

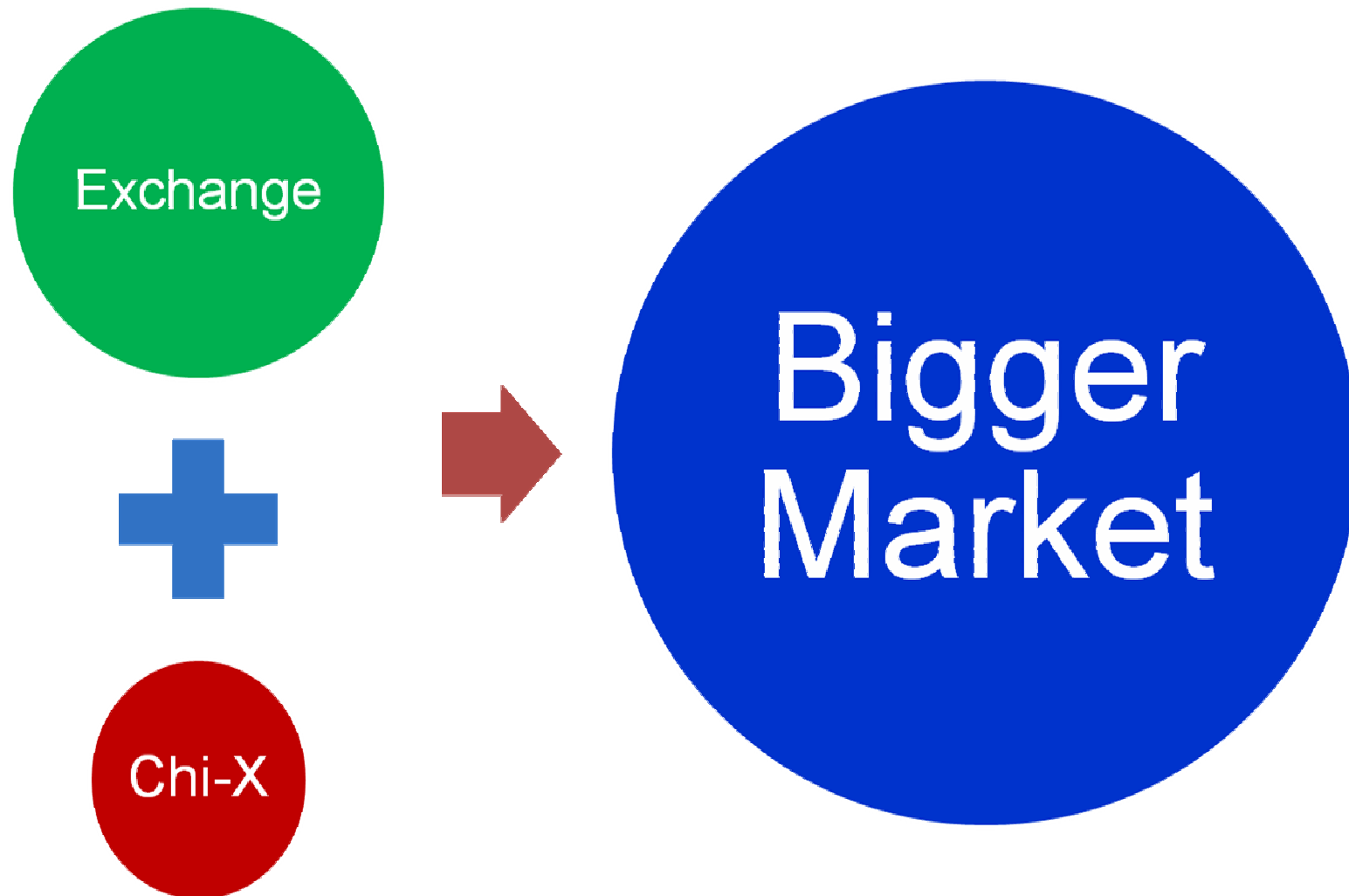


## **JSDA Japan Securities Summit Singapore**

**March 11, 2010**

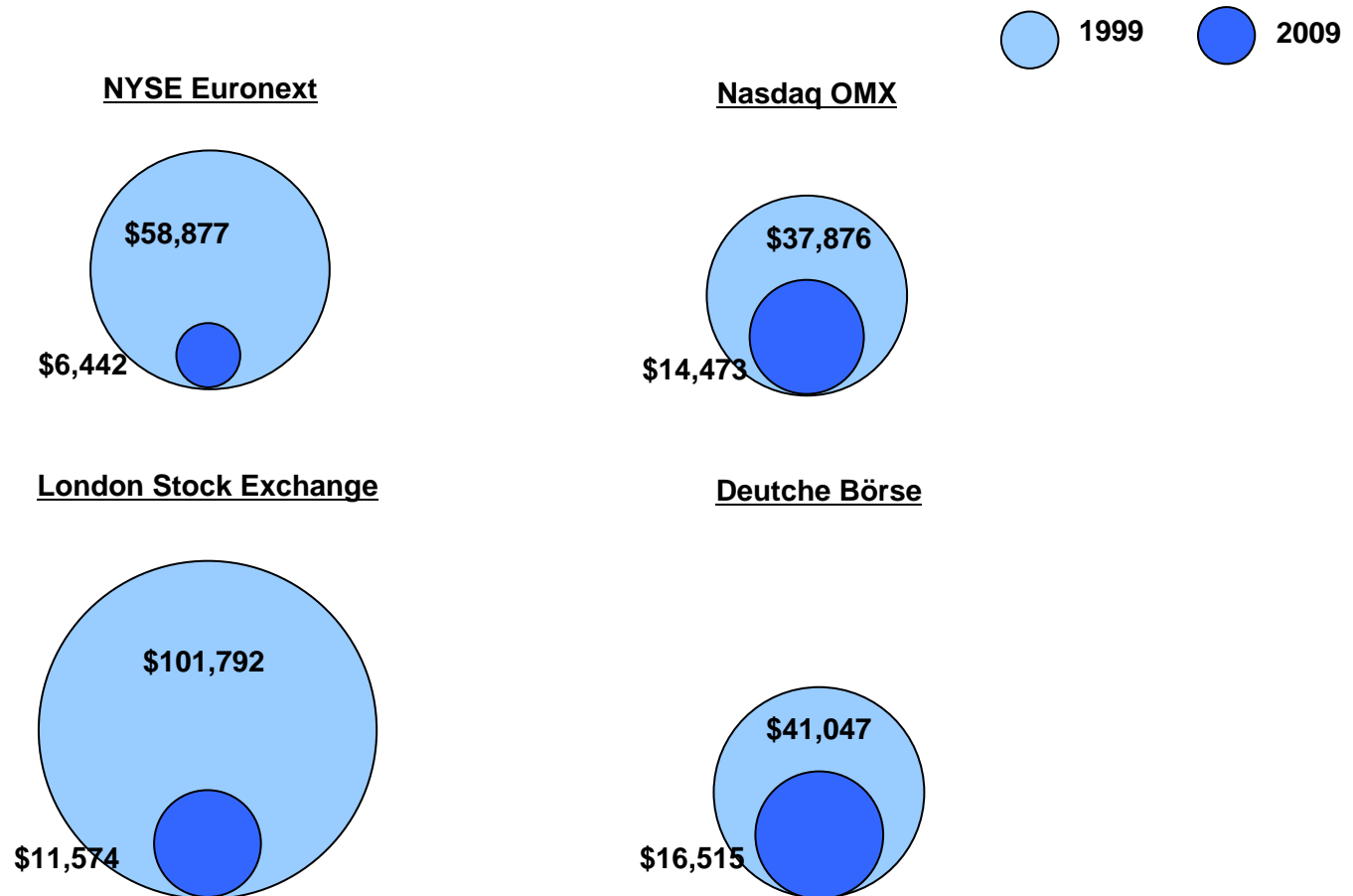
## The Chi-X Vision For Asia

---



# Market Trends

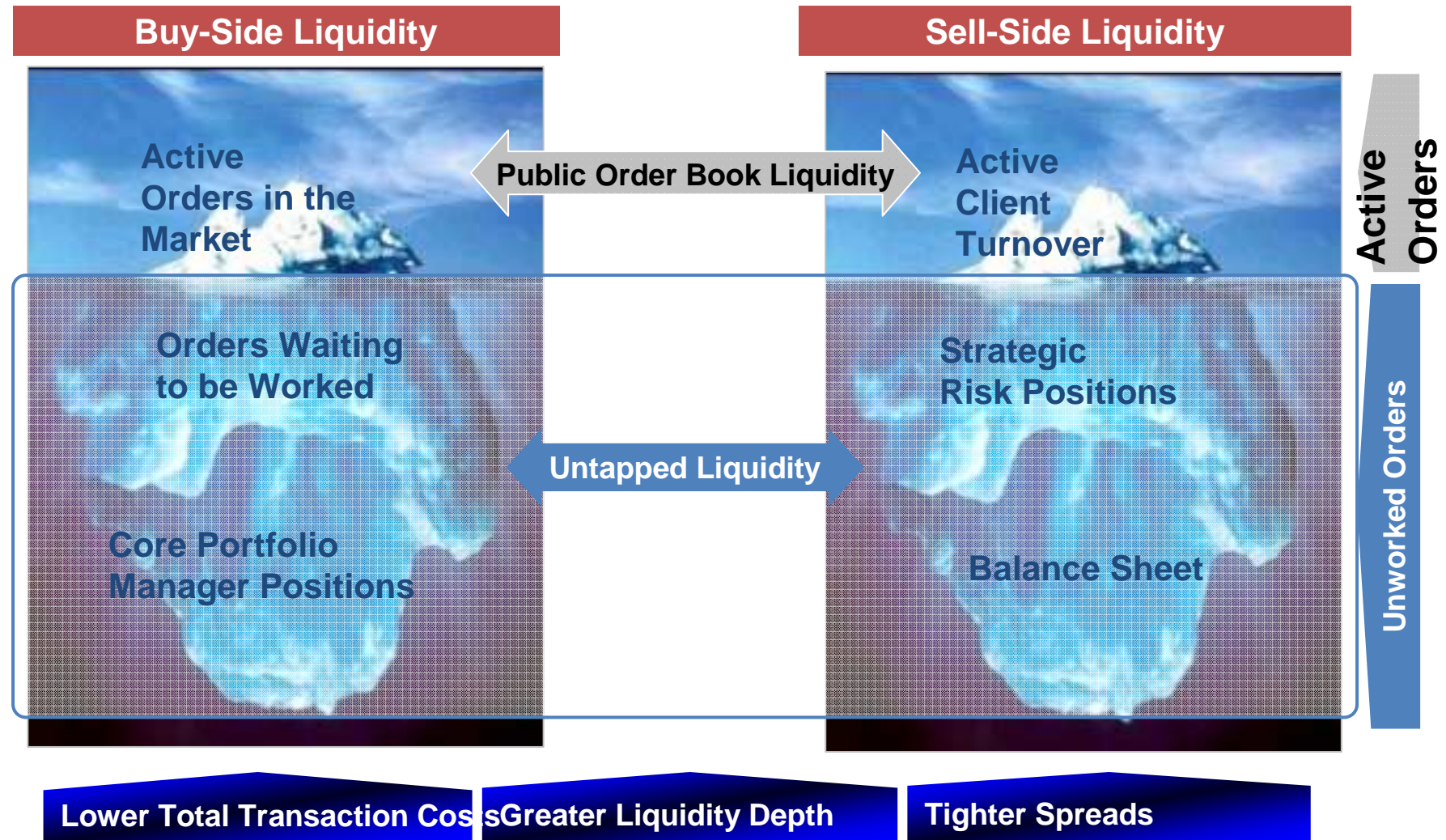
Average trade sizes getting smaller as the impact of algorithmic trading models and off-exchange execution venues proliferate



*Note: Financial Times Feb. 22, 2010*

# Liquidity Landscape

Liquidity is not just volume: Liquidity facilitates cost efficient capture of alpha and beta-tracking

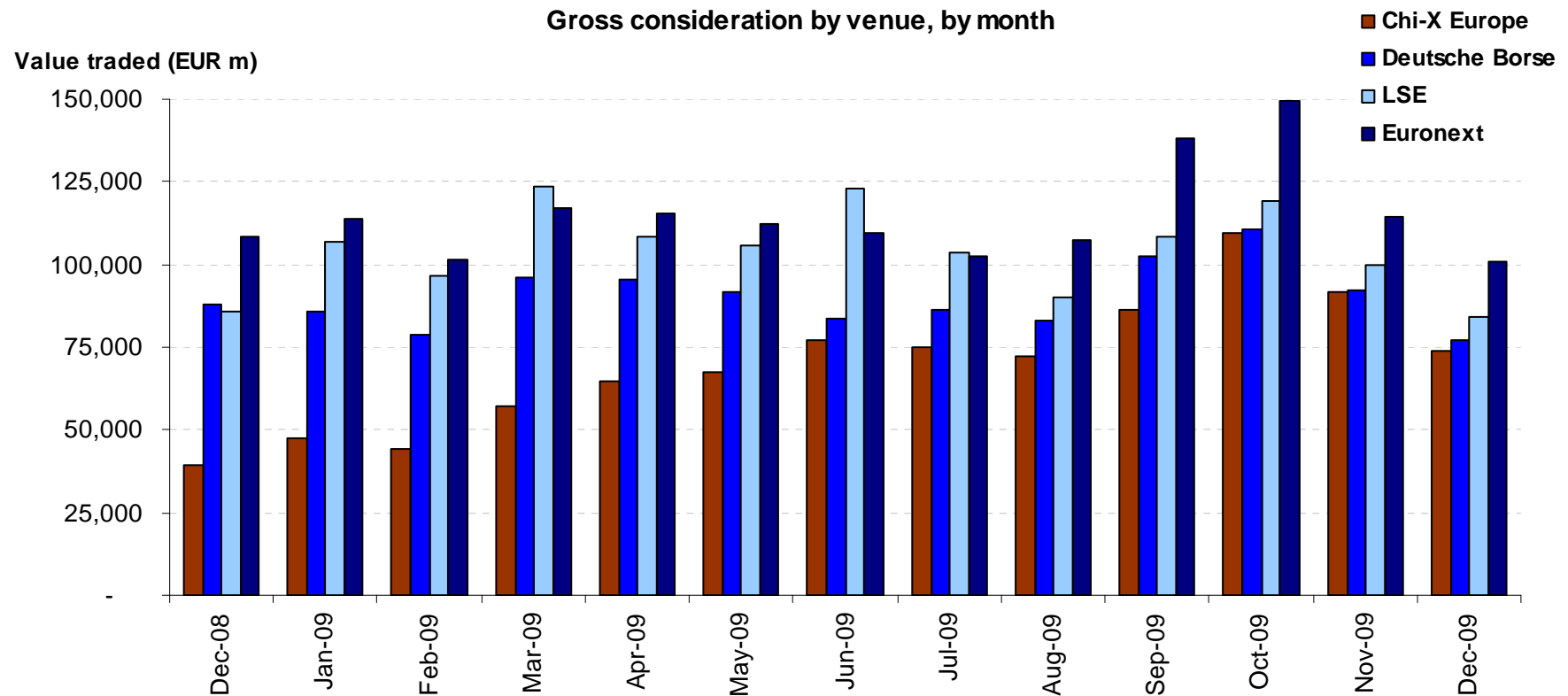


# Raison D'être for Multiple Alternative Trading Venues (ATV)

---

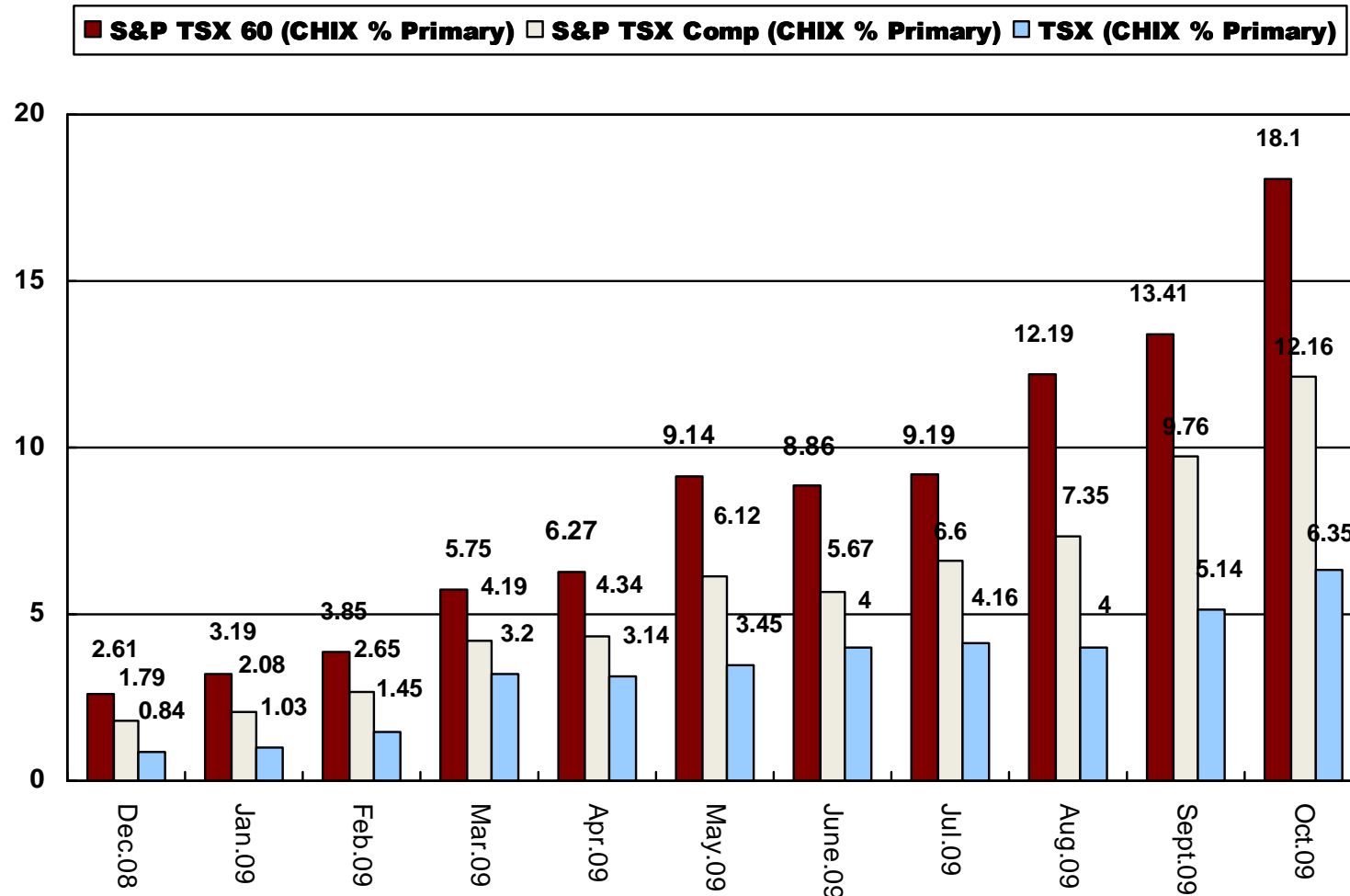
- Liquidity, Price Discovery, Reliability → Best Execution
- Lower Trading Costs
- Market Technology
- Order Visibility and Efficiency
- Challenges: Protection for less systematized Investors

## Chi-X : A History of successfully establishing Market Centers - Europe



Electronic order book consideration, figures sourced from FESE

## Chi-X : A History of successfully establishing Market Centers - Canada

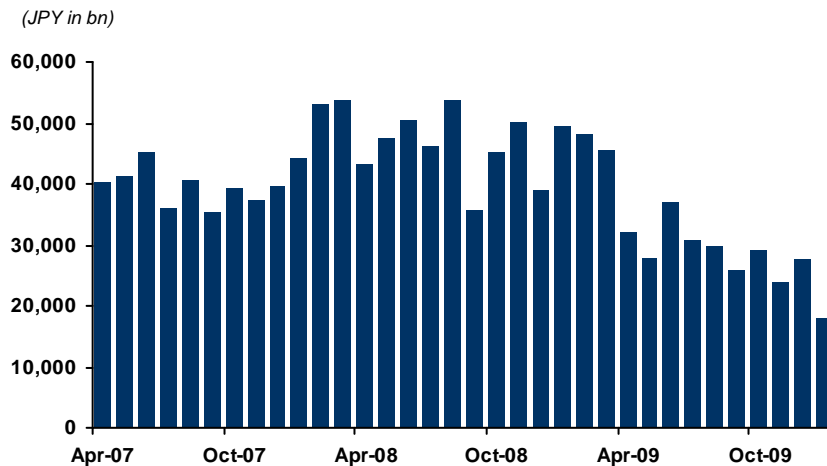


Source: Chi-X Canada

# Japan Market Overview

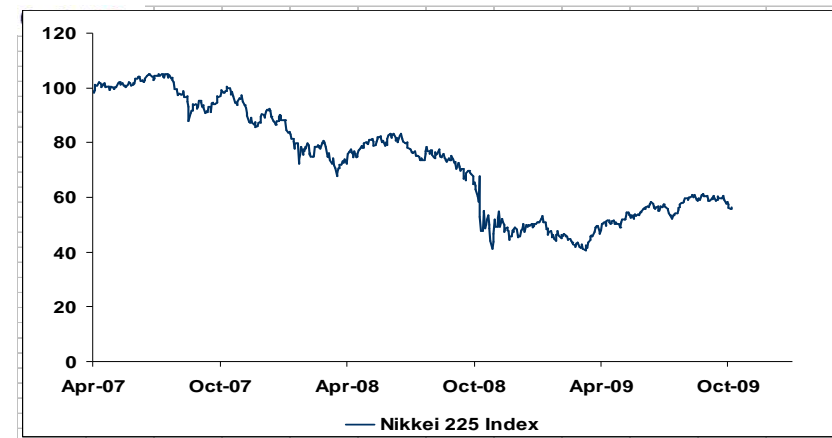
- Japan is the world's third-largest financial market after the US and aggregate EU market
- Chi-X expects the successful launch by the TSE of its Arrowhead trading platform will have significant and positive effect on trading volumes

Total Monthly Japanese Consideration



Source: TSE

Nikkei Index Performance



Source: Nikkei Net



## The Japan Market: Ready for New Participants and ATVs

---

- Tokyo Stock Exchange (TSE)
- JSCC Clearing

Spreads declined 25% with arrowhead



Sources: Credit Suisse Portfolio Strategy, Reuters

## Risk Management Considerations

---

- As an ATV, Chi-X Japan and its global affiliates are highly aware of the need to ensure orderly, transparent markets
- Exchange outages have heightened focus on market stability and on the role of ATVs venues
- For sell-side firms - Pre-trade *risk control duties* of member firms
- For exchanges – Challenge of minimizing *systemic risk* in a rapidly moving market environment

# Disclaimer

---

© 2010 All rights reserved. Chi-X is a registered trademark in Japan and in other countries throughout the world. Chi-X Japan is pending regulatory approval . Reproduction or redistribution of this information is prohibited except with written permission from Chi-X.

This information is provided for informational purposes only. It does not take into account the particular investment objectives, financial situation, or needs of any individual or entity. Under no circumstances is it to be used or considered as an offer to purchase or sell any security, or as a solicitation or recommendation of the purchase, sale, or offer to purchase or sell any security. While obtained from sources deemed reliable, Chi-X makes no warranties and disclaims all liability in relation to the information and actions taken in reliance on the information.