

## **BATS CHI-X EUROPE LIGHTS UP PAN-EUROPEAN ETF TRADING**

*Europe's largest exchange, in partnership with the ETF industry, announces transparency drive*

LONDON – September 22, 2014 – BATS Chi-X Europe (BATS), Europe's largest stock exchange, has today announced a new trade reporting initiative, designed to bring greater transparency to the European market for exchange-traded funds (ETFs).

On any given trading day, between 70-80% of ETFs listed in Europe are traded over-the-counter (OTC), and up to half of this volume goes unreported. It is the view of issuers, brokers and market-makers – as described in [this letter to Steven Maijoor, Chair of the European Securities and Markets Authority](#) – that this opacity materially hinders the development of the pan-European ETF market, which remains a tenth<sup>1</sup> of the size of its US equivalent.

To address this issue, BATS will be introducing a specific delayed reporting regime for ETFs that will utilise its market-leading trade reporting service, BXTR. This regime, developed in close collaboration with a wide range of issuers, brokers and market-makers, will allow trading participants to report all of their ETF trades to BXTR rather than multiple national exchanges or trade data monitors. The data will then be made publicly available via BATS' market data feeds.

Mark Hemsley, CEO of BATS Chi-X Europe said: "Since our approval as a Recognised Investment Exchange, we've worked to improve market structure for the benefit of ETF trading and investing in Europe. By pairing these efforts with BXTR, we will allow the industry a clear view of true ETF liquidity for the first time. The robust, empirical data gathered through this initiative will also help inform regulators as they develop reporting regimes for ETFs in MiFID II."

Leland Clemons, Head of Capital Markets EMEA, iShares said: "Though MiFID II will introduce a trade reporting regime for ETF trading, the implementation of this is still some distance away. We're pleased to see that BATS is acting now to implement measures that will accelerate the creation of a more transparent, efficient marketplace, and we will continue to encourage reporting of all ETF trades in a timely manner."

John Keogh, Managing Director, Susquehanna International Securities said: "Put simply, greater transparency of the prices and volumes traded will promote better liquidity. As more trading flows are directed to central limit order-books, bid ask spreads should tighten and displayed volumes should increase. This should help to create a similar trading environment for European ETFs as that in the US, and so will fuel their growth as an investment vehicle."

As with equities trades, participants will be encouraged to report OTC ETF trades within three minutes of execution. Depending on the size of the trade, the trade data will be published either immediately or with a permitted delay, in line with ESMA's current delayed reporting regime for EU securities. The delays increase with the size of the trade. Available from 1 October 2014, the service will be available to all existing and onboarding BXTR customers at no additional cost.

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### **About BATS Chi-X Europe**

BATS Chi-X Europe is Europe's largest stock exchange and offers trading in more than 3,600 securities across 15 major European markets, over one platform and under one rule book. In addition, BATS' leading pan-European trade reporting service, BXTR, now reports the majority of OTC equity market trading. Based in London, BATS Chi-X Europe is regulated by the UK Financial Conduct Authority.

BATS Chi-X Europe is the brand name of BATS Trading Limited, a subsidiary of BATS Global Markets Inc., a leading global securities market operator in the US and Europe. Further information can be found at [www.batstrading.co.uk](http://www.batstrading.co.uk) or for regular updates, on Twitter at [@BATSGlobal](https://twitter.com/BATSGlobal).

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<sup>1</sup> According to August 2014 data published by ETFGI, the research and consultancy firm, on average daily volume reported.