available and we would encourage you to utilize those over the next two days. In terms of daily testing, customers can test synthetic pairs, which are USD/XXX and USD/YYY, in the NY5 Production environment, as

well as all currency pairs in the Cert/UAT environment. Your participation in these testing opportunities is critical to ensure that systems are working and we can troubleshoot any issues prior to go-live of the new matching engine.

I'll now hand the call over to Paul to discuss connectivity and certification in NY5.

[SLIDE 4] – NY5 Matching Engine: Connectivity & Certification

Paul Reidy: Thanks, Chris. Turning to slide 4, if you have not yet connected to Hotspot at NY4 or NY5, please reach out to the Hotspot Prod Support team as soon as possible to get connected. You can contact prodsupport@hotspotfx.com to request connectivity and get IP address/port information. Customers may connect to NY5 using 10G, 1G, and 100M connectivity as outlined in the Connectivity Manual, which is available on the Hotspot website.

Regarding certifying in NY5, existing participants connecting to the existing New Jersey matching engine are NOT required to re-certify as part of the NY5 migration. Please note that participants planning to use existing connectivity to access the NY5 matching engine can ONLY test NY5 connectivity during this Saturday's test.

It is also important to note that after trading closes tomorrow, Friday, November 6th, Hotspot will no longer accept connections at our current matching engine in Jersey City. All customers must be fully prepared for this cutover to the NY5 data center to avoid disruption in trading on Hotspot.

As previously communicated, the Hotspot connections in NY4 and NY5 will be latency equalized just as they are for the BATS equities and options markets in NY5. However, we've built the Hotspot market on separate infrastructure – network, server, and storage – to mitigate risk of one market unexpectedly impacting another.

We strongly encourage each of you to have your firms participate in the final weekend test this Saturday to ensure your systems are ready for launch on Monday.

[SLIDE 5] – NY5 Migration: Additional Items to Note

Paul Reidy: Turning to slide 5, as we've noted before, bilateral credit will continue to be shared dynamically between clearing Participating Financial Institutions (PFI's) for the New York and London matching engines without requiring manual interaction from those PFI's. Any Customer who desires to trade on our LD4 matching engine is required to reach out to their Prime Broker and request a new account in London which will be assigned separate credit from their existing NY trading account. This new credit line will be determined by their PBs and this credit will not be shared between the matching engines. Customers PBs will manage the credit lines assigned to the NY5 and LD4 matching engines.

Additionally, post migration of the NY matching engine to Equinix NY5, Hotspot will offer access to the NY5 matching engine from LD4 and vice-versa via a Hotspot provided trans-Atlantic wide area network. Hotspot plans to offer all access protocols for market data, order entry and drop copy. This connectivity will be available from January 1, 2016. Further details, including pricing will be published after the NY matching engine migration to NY5.

If you have any questions about Monday's migration, please don't hesitate to reach out to our production support and sales teams, who are ready to ensure you are ready to trade on the new matching engine on Monday.

We are looking forward to the go-live on Monday and we could not have made it to this pivotal point without your support. With that, I'll hand the call over to Chris to touch on our pricing initiatives underway and summarize the call.

[SLIDE 6] – Hotspot Pricing Initiatives

Chris Isaacson: Thanks, Paul. Before I summarize the call, I wanted to touch briefly on the pricing initiatives underway at Hotspot through the end of the year, which are outlined on slide 6.

The first is our "Hot List" pricing, which includes no liquidity removal fees for customers in more than 30 select currency pairs, outlined on this slide. We will be offering this pricing through at least year-end and we're pleased with the response we've seen to this pricing initiative and the impact it's having on our liquidity.

The second initiative is free trading of spot gold and silver pairs. This promotion will continue through at least year-end, as well, and is our way of showing the metals trading community how focused we are on growing Hotspot into the global market leader in spot metals trading.

And finally, if you trade in London, we're offering free trading on all transactions on Hotspot London until the end of the year. We're off to a strong start in London since launching the matching engine on September 14th. Average daily volume on Hotspot London over the past 10 days was about \$500 million with ADV for the month of October coming in at over \$375M. We had our busiest day on October 28 with nearly \$700 million traded, and we continue to add new customers each week.

These pricing initiatives underscore our commitment to establishing deep liquidity on the Hotspot market through innovative and disruptive measures designed to insert price competition into this market, and we hope you'll take advantage of one or more of these opportunities before year's end.

[SLIDE 7] – Summary

Chris Isaacson: Before I hand it to the operator for questions, I'll sum up today's key points on slide 7:

- We remain on schedule to migrate the Hotspot U.S. matching engine to NY5 on Monday, November 9th;
- The second testing opportunity for the NY5 matching engine is this Saturday, October 17th, and we strongly encourage everyone to participate to ensure your systems are ready;

- Existing participants connecting to the existing New Jersey matching engine are not required to re-certify as part of the migration to NY5;
- Hotspot will no longer accept connections to its current matching engine in Jersey City after trading closes tomorrow, Friday, November 6th;
- We encourage customers to take advantage of the various pricing initiatives underway at Hotspot through the end of the year;
- And if you have questions or need help establishing connectivity in NY4 or NY5, please reach out to our connectivity and/or sales team as soon as possible.

In closing, I want to again express thanks for your business and support. It's been a pivotal year for the Hotspot business as we've grown and expanded the business under the BATS Global Markets umbrella, and I know we've asked a lot of our customers with the launch of the London matching engine and this NY5 migration. We hope these important developments for Hotspot will help us make markets better for you, our valued customer.

We are looking forward to this weekend's test. Should you have any questions, please don't hesitate to reach out to me or anyone on the team. We are standing by and ready to assist.

Now I'll hand it back to the operator to manage any questions that may have come up during our presentation ...