



Chi-X Europe Launches “Chi-Vision” Smart Liquidity Consolidation Service

Instinet Europe becomes the first client to be connected to Chi-X Europe’s new service which accesses the Chi-X MTF visible order book, Chi-Delta and external liquidity providers, including Citadel and Knight.

LONDON – 3 August 2009 – Chi-X Europe, operator of the largest pan-European equity multilateral trading facility (MTF), today announced the launch of Chi-Vision™, its smart liquidity consolidation service. Available immediately for technical connectivity and with pilot operation available later this month, Chi-Vision (“Venue Interfaced Smart Interactive Order Network”) provides an additional service to access the Chi-X visible book, Chi-Delta™ and a range of external liquidity providers from clients’ connections to Chi-X Europe.

Chi-Vision offers access to Chi-X Europe’s MTF visible order book and its Chi-Delta non-displayed order book, as well as to external liquidity providers including Citadel Securities and Knight Capital Europe Ltd. Chi-Vision will connect to additional external sources of liquidity, subject to necessary approvals.

Chi-Vision helps consolidate liquidity that clients otherwise could not access easily. Chi-Vision offers a range of flexible smart routing strategies to onward route the order to the best possible destination based on a configuration chosen by the client. Since some external liquidity providers will be proximity hosted within the same primary data centre as Chi-X Europe’s MTF matching engine, Chi-Vision’s round trip latencies for onward routing will be, in some cases, below 400 microseconds, which ensures that execution probabilities are maximised and clients are able to take full advantage of the trading opportunities available.

All orders executed through Chi-Vision are charged at the low rate of 0.3bps. As this is the same rate that liquidity “takers” are charged to execute on the Chi-X Europe’s MTF visible order book and its Chi-Delta non-displayed book, participants are able to take advantage of access to multiple pockets of liquidity at no additional cost. Potential price improvement opportunities for trades are also increased as external liquidity providers either execute orders at or within a defined EBBO (European Best Bid or Offer) or at the mid price of the PBBO (Primary Best Bid or Offer).

All trades executed through Chi-Vision are novated to EMCF as central counterparty (CCP), thereby reducing the counterparty risk and avoiding the cost associated with bilateral settlement where participants settle directly with each other. User choice of CCP is planned for the end of Q3 2009, when Chi-X Europe expects to go live with previously-announced three-way interoperability between EMCF, SIX x-clear and LCH.Clearnet Ltd (www.chi-x.com/latest-from-chi-x-pdf-files/chi-x-three-way-ccp.pdf). This will enable participants to achieve greater economies of scale by allowing margin offsets and netting for such trades alongside business conducted directly on the other MTFs and exchanges using those CCPs. In addition, external liquidity providers connected to Chi-Vision will be able to take advantage of bidirectional clearing efficiency by offsetting their trades against any trading activity executed on Chi-X Europe’s MTF.

Commenting on the announcement, Hirander Misra, COO of Chi-X Europe, said, “We are delighted to introduce the Chi-Vision service. Our approach to onward routing will enable Chi-Vision clients to efficiently access a number of external liquidity providers in addition to our own order books through a



single connection, while also reaping the benefits of central counterparty clearing. This smart liquidity consolidation service complements the direct market access services that our sell side participants offer, which we believe will help attract even more liquidity to Chi-X Europe. We look forward to announcing connectivity to additional external liquidity providers in due course.”

Richard Balarkas, CEO of Instinet Europe, stated, “We are delighted to be Chi-Vision’s first client. Not only will our clients now have faster access to both the visible and non-displayed Chi-X Europe order books, but they will also have the ability to access the external liquidity providers. This should help us extend our number one position amongst European brokers for venue connectivity and smart order routing.”

Matteo Cassina, President, Citadel Execution Services Europe, added, “We are pleased to be providing our liquidity to Chi-X Europe’s participant base. We welcome new initiatives to offer additional opportunities for liquidity discovery and execution performance and applaud Chi-X Europe’s continued innovation, which constantly reflects the needs of its participants.” Patrik Edsparr, CEO, Citadel Europe, added, “This represents a key step in improving our capabilities to our clients in Europe.”

Kee-Meng Tan, Managing Director, Knight Capital Europe Ltd., continued, “Knight and Chi-X Europe understand that smart liquidity discovery helps achieve best execution. Further, when trading entities interact and onward route, the market, as a whole, benefits. The alignment of Chi-Vision with Knight Link, our alternative liquidity platform, will allow us to further expand and diversify our existing market maker offering to bring together the broker dealer and retail communities. We look forward to continued collaboration with Chi-X Europe.”

About Chi-X® Europe

Chi-X Europe Limited is an FSA-authorized securities firm operating a multilateral trading facility (MTF). Chi-X Europe enables its trading participants to trade of a wide range of European equities in both a visible order book and the Chi-Delta™ non-displayed order book, and through Chi-Vision™ offers a separate routing service. Chi-X Europe’s low-cost, streamlined operating model is designed to help trading participants achieve ultra-low execution, clearing and settlement costs, and benchmark tests have shown Chi-X Europe to be significantly faster than Europe’s traditional equity exchanges. Chi-X Europe disseminates real-time market data to clients directly and via third-party market data vendors at no cost, and off-exchange trade reporting is available for a low monthly fee. For more information, please visit www.chi-x.com.

Media Contacts

Mark Dowd
Executive Director
Global Corporate Communications & Public
Relations, Instinet
Phone: +1 212-310-5331
Email: mark.dowd@instinet.com

Julia Streets
Streets Consulting Ltd. for Chi-X Europe Limited
Phone: + 44 7976-205552
Email: julia.streets@streetsconsulting.com

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