

Dear BATS Subscribers and Members of the Trading Community,

In this edition of our newsletter you will find ...

- * BATS Receives SEC Exchange Approval
- * New Record Volume and Market Share in July
- * Thank You

BATS Receives SEC Exchange Approval

Today marks an important milestone in the history of U.S. market structure. BATS has been granted SEC approval to operate a national securities exchange. While a handful of exchange approvals have gone before us, this is the first occasion in history where an established ECN has filed a Form 1 and consequently been approved to transition into a full fledged exchange.

In recent times the common path to exchange status involved acquisitions and/or consolidation. The path we took is clearly the road less traveled. Most everybody we consulted before going down this road encouraged us to find another way. We were told ... "There are already too many exchange licenses out there", "They will never issue another exchange approval", "It's much easier just to buy an exchange", "It's a highly political and bureaucratic process, you'll never get through it", and so on.

We felt there was value, however, in starting from a clean slate. Acquiring another company, in this case an existing exchange, can be risky. The potential to take on an unnecessary legacy burden was a real concern for us. One of BATS' greatest strengths is our nimbleness and ability to execute. Taking on the weight of an existing exchange through acquisition could have seriously hampered our ability to compete. As it stands, BATS will come through this process looking remarkably like our ECN roots, but with added regulatory responsibility and direct linkages into the national market system.

Our approach to seeking exchange approval was driven by our desire to compete on the same level playing field as our primary competitors, Nasdaq and NYSE. We didn't ask for changes to existing precedent, special privileges for our market, new market structure, or advantages for our owners. We put forward an application to compete using the same basic rules that other exchanges are already operating under.

With the initial approval now behind us, we have a series of important steps in front of us before we can begin operations as an exchange. The transition process is expected to take approximately 60 days and a more detailed timeline will be published shortly.

Existing BATS ECN subscribers have been given the opportunity to streamline their conversion from BATS ECN subscribers to BATS Exchange members through a simple waive-in process. These documents have been circulating for several weeks now and we have already received a majority of them back, signed and approved. If you are a BATS subscriber and haven't yet reviewed and signed your waive-in documents, please look through the package as soon as

possible. If you have any questions or concerns, let your account manager know and we'll provide assistance as needed.

When we begin operating live as an exchange, the industry will be able to directly identify the BATS quotes and executions in the SIPs with the newly assigned "Z" identifier. Many Service Bureaus and OMS vendors, as well as legacy routing systems, will find it even easier to see and route to the BATS quotations as we begin disseminating our quotes and prints directly to the national market system.

Our stance on major industry topics will remain intact and may even be bolstered by our added credibility as a national securities exchange. We will continue to offer aggressive, transparent and simple pricing structures for all subscribers, staying well clear of volume-tiered pricing schemes so common with our competitors. We remain committed to not charging for our market data. When we have something important to say, whether it be about market trends or industry debates or the competitive landscape, we will continue sending out informative emails to our readership of 3,000+ industry participants. We will continue to extend and hone our technology edge in terms of latency, capacity, and reliability. We will continue to innovate and experiment with different order types and routing strategies. Our employees will still go out of their way to answer your questions and provide excellent support with a "*first call answers all*" attitude.

New Record Volume and Market Share in July

Our exchange approval comes in the middle of a long running explosive growth trend at BATS (see attached charts). July was yet another record month for our market in terms of total volume and matched market share.

In November 2007, the month we filed our exchange application with the SEC, our average volume was 638M daily, with matched market share at 6.90%.

In March 2008, when we finished up the public comment period for our exchange application, the average daily volume at BATS was 854M and our matched market share was 8.58%.

Extending our amazing growth again in July 2008, our average daily volume was 1.1 Billion and our average daily matched market share was 10.1%. In the last few weeks we have even seen intra-day matched market share peaks near 12% during the regular trading session.

By way of an apples-to-apples matched market share comparison for the month of July, Nasdaq came in at 30.35%, NYSE/Arca came in at 18.01%, and NYSE/Hybrid came in at 15.96%. We have our sights set on exceeding 15% matched market share by the end of 2008.

Thank You

Sometimes a simple thank you is sufficient, but in this case I feel it's important to elaborate on the deep felt gratitude that we, as a company, have for so many that have played a part in the development and growth of the BATS market center.

Thank you to the NSX for developing Order Delivery and TRF functionality. A special thank you goes to Joseph Rizzello for being a great business partner and stand-up guy. Being a partner and a competitor at the same time is not easy, but Joseph and the NSX team played both parts perfectly.

Thank you to the ISE for also developing Order Delivery. Andy Brenner and Bob Books and the ISE team have been a pleasure to work with. They are currently the only other SRO to build and support Order Delivery functionality into their platform.

Thank you to NYSE for providing their Trade Reporting Facility. Paul Adcock is a great technologist and strategic leader within the NYSE enterprise, and his leadership continues to keep NYSE/Arca competitive as U.S. markets evolve toward fully automated platforms. We appreciate being able to collaborate with executives like Paul on important industry issues.

Thank you to Nasdaq for offering Order Delivery for the first three months we were live in 2006, and even more thanks to Nasdaq for discontinuing that functionality so quickly thereafter, forcing us to stand on our own early in our history. We hold Chris Concannon, Adam Nunes, and Darren Mulholland in high regards and appreciate the open and professional nature of our interactions with them.

(Media Relations Disclaimer - The exclusion above of any specific name(s) from the ranks of our competitors is in no way a sign that we don't also hold those not mentioned in high regards, only that our direct and regular interaction with them may be limited.)

Thank you to the SEC for helping us navigate the Form 1 application and approval process. Our interactive dialog with the division of Trading and Markets over the last 16 months was both educational and constructive. Erik Sirri and his entire team were more than helpful throughout the entire process. The resulting Form 1 application passed through public scrutiny earlier in the year without any negative comments and sets the foundation for our market to start operating as a responsible and credible exchange in the coming weeks.

Thank you to FINRA for helping us establish our original Broker Dealer. The Kansas City division of FINRA has been an absolute joy to work with and we appreciate their support and ability to grow with us during our time as a new and developing ECN.

Thank you to the Chicago law firm Foley & Lardner for fantastic legal advice and guidance, successfully taking us through the Broker Dealer, ATS/ECN, and now exchange approvals.

Thank you to Wedbush Morgan Securities for their ingenuity, flexibility, and close partnership that resulted in a powerful and competitive clearing solution for our market.

Thank you to our investors, without whom BATS would not exist. They helped shape our company, our market structure, our order types, and our attitude of Making Markets Better.

Thank you to Dave Cummings and the founding 13 employees of BATS for having the foresight and fortitude to bring the BATS market center into existence. I am personally grateful to Dave for important lessons learned in bringing the seed of an idea into full bloom.

Thank you to all past and present BATS employees for their tireless dedication and amazing expertise.

And to all BATS subscribers, for their belief in our vision of Making Markets Better, thank you.

Sincerely,

Joe Ratterman
Chairman, President and CEO
BATS ... Making Markets Better