

# TURQUOISE

## **Pan-European trading The Financial Services Club**

26<sup>th</sup> June 2008

**Turquoise**

Heading to launch

# Our people

## From a project to a company

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**Turquoise**

Trading and clearing

# Pan-European trading

## Securities and markets



- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Ireland
- Italy
- Netherlands
- Norway
- Portugal
- United Kingdom
- Switzerland
- Sweden

- Multilateral trading facility
  - Regulated by UK Financial Services Authority
  - MiFID passport
  - Fully anonymous pre and post trade
- Integrated market
  - 300 securities
    - Visible orders
    - Dark orders
- Dark market
  - 1,200 securities
- Tick sizes follow incumbent exchange
  - Increased granularity for high liquidity stocks
- Consistent opening times
  - 08.00CET/07.00UK platform available
  - 08.45CET/07.45UK open auction → continuous trading
  - 17.30CET/16.30UK market closes
- Trading holidays aligned to local market practice

# Trading functionality

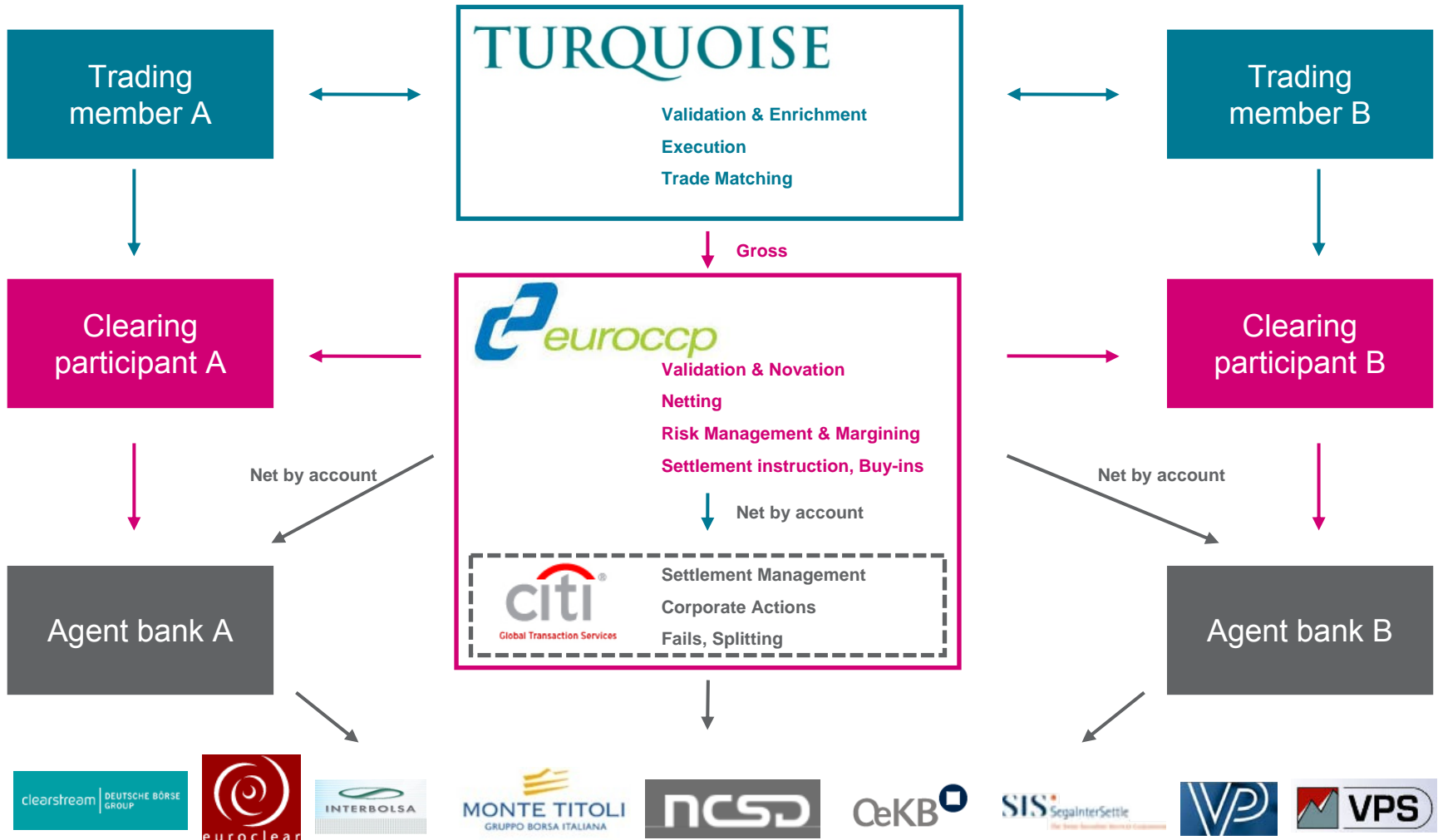
## Sophisticated order controls

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- Integrated platform
  - Allows dark orders to maintain exposure to order book trading volume
  - Enables smaller orders to trade at improved prices when hitting a dark order inside the spread
- Dark orders
  - Orders exceeding *MiFID Large in Scale* placed as dark orders are not displayed within Turquoise market data
  - Dark orders trade against both other dark orders and visible orders
- Minimum acceptable quantity
  - Ensures that information on your order is only given up when a significant trading opportunity arises
  - MAQ calculation performed against a combination of orders
- Matching criteria
  - Turquoise matching logic is Price, Visibility, Time
  - Visible orders execute before dark, iceberg balance and discretion orders at the same price point
- Pegging
  - Orders can track the best bid or offer from either Turquoise or a combination of European markets
  - Dark orders can peg inside the BBO in 1/10<sup>th</sup> tick increments
- Price discretion
  - Discretion applied to limit orders ensures first reaction to rapid market changes
  - Execution secured before information on the incoming order is made public

# Clearing and settlement

## Overview



# Turquoise Technology

# Technology

## High capability

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### Performance

- Low latency with high throughput
  - 2,700 orders per second @ 3ms average execution latency
  - 13,500 orders per second @ 5ms average execution latency

### Resilience

- Twin sites
  - Radianz hosted
    - Great Sutton Street
    - Croydon
- Synchronous hot standby
- Ultra low latency link
  - 10gB bandwidth
  - 250 $\mu$ s latency

### Design

- Native API or FIX
- No throttling
- Highly scalable
- Blades technology
- Distributed architecture
- Linux operating system

# Turquoise Tariffs

# Trading on Turquoise

## Tariff schedule

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	Passive bps	Aggressive bps
Visible	-0.15	0.35
Auction	0.10	0.10
Dark	0.50	0.50

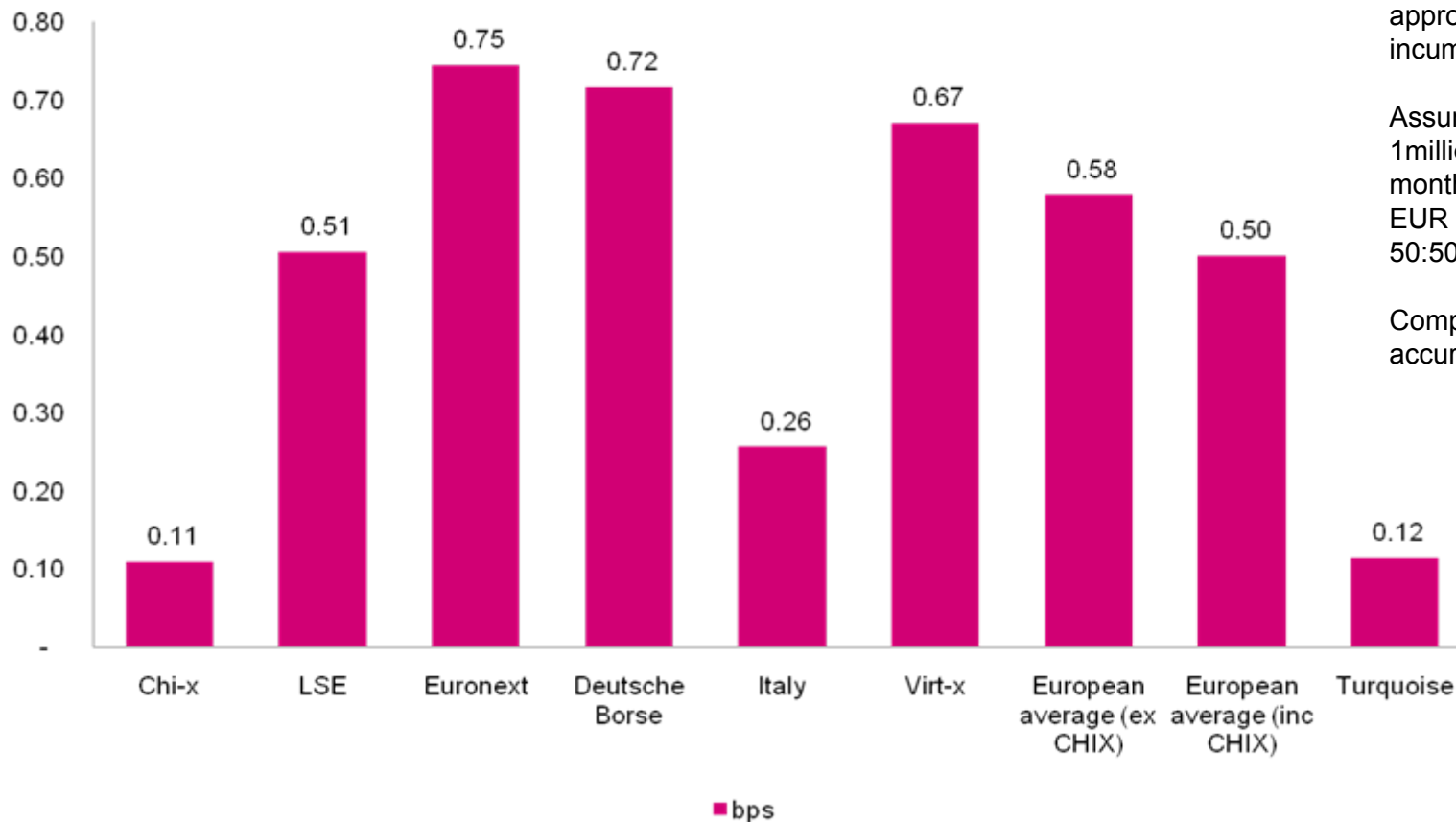
Tariff as at April 2008

- No order management charges
- No membership fees
- Market data fees waived for first year
- Minimal connectivity charges
- Net rebates will be paid out to member
- Trading fees collected by monthly direct debit
- Invoice currency choice for member
- Fee changes subject to 1 month notice period

# Tariff model

## Total fee comparison

### Combined Trading and Clearing costs comparison



Combined trading and clearing fees are approx 1/4 of average incumbent costs.

Assumptions:  
1million trades per month per participant  
EUR 20,000 trade  
50:50 provider/taker

Comparitive fees accurate as of May '08

**Turquoise**

Becoming a member

# Trading members

Some of the members targeting launch



# Latest developments / Questions

What has happened this week

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Turquoise FSA authorisation as an MTF

Testing status

Competitor moves:

Our view on LSE / Lehman Baikal move

Other questions?

# Turquoise

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