

## **New NET2S report confirms, one year into MiFID, the best execution battle has truly begun**

- *Five new Alternative Trading Venues are now competing for best execution*
- *Not all five will survive 2009, and technology is not the main competitive factor*
- *Market data aggregation required to re-build liquidity is shunned by the traditional market data vendors*
- *Most Smart Order Routing solutions are not 'smart' enough*

London, 27<sup>th</sup> November, 2008: NET2S, the leading business and technology consultancy for the global capital markets, today launches a research report on the post-MiFID liquidity landscape. Key to its findings, NET2S discovered that functionality and cost are key to MTFs fight for market share. Market data aggregation is still in its infancy, with traditional vendors lagging behind, and smart-order-routing technology yet to become really 'smart'.

The report evaluates the challenges and opportunities that fragmentation presents for MTFs, market data aggregators and smart order routing vendors since the inception of MiFID. Despite firms adopting the directive's principles, Bradley Wood, principal consultant NET2S and co-author of the report, says that many challenges remain.

"Our research finds that the basic expectations of MiFID such as client classification and trade transparency have been satisfied. However there is still a huge challenge for businesses to meet Best Execution. Essentially people need to buy best execution to achieve it, but the solutions still fall short. Market data aggregation and Smart-Order Routing have a long way to go to meet the needs of the market," says Wood. "You could say we've reached base camp but we still have a long way to go before we scale the mountain".

Liquidity fragmentation has created a fiercely competitive landscape for the new liquidity pools also. The battle however is not just one of cost or technology; it is innovation in richer functionality that will define the winners and their ability to reach the critical mass of liquidity required for survival.

"Where the main players differ is in their functionality," concludes Frederic Ponzo, managing director, NET2S. "As they all try to capture the most liquidity, it is not just cost, or speed that will ensure their survival – it is what they offer to their clients in terms of order types, clearing and settlement partners, trading day schedule, and trade countries. We have spoken to all the main players to compile our research. The incumbents are only doing the minimum leaving the field open to new entrants."

### **About the Report: 'One year into MiFID: Solutions for Fragmented Liquidity'**

The report compares all the main players in the market for market data aggregation, Smart Order Routers and Multilateral Trading Facilities and provides an extensive guidebook to liquidity fragmentation.

### **About NET2S**

NET2S is a leading international consultancy specialising in capital markets technology. Since its creation in 1996, NET2S has built an impressive track record in consulting & advisory services, delivering complex projects and providing managed services. NET2S works with major sell and buy side firms, technology vendors, data providers and exchanges, with clients including over 50 global financial institutions, in particular 19 out of the 20 top investment banks. NET2S offers solutions for business critical systems across all asset classes, with particular focus on risk, electronic trading and data management.

NET2S is publicly quoted on EURONEXT and has over 950 full-time employees globally, with a comprehensive presence in Western Europe and North America.

For further information, please visit [www.net2s.co.uk](http://www.net2s.co.uk)

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