



Customer Call – August 20, 2015

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

Hotspot Update

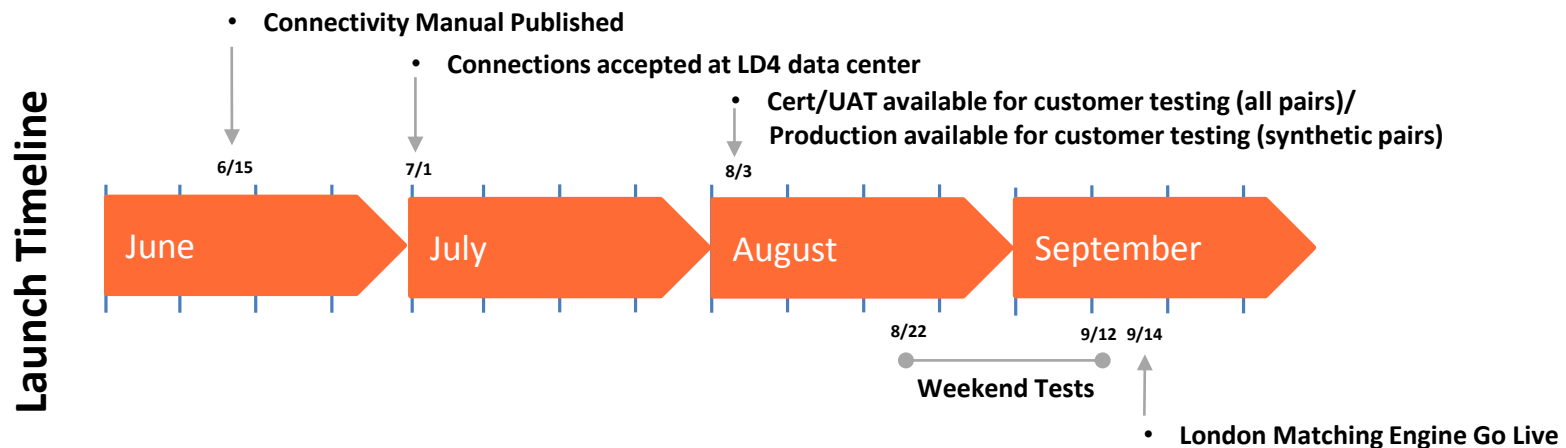
- Today's Speakers
 - Chris Isaacson, EVP, Global Chief Information Officer
 - Paul Reidy, Head of FX Technology
 - Bill Goodbody, SVP, Head of FX

Hotspot Update

- Today's Agenda
 - London Matching Engine Launch Timeline
 - London Matching Engine Connectivity
 - U.S. Matching Engine Migration to NY5 – Roadmap and Planning
 - Business Update
 - Q&A session for Customers

London Matching Engine: Launch Timeline

- **First Weekend Test Opportunity** – This Saturday, August 22nd
 - Test Hours: 12:00 noon – 4:00 p.m. BST / 7:00 a.m. – 11:00 a.m. ET
 - All currency pairs will be available for testing in the Production environment
 - Second/final weekend test opportunity will be Saturday, September 12th
- **Daily Testing Opportunities**
 - Cert/UAT: All currency pairs now available for testing
 - Production: Synthetic pairs (EUR/XXX, USD/XXX and USD/YYY) now available for testing
- **London Matching Engine Launch** – Monday, September 14th
 - We will start London matching at 5 p.m. ET/10 p.m. BST on Sunday, September 13th



London Matching Engine: Connectivity & Certification

- 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

CONNECTIVITY INQUIRIES	SALES INQUIRIES
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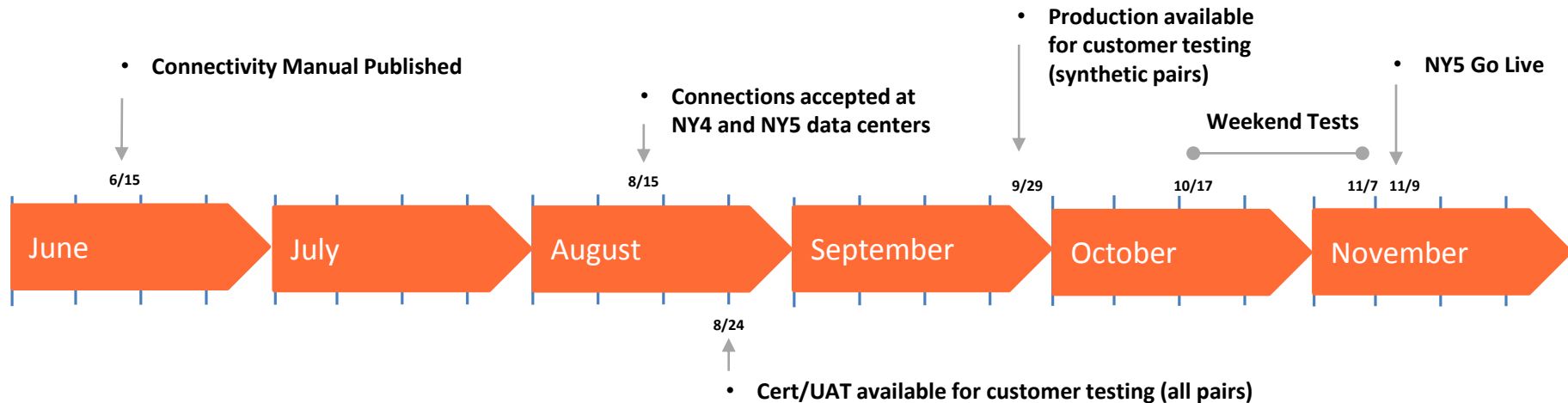
- Certification

- 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

U.S. Matching Engine Migration to NY5: Roadmap

Target Date (2015)	Milestone
June 15	Connectivity Manual Published
August 14	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)
November 9*	Go-live

*November 8th at 5:00 p.m. ET, to match our existing trading schedule.



NY5 Migration: Connectivity & Testing

- 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
- 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
- Testing Opportunities
 - Daily testing beginning August 24th (Cert – all pairs) and September 29th (Production – synthetic pairs)
 - Two weekend tests with all pairs: October 17th and November 7th
- Bilateral Credit will be shared dynamically between Participating Financial Institutions (PFIs) for the New York and London matching engines

Additional Information & Contacts

- Information Portals:
 - **London Launch:** www.hotspotfx.com/london
 - **NY5 Migration:** www.hotspotfx.com/ny5
 - Will include all materials related to the launches including technical documentation, account documentation and notices
- Key Contacts:

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Business Update – Free Trading on Hotspot London

- Hotspot will be offering free trading for all transactions on the London matching engine until the end of the year
- Our goal is to build a market with deep, consistent and stable liquidity
- Europe, as the leading global FX center, is a top priority for Hotspot



Business Update – Additional 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 

Strong Gains

USD/SEK = +45%

EUR/NOK = +29%

USD/SGD = +19%

Business Update – Market Maker Standards

- 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 5th, 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

Summary

- **We remain on schedule to launch the London matching engine** at Equinix LD4 data center on September 14th
- **The first weekend testing opportunity** for the London matching engine is this **Saturday, August 22nd**
- We will be offering **free trading in London** through the remainder of 2015
- **Migrating current U.S. matching engine** to the Equinix NY5 data center on November 9th (with trading beginning November 8th at 5:00 p.m. ET, to match our existing trading schedule)
- 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
- We encourage all members to **take advantage of the testing opportunities** to ensure their systems are ready
- 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