

## AWARDS FOR EXCELLENCE IN I.T. EUROPE 2007

# Chi-X project beat the Mifid deadline

### Best Regulatory Driven Initiative

With the markets in financial instruments directive looming, projects designed to meet the requirements of Mifid dominated this year's regulatory driven initiative category.

The winner, Instinet Europe's Chi-X, was the first multilateral trading facility to go live – seven months before Mifid comes into effect next month.

Peter Randall, director of Chi-X Europe, said Mifid presented a commercial opportunity to put fundamental European market reform in place. He said: "Chi-X was developed to help our clients address their trade execution and post-trade requirements under Mifid. It uses our highly resilient and scaleable technology to create a low-cost market place for trading European equities and helps clients reduce their costs of trading in Europe."

It is built on a fourth generation,

open access trading platform that offers high speed connectivity to the core system, highly scaleable capacities and low latency trading. Randall believes Chi-X's operating model is faster than the order-driven systems of the main European exchanges. He said: "Our internal core latencies have been measured at less than 600 microseconds. These latencies enable participants to trade between 12 and 30 times on Chi-X before the underlying exchanges may have changed their prices." Initial Chi-X order flow capacity will be at least 30,000 messages per second.

Randall believes Chi-X will differentiate itself in the market through its high speeds and low cost, transparent business model. Instinet claims that trading on Chi-X is on average 90% cheaper than

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**Winner:** Instinet Chi-X

**Runners-up:** Project Boat,  
Credit Suisse  
Sar-Box

trading on the main European markets. A pricing tariff rebates 0.2 basis points to participants that post liquidity and charges 0.3 basis points to those taking liquidity. Market data on Chi-X will be free of charge.

Randall said Chi-X pricing sets a level playing field for all participants – including no fees for changes or cancellations – and allows easy comparison to other destinations meeting both commercial require-

ments and regulatory guidelines.

Fortis Bank created a central counterparty, European Multilateral Clearing Facility, for Chi-X. The CCP provides anonymity and multilateral netting to Chi-X participants. Clearing services will be at half the cost of existing CCPs, claims Chi-X, by using an efficient STP solution that works with domestic central securities depositories.

Randall said connectivity to Chi-X is standardised, with participants using versions 4.2 or 4.4 of the industry messaging protocol Fix. Chi-X offers trading in German, Dutch and UK stocks and has steadily been increasing trading volumes. A roll-out programme is under way that will introduce trading in a significant proportion of European equities by November 1.