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TOP STORY

# Omega ATS enhances offer to boost appeal

BY CAITLIN NOLAN

Omega ATS is looking to offer a faster matching engine with more market data in a bid to bolster its overall appeal to investors and further its pursuit to be Canada's speediest ATS, according to Sean DeBotte, director of business development, who spoke to *WSL*.

DeBotte said the ATS is undergoing a hardware upgrade to increase its matching engine's speed. The upgrade is scheduled to go live by the end of first quarter. "We wish to be extremely diligent with our

testing to ensure there are no interruptions to trading," he continued, referring to the transition from the old engine to the new engine.

Enhancements to the matching engine will increase its speed from milliseconds to sub-milliseconds, he said. After the new hardware is installed, DeBotte added, Omega will be able to maintain a sub-millisecond response time while handling more orders than currently possible. "We feel this new technology will provide greater scalability," he continued.

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**The next**  
**WSL** WALL STREET LETTER  
will be available  
the week of  
**1/30/12**

Our upcoming issue will include coverage of the TABBForum's Fixed Income Markets 2012 conference.

Until then, stories and news updates will be available on our website at [wallstreetletter.com](http://wallstreetletter.com).

## POST-TRADE

# Conifer to grow global presence

Conifer Group is considering expanding its presence globally, according to Jack McDonald, president and CEO. The expansion would focus on growing the independent administrator's middle office, fund administration and cloud businesses, he continued.

Europe, Asia and the Middle East are on the table as locations, he said. Discussions are still ongoing as to where new offices will be located, McDonald said, adding that it's premature to specify which region may come first.

The first office is expected to open this year, McDonald continued, but the development plans are long-term



**JACK MCDONALD**  
President and CEO of  
Conifer Group

and delivery will go through 2013. Conifer's cloud-based reporting platform, Conifer iCon, is also going to see advancement, McDonald said. Regular version releases, which will include new dashboard capabilities, are slated.

## TECHNOLOGY

# Aite to conduct Latam vendor profile study

Aite Group is planning to conduct a vendor profile study on Latin America, according to Danielle Tierney, an analyst specializing in the Latin American capital markets.

She told WSL that the study will be a stepping stone in the process of creating a comprehensive list of direct market access providers in Latin America. It will also document all connections made to Latin American exchanges, Tierney continued.

The study will compare taxation and regulatory regimes across Latin American countries, Tierney said.

## 01 CONTINUED...

The ATS has also redesigned its website to provide professional traders and individual investors free access to real-time market data updated every 15 seconds, DeBotte said.

Depth of book data is also accessible by clicking a stock symbol in the website's market data section, he added. Approximately 10 different price levels on any particular symbol can be viewed, DeBotte continued. Total bid/ask volume, as well as price histories for each symbol, are also included in the offering.

Benchmark speeds will also be posted on the website, he said, adding that participants will be able

to check the speeds on their own.

DeBotte noted that the ATS currently measures its benchmark speeds from inside a firewall and is in the process of developing increasingly accurate measuring tools to better report the statistics. Omega will deploy a third-party technology company to confirm its findings, and will publish the numbers as early as third quarter.

The website has also been smart phone and tablet-enabled, which allows investors to track symbols remotely, DeBotte said. Separately, DeBotte said Omega is continuing to monitor its newly inverted pricing model to gauge the net benefit to the Canadian market place (WSL Online 10/27/11).

“[Doing this] will be important to identify countries with greater hurdles to overcome in the quest to attract foreign capital,” she said.

Brazil’s 2% tax on financial transactions, also known as Imposto sobre Operações Financeiras (IOF), has been widely considered one such hurdle, specifically in the equities market. Brazil’s Finance Ministry ended the tax in December, which, according to Jamie Selway, managing director at ITG, will make trading more affordable and attractive to foreign investors.

Progress toward better, cheaper trading will also make Brazil attractive to exchanges interested in expanding, Selway said. He noted that Direct Edge and BATS Global Markets have expressed interest in creating competition for BM&FBOVESPA. He noted that while he expects that at least one exchange operator may announce plans to launch a platform in the country by the end of the year, he said it’s not clear which exchange will be the first mover.

## TECHNOLOGY

### Fidessa plans enhancements to Trader Intelligence

Fidessa is already looking to add to its Fidessa Trader Intelligence suite to enhance communication between brokers and their clients, as well as optimize customer profitability, according to Justin Llewellyn-Jones, COO.

Trader Intelligence, launched in the US last week, is a suite of analysis capabilities that enable buy-side and sell-side firms to identify opportunities to trade, adjust execution activity in real-time and measure and benchmark overall trading performance, Llewellyn-Jones said. When beta tested, it was noted that while it is possible to produce

interesting and actionable data, Fidessa’s clients want a higher level of communication with their clients, he continued.

The firm is exploring different forms of communication that could be incorporated into the suite, such as an instant message or indication of interest feature, Llewellyn-Jones said, adding that further action will depend on client response to the launch.

Fidessa is looking to integrate post-trade cost analysis data into its order management system to cross-connect client and historical data, he added. This will help Fidessa users determine whether their clients are profitable, he said.

“The main aim is to increase



JUSTIN LLEWELLYN-JONES  
COO of Fidessa

regulatory and compliance issues, as well as conduct independent reviews of operations and optimize reporting processes.

**The Securities and Exchange Commission’s H. David Kotz**, who has served as inspector general, will leave the agency at the end of January to join the investigative services firm of Gryphon Strategies as a managing director. Since his 2007 appointment, he has directed investigations and audits that helped to identify where the commission needed to improve operations, bolster resources and upgrade technology, according to Mary Schapiro, chairman.

**Broadway Technology** has named **Jonathan Fieldman** chief operating officer. He will oversee global business operations, finances, corporate sales, marketing, recruiting and business development. Fieldman was most recently executive vice-president and head of strategy at the firm, and he will continue to serve as a member of the board of directors and the executive team.

## PEOPLE MOVES

**Celent** has appointed **Craig Weber** as CEO. He has been a senior vice-president with global responsibility in the firm’s insurance division since 2007. He recently led the team’s expansion in North America, Europe, Asia and Latin America. He will replace Mike Harding who was appointed CEO in 2009.

**Newedge** has hired **Andrew Roper** as director on the FX sales desk. He will be responsible for providing cross asset sales solutions, while supporting the existing client base and introducing related products to institutional clients. London-based Roper will report to Michael Bailey, head of FX. Roper comes to Newedge from UniCredit, where he held the position of director on the FX sales desk.

**Rothstein Kass** has added **Gary Kaminsky** as a principal in the business advisory services group. Kaminsky brings more than 25 years of legal, regulatory and asset management experiences to the position. He will work in coordination with investment management clients to provide advice on

revenue generations or give [our clients] tools to understand the profit margin they’re making around a particular client or trading strategy,” Llewellyn-Jones said.

## TRADING FIRMS

### Futures ETFs already affected by Dodd-Frank

Exchange-traded funds based on futures and commodities are already being affected by provisions of Dodd-Frank in spite of the fact that not all of the rules are final, according to futures industry service providers.

In comments made during a panel discussion hosted by the Capital Markets Forum, executives noted that the positions limits rules adopted by the CFTC in November have altered how sponsors of exchange-

traded instruments based on futures contracts, including ETFs and exchange-traded notes.

Stephen Cook, chief operating officer at BNY Mellon Asset Servicing, which services the instruments, said he has seen firms taking the positions limits into consideration when determining whether to enter the space.

“Just from a practical perspective, I have seen firms with success in the ETF space who are looking to move into the ETN space, and those successful in ETNs looking to move to ETFs and electing not to as a result of positions limits,” he added.

Thomas Champion, senior director for the Global Indexes and Exchange Traded Products Group at the New York Stock Exchange, agreed. He added that another recent

development is that exchange-traded product sponsors are listing instruments with redemption features that would allow them to get out of positions if they get too close to set limits.

Exchange-traded products based on commodity swaps are also expected to be impacted by the rules in the way of processing costs due to the fact that service providers will need to take the extra step of ensuring that swaps are cleared, said Cook.

An additional downside could be that more firms may look to sponsor instruments based on the same underlying anticipation of the fact that others may reach their positions limits, he added. “There are 15 sponsors there that can come behind [the first to market] and fill in whatever gap,” he said. “Investors

won’t get economies of scale from a practical perspective.”

#### TECHNOLOGY

## NRI plans global expansion

Nomura Research Institute (NRI) is expanding its global presence to help relieve the pressure its clients are under to reduce costs, according to Shin Kusunoki, corporate senior vice-president and asset management systems division manager.

Part of the expansion will include doubling the number of staffers in its office in China, located in the Dalian, from 100 to 200, he continued.

NRI is also exploring the idea of opening another office in India to strengthen the firm’s global solutions and operations, Kusunoki said.

The firm has one office in India due to its recent acquisition of Anshin Software, an IT consulting and software development firm based in the country, a spokeswoman said. The link to Anshin will help to secure additional locations in India going forward, she continued.

Anshin provides real-time position management across global operations, consolidated management of client accounts and a cross-check if intra-office data to broker-dealers.

#### EXCHANGES & ATSs

## Nasdaq to offer opt-out for AQM service

Nasdaq Stock Market plans to make its Automated Quote Management (AQM) service optional for market makers. According to a notice the exchange submitted to the Securities and Exchange Commission, the service as initially offered was compulsory for all market makers.

#### TECHNOLOGY

## TwoFour launches Foundation

TwoFour Systems has recently launched a rapid development platform, TwoFour Foundation, and is looking at enhancing it with an HTML5 interface for users in the future.

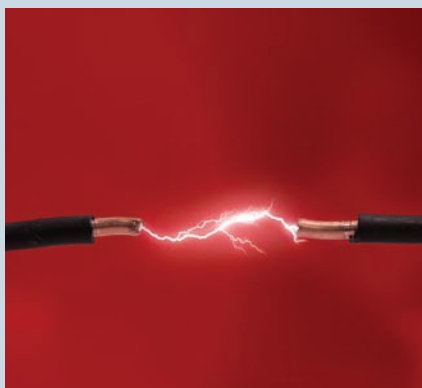
Foundation offers architecture that helps facilitate and accelerate building, delivery and implementation of new systems across financial services as well as other industries.

Most recently, TwoFour released its Foundation development platform for external use, he said. “Foundation allows clients, regardless of their industry, to leverage their own proven enterprise components on top of Foundations’ core architecture,” Kamp said, adding that TwoFour initially developed the platform to build an in-house trading system.

“Foundation provides a runtime environment for configuring security, interfaces, screens and workflows without writing code,” Kamp said. “Foundation also provides an API for building global enterprise applications that need to leverage an integrated system that includes workflow engine, publisher for pushing real-time data and an interface

gateway.” Leveraging a mature foundation reduces development time, delivery risk, cost and complexity, he added.

Users can look forward to interfacing with the Foundation technology via HTML 5, which will be the basis of the interface, but that addition won’t roll out until the second quarter. Kamp said there are other changes in the pipeline at the vendor, noting that one enhancement under consideration will add margin and additional order management capabilities to its FX offering. ■



But the Nasdaq said it will now offer an opt-out provision for the service, allowing market makers to manage their own quotes.

Firms that opt-out must provide the election in writing, and if no election is received they will continue to receive the service, Nasdaq said. If a firm that previously opted out chooses to opt-in, that notification must also be received in writing, but the exchange noted that election status can be change intraday.

The AQM offering is intended to help market makers meet enhanced quotation obligation by automatically creating a compliant quote for display for every issue assigned to the market maker. If the quotation becomes non-compliant due to changes in market pricing the quotation is automatically refreshed.

#### EXCHANGES & ATSs

## Alpha ATS amends definition of retail

Alpha ATS wants to change the definition of retail clients in its rulebook to allow more Seek Dark Liquidity (SDL) orders to be entered into its Alpha IntraSpread Facility.

According to a notice it filed with the Ontario Securities Commission, the change will clarify that Alpha will accept SDL orders from the retail clients of non-Canadian dealers.

The firm had defined retail clients by referring to the definition written by the Investment Industry Regulatory Organization of Canada (IIROC), which describes them as dealer customers that are not institutional. But Alpha said that definition excludes dealers outside Canada because they are not members of IIROC, which was not Alpha's intent.

The ATS noted that it had received several requests for clarification of the rule from its clients, which prompted the change.

#### TRADING FIRMS

## Citi grows cross-product margining infrastructure

Citi is planning to grow its cross-product margining infrastructure, according to Mark Harrison, head of EMEA prime finance, who spoke to WSL. The technology is used exclusively by the bank's hedge fund clients for the prime brokerage unit.

Advancing the infrastructure will allow clients to recognize hedges across multiple asset classes, including fixed income and equities, he continued.

Harrison said that clients will also be able to optimize their capital with the technol-

ogy infrastructure, which will be important as OTC products begin to move toward central clearing, but declined to provide further details. Paul Harvey, head of sales in EMEA, added that demand for the capability is also expected to increase.

Citi also plans to expand its seedings business as it has become an important part of the hedge fund industry's way of accelerating capital, Harvey said. "We will expand and make introductions in areas where clients express desire to develop," he continued. ■



MARK HARRISON  
Head of EMEA prime  
finance

#### MARKET STRUCTURE

## Tradeweb to push for balance in MiFID discussions

Eric Kolodner, managing director at Tradeweb, said the company plans to focus on the issue of balancing the need for transparency and liquidity as it participates in ongoing discussion about MiFID and MiFIR in Europe.

The proposed changes, which are part of efforts in Europe to further regulate the over-the-counter derivatives market, would introduce a trading mandate for selective derivatives instruments. The Economic and Monetary Affairs Committee of the European Parliament launched a consultation on the changes under consideration. The comment period on the consultation closed Jan. 13.

Kolodner said Tradeweb, which submitted a letter in response to the consultation, is most concerned about the transparency mandates under

consideration, which would, among other things, mandate that all trading venues publish pre-trade pricing and the depth of trading interest. The mandate would target not only OTC derivatives contracts but other instruments, including exchange-traded derivatives and bonds.

As a multi-lateral trading facility (MTF), Tradeweb currently offers bond and derivatives trading, on its electronic platform, providing various forms of pre-trade information to market participants. Kolodner said Tradeweb has significant concerns about the proposal's potential to impact liquidity in the bond market.

"Right now there is no obligation to make that information publicly available," he said. "The message we have been promoting is that there needs to be an appropriate balance between transparency and liquidity, and I think that this is one issue that will be on the forefront of the debate."

The other issue deals with the equality among rules for exchanges.

MTFs and organized trading facilities (OTFs). Kolodner said there

has been some question as to the necessity of the OTF category. While Tradeweb expects to be able to offer services under the future regime using its current MTF model, Kolodner said he wouldn't rule out the possibility of an OTF venue in the future.

"It's too early to say because the definition and boundaries of what an OTF will be remain up in the air, but it's definitely an important area to watch going forward."

EXCHANGES & ATSs

## Aritas focuses on block trading, rebranding

Aritas Securities, formerly Pipeline Trading Systems, plans to create a new block trading model that will appeal to people who are uncomfortable trading a block, according to Jay Biancamano, executive chairman.

Biancamano said that while the firm does not know how to specifically approach this goal, this is a focus for 2012. Aritas will look to work with the institutional community to develop an improved approach to block trading, he continued, adding that the firm is in the preliminary stages of the process.

"The market has changed, and there is an opportunity to improve [and] come up with a new model," Biancamano said. "I think we have to get people to start thinking about large executions and why [they're] good [and] figure out way to do that without slippage."

Separately, the firm has launched a rebranding initiative in the wake of a settlement agreement with the Securities and Exchange Commission last October, Biancamano said. Part of that rebranding was a new name, he continued. Aritas is a play on the Latin word "Veritas," which can mean truth, accuracy, fairness, reliability or integrity, Biancamano said.

"Everything we do will be fully

transparent to partners," Biancamano said. "We had a lot of work to do to earn back the trust of our clients. We can only do that by working."

EXCHANGES & ATSs

## TeraExchange SVP preps platform outreach

Marti Tirinnanzi, recently hired as a senior vice-president of business development for TeraExchange, expects to focus her attention on outreach for the nascent exchange as it looks to reach out to government sponsored enterprises, such as Federal Home Loan Banks and Farm Credit Banks.

Her appointment, announced this week, will provide the exchange with an on-the-



MARTI TIRINNANZI  
senior vice-president of  
business development for  
TeraExchange

ground advocate in Washington, DC where she was previously the chairman of the Clearinghouse Working Group of the Federal Housing Finance Agency. The exchange intends to target the end users with its central limit order book for swaps and other cleared OTC derivatives, as well as its cross asset-trading and analytics platform.

"TeraExchange offers a state of the art execution facility and this is a critical component of the Dodd-Frank mandate to bring a central limit order book [to the process], go to central clearing, get away from systemic and bilateral risk and move to execution that is transparent," she said.

Tirinnanzi will be the only staffer in Washington, DC for the exchange, but Christian Martin, CEO, said the exchange will grow staff organically as necessary.

EXCHANGES & ATSs

## EDGX backtracks on pre-open

EDGX Exchange won't implement an earlier pre-opening session it had planned last summer at the request of some of its members.

The exchange, which filed a notice with the Securities and Exchange Commission, had planned to offer a pre-opening session at 7am ET. It said in its notice that it considered the earlier pre-open to compete with other exchanges and to accommodate requests for the additional time.

But the exchange said it has now received comments from members indicating a lack of interest in the additional order entry and execution time, noting that the cost and resources needed for the hour outweigh the benefits of the additional trading activity.

EDGX said members didn't incur any costs or make any changes to their systems if they hadn't planned to take advantage of its earlier open. ■

WSL POLL

**Some industry segments are already being affected by Dodd-Frank, but will there be a significantly greater impact once rules go into effect?**

**Yes** 0%

**No** 100%

To vote on the latest poll, visit our website at [wallstreetletter.com](http://wallstreetletter.com)

## SUMMARY OF FEE CHANGES AT EXCHANGES

WEEK COMMENCING 23 JANUARY 2012

SOURCE: EXCHANGE RULE FILINGS

| NAME OF EXCHANGE               | SUMMARY OF CHANGE                                       | NEW FEE                                                                                                                                | CHANGED FROM                                                                                                           | EFFECTIVE DATE | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chicago Board Options Exchange | Eliminate QQQQ options fee waiver for customers         | \$0.18 per contract fee                                                                                                                | N/A                                                                                                                    | Jan. 1         | Intended to make fees for QQQQ options equal to fees for transactions on other ETF options.                                                                                                                                                                                                                                                                                         |
|                                | Establishes marketing fee for certain options           | \$0.25 per contract                                                                                                                    | N/A                                                                                                                    | Jan. 1         | Applies to options on ETFs, EWC, EWT, MNX, MVR, QQQQ, RSP, VPL, VWO and XBI. Intended to increase volume in these contracts.                                                                                                                                                                                                                                                        |
|                                | Amends floor broker workstation fee                     | \$350 per month per login ID                                                                                                           | \$225 per month per login ID                                                                                           | Jan. 1         | Intended to allow the exchange to recoup more costs related to the use of the Floor Broker Workstations.                                                                                                                                                                                                                                                                            |
|                                | Amends PULSe on-floor workstation fees                  | \$350 per month per login ID                                                                                                           | \$225 per month per login ID                                                                                           | Jan. 1         | Intended to recoup some of the costs of developing PULSe.                                                                                                                                                                                                                                                                                                                           |
|                                | Amends market maker trading permit fee                  | \$5,500 per permit                                                                                                                     | \$6,000 per permit                                                                                                     | Jan. 1         | Intended to reduce access costs and encourage greater access for market makers, as well as increase trading activity, volume and liquidity.                                                                                                                                                                                                                                         |
|                                | Amends market maker trading permit sliding scale fees   | \$5,500 per permit for the first 10; \$4,000 per permit for permits 11-20; \$2,500 per permit for permits 21 and above                 | \$6,000 per permit for the first 10; \$4,800 per permit for permits 11-20; \$3,000 per permit for permits 21 and above | Jan. 1         | Intended to reduce access costs and encourage greater access for market makers, as well as increase trading activity, volume and liquidity.                                                                                                                                                                                                                                         |
|                                | Amends VIX tier appointment fee                         | \$2,000 per month                                                                                                                      | \$1,000 per month                                                                                                      | Jan. 1         | Intended to recoup VIX options development costs in light of increased VIX trading volume. Fee will not be assessed unless a market maker trades at least 100 VIX options contracts while the appointment is active.                                                                                                                                                                |
|                                | Amends floor broker TPH fee for VIX                     | \$2,000                                                                                                                                | \$1,000                                                                                                                | Jan. 1         | Applies to floor broker trading permit holders that execute more than 20,000 VIX contracts in a month. Intended to keep fee consistent with VIX tier appointment fees for market makers.                                                                                                                                                                                            |
|                                | Establishes a floor broker trading permit sliding scale | \$9,000 per month for the first permit; \$6,000 per month for permits two through seven; \$3,000 per month for each permit above seven | N/A                                                                                                                    | Jan. 1         | Intended to recoup exchange costs and normalize floor broker costs. Also to encourage floor brokers to increase scale and commitment to the exchange. The base fee of \$9,000 per month for floor broker trading permits will remain the same. Sliding scale will apply to floor brokers that commit in advance to a minimum number of floor broker permits per month for the year. |
|                                | Establishes TPH fee for SPX contract executions         | \$3,000 per month if more than 20,000 SPX contracts are executed                                                                       | N/A                                                                                                                    | Jan. 1         | Intended to recoup development fees for SPX and to equalize the opportunity between floor brokers and market makers in SPX options.                                                                                                                                                                                                                                                 |

**DISCLAIMER:** Most fee changes are effective upon filing. WSJ notes fee highlights here, but additional changes may be made post publication.

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