



## **Customer Call – June 24, 2015**

*Preparing for the London Matching Engine Launch &  
U.S. Matching Engine Migration to the NY5 Data Center*

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# Hotspot Update

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- Agenda
  - Hotspot Data Center Overview
  - London Matching Engine Launch – Roadmap and Planning
  - U.S. Matching Engine Migration to NY5 – Roadmap and Planning
  - Business Update
  - Q&A session for Customers
- Speakers
  - Chris Isaacson, EVP, Global Chief Information Officer
  - Paul Reidy, Head of FX Technology
  - Bill Goodbody, SVP, Head of FX

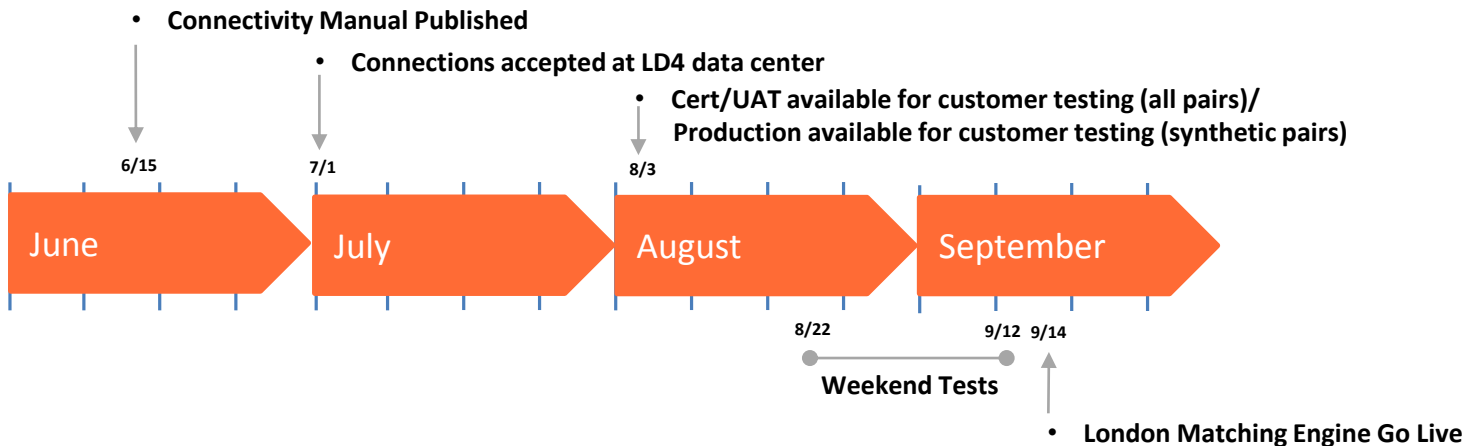
# Hotspot Data Centers: Expansion & Synergies

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- Expanding European presence with new London-based matching engine at Equinix LD4 data center
  - Will reside alongside the BATS European equity order books
  - All currency pairs and metals will be available
  - Target launch date: September 14, 2015
- Moving current U.S. matching engine to the Equinix NY5 data center in Secaucus, New Jersey
  - Will reside alongside the BATS U.S. equities and options markets
  - Target launch date: November 9, 2015
- Opportunity to leverage synergies
- Two distinct pools of liquidity to drive price formation globally

# London Matching Engine: Launch Roadmap

Target Date (2015)	Milestone
June 15	Connectivity Manual Published
July 1	Connections accepted at LD4 data center
August 3	Cert/UAT available for customer testing (all pairs)
August 3	Production available for customer testing (synthetic pairs)
August 22	Test weekend (all pairs)
September 12	Go-live weekend test (all pairs)
<b>September 14</b>	<b>Go-live</b>



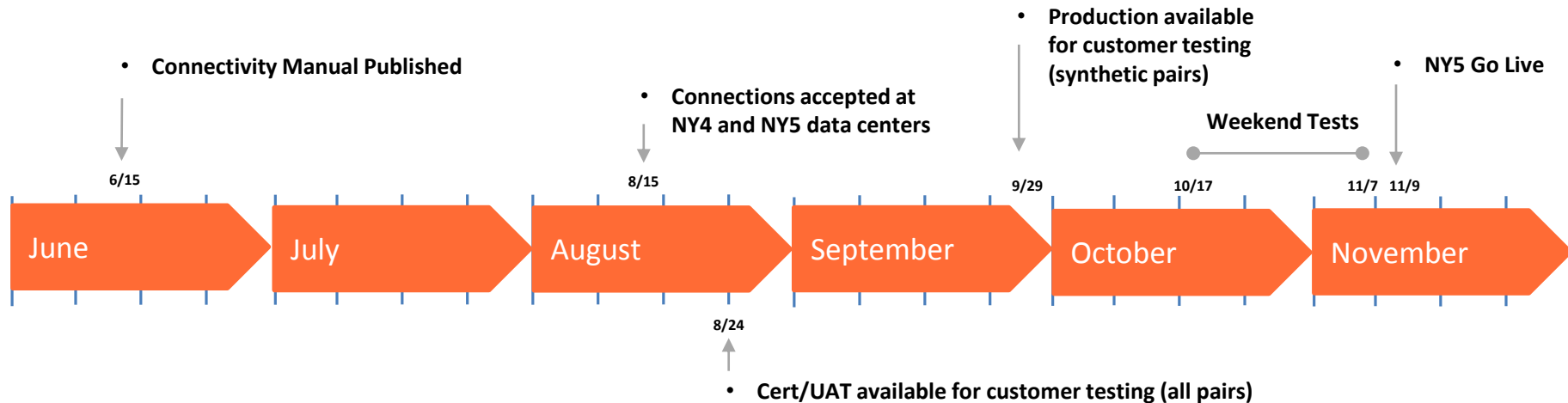
# London Matching Engine: Connectivity & Testing

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- Certification
  - All Customers are required to certify to one of the [Hotspot Trading Protocols](#) within the London Cert/UAT environment prior to trading on the new production London matching engine
- Connectivity
  - Participants choose and arrange for connectivity to and within data center
  - It is not possible to access Hotspot using existing connectivity into the BATS equities markets
- Testing Opportunities
  - Daily testing beginning August 3<sup>rd</sup> (Cert – all pairs/Production – synthetic pairs)
  - Two weekend tests with all pairs: August 22<sup>nd</sup> and September 12<sup>th</sup>

# U.S. Matching Engine Migration to NY5: Roadmap

Target Date (2015)	Milestone
June 15	Connectivity Manual Published
August 15	Connections accepted at NY4 and NY5 data centers
August 24	Cert/UAT available for customer testing (all pairs)
September 29	Production available for customer testing (synthetic pairs)
October 17	Test weekend (all pairs)
November 7	Go-live weekend test (all pairs)
<b>November 9</b>	<b>Go-live</b>



# NY5 Migration: Connectivity & Testing

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- Certification
  - All Customers are required to certify to one of the [Hotspot Trading Protocols](#) within the NY5 Cert/UAT environment prior to trading on the new production NY5 matching engine
- Connectivity
  - Participants choose and arrange for connectivity to and within data center
  - It is not possible to access Hotspot using existing connectivity into the BATS equities markets
  - Like BATS equities markets in NY5, all connections will be latency-equalized between and within NY4 and NY5
- Testing Opportunities
  - Daily testing beginning August 24<sup>th</sup> (Cert – all pairs) and September 29<sup>th</sup> (Production – synthetic pairs)
  - Two weekend tests with all pairs: October 17<sup>th</sup> and November 7<sup>th</sup>

# Additional Information & Contacts

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- Information Portals:
  - [www.hotspotfx.com/london](http://www.hotspotfx.com/london)
  - [www.hotspotfx.com/ny5](http://www.hotspotfx.com/ny5)
    - Will include all materials related to the launches including technical documentation, account documentation and notices
- Key Contacts:

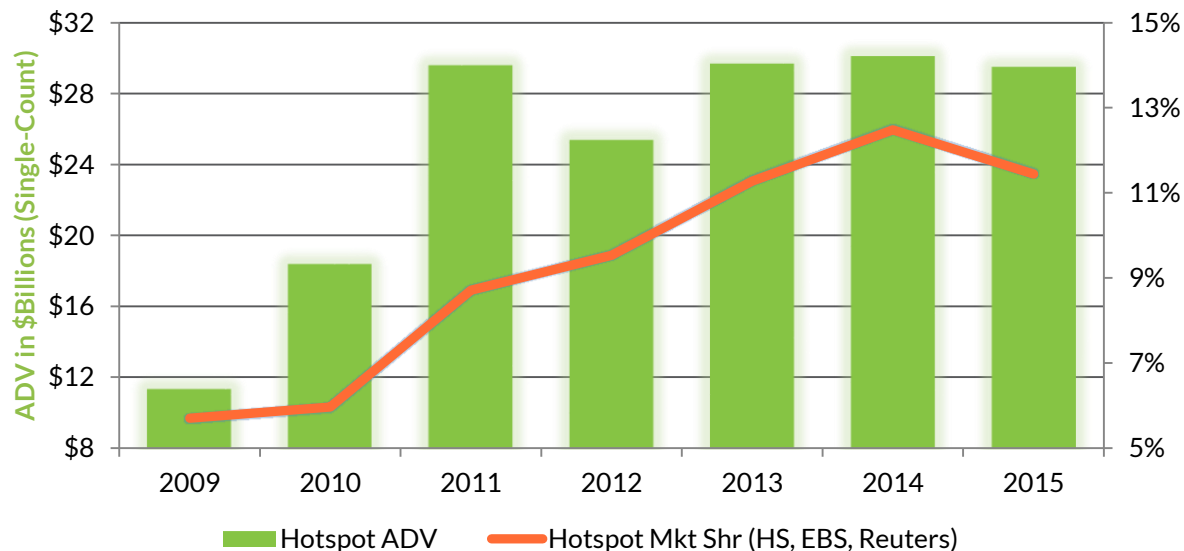
CONNECTIVITY INQUIRIES	SALES INQUIRIES
<a href="mailto:prodsupport@hotspotfx.com">prodsupport@hotspotfx.com</a> New York & London: +1 201 356 1789	<a href="mailto:Hotspotfxsales@bats.com">Hotspotfxsales@bats.com</a> London: +44 20 7131 3450 New York: +1 212 209 1420



# Business Update – Market Share & Growth

- Hotspot posted average daily volume of \$26.8 billion in May, up from \$25.9 billion one year ago<sup>1</sup>
- Total volume traded on Hotspot in May was \$561.9 billion (21 days)<sup>1</sup>
- Year-to-date ADV stands at \$29.5B<sup>2</sup>, and in Q1 Hotspot surpassed \$30B for a record third consecutive quarter

Hotspot Volume & Market Share  
2009 - End May 2015<sup>1</sup>



<sup>1</sup> Source: Hotspot data

<sup>2</sup> 2015 YTD data as of May 31, 2015; Sources: Hotspot, EBS/ICAP, Reuters/FXall

# Business Update – Market Maker Standards

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- We are constantly striving to ensure our customers experience the highest level of fulfillment and market quality on Hotspot
- Our new market maker standards with regard to Non-Firm Liquidity, effective July 5<sup>th</sup>, will further enhance the integrity and transparency of our market:
  - **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

# Business Update – Pricing Initiatives

- Pricing initiatives designed to drive deep liquidity and bring long overdue price competition to the global FX market
  - Free Gold Promotion
    - Hotspot is continuing to offer free trading for spot gold and silver pairs through at least the end of the year
  - “Hot List” Pricing
    - No transaction fees for liquidity removers in more than 30 currency pairs

 CHF/NOK 	 EUR/PLN 	 NOK/SEK 	 USD/PLN 
 CHF/SEK 	 EUR/RUB 	 USD/CNH 	 USD/RUB 
 EUR/CZK 	 EUR/SEK 	 USD/CZK 	 USD/SEK 
 EUR/DKK 	 EUR/TRY 	 USD/DKK 	 USD/SGD 
 EUR/HKD 	 EUR/ZAR 	 USD/HKD 	 USD/THB 
 EUR/HUF 	 GBP/NOK 	 USD/HUF 	 USD/TRY 
 EUR/MXN 	 GBP/PLN 	 USD/ILS 	 USD/ZAR 
 EUR/NOK 	 GBP/SEK 	 USD/NOK 	 ZAR/JPY 

# Summary

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- **Launching London-based matching engine** at Equinix LD4 data center on September 14<sup>th</sup>
- **Migrating current U.S. matching engine** to the Equinix NY5 data center on November 9<sup>th</sup>
- Customers are **required to certify** to one of the Hotspot Trading Protocols within the Cert/UAT environments (for LD4 & NY5) in order to trading on the new production matching engines
- **Testing opportunities** are available and we encourage all members to take advantage of these opportunities to test their systems
- If you have questions or need help **establishing connectivity** to either platform, please reach out to our Production Support and/or Sales team as soon as possible
- The entire **Hotspot team stands ready to help you** ensure you are prepare for the London matching engine launch and NY5 migration