



Direct Edge and BATS Global Markets

Direct Edge and BATS Global Markets merge to create the second largest stock exchange in the U.S., using Intralinks Dealspace™ for Corporate Development.

2

Months to conduct the due diligence

6

Firms using the virtual data room

20%

Share of the U.S. equity trading market



Situation

In May 2013, the chief executives of Direct Edge and BATS Global Markets met in Lower Manhattan. The meeting, which capped off years of dialogue between the two companies, resulted in an agreement to merge to better serve the needs of their respective members. With greater than 20 percent share of the U.S. equity trading market, the scale of the combined firm meant that it would be well-positioned against legacy competitors, such as NASDAQ and the New York Stock Exchange (NYSE).

Months of due diligence followed, as the two firms worked out the details of the merger. Massive amounts of information needed to be shared securely between the two firms. Security was essential, as any leak of the discussions could compromise the effectiveness of the merger.



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— Glen Badach
CFO
Direct Edge

Solution

On advice of its bankers, Direct Edge turned to Intralinks Dealspace for Corporate Development to establish its confidential virtual data room. The two firms would be able to exchange and review documents in the virtual data room as part of the intensive due diligence process.

Direct Edge wanted to control the due diligence of the deal from start to finish. “When you are in the middle of merger discussions, secure and seamless access to sensitive documents is critical,” said Glen Badach, Chief Financial Officer of Direct Edge. “Intralinks performed flawlessly during our due diligence, without a single problem or impediment.”

Direct Edge found it user-friendly to set up and use the confidential virtual data room, which was accessed by roughly 30 people from six different firms. Despite the easy access, security around Intralinks was highly sophisticated. “The thousands of sensitive files were not compromised in any way,” continued Badach. “And despite the need for the highest levels of security, no one criticized the safeguards as too onerous. It was not difficult to assign permissions or set user names and passwords. Intralinks Dealspace seemed to be right-sized in terms of security.”

Benefits

The process was quick. The virtual data room was opened in Intralinks on June 27, and the merger was announced on Aug. 26. “Intralinks Dealspace was a highly effective tool for managing our due diligence and information-sharing processes. It was well-positioned and effective,” commented Badach.

Badach is also complimentary of the role Intralinks played in maintaining the confidentiality of the deal. The strong security of the Intralinks virtual data room kept the information contained to a select group of people. “The news of the merger did not leak. We made it through some very involved discussions with no information breaches.”