Turquoise
London Stock Exchange Group

Turquoise Market News June 28th 2011

TURQUOISE DERIVATIVES: LEADING CHANGE IN EUROPEAN DERIVATIVES

- Following the integration of EDX, Turquoise now operates a pan-European derivatives platform with more than 50 member firms.
- Turquoise Derivatives currently comprises:
  - The primary market for Norwegian index and single-stock futures and options, operated as a shared order book with Oslo Börse.
  - The primary market for derivatives based on the Russian depository receipts listed on the LSE's International Order Book (IOB), including single stock futures, options and dividend futures, and also FTSE RIOB index futures and options.
  - A competitive market for the trading of FTSE100 index futures
- Turquoise has secured a number of liquidity providers for its FTSE100 index futures, and IFS LiquidMetrix statistics show that **prices on Turquoise match those on NYSE Euronext Liffe more than 45% of the time**, representing significant additional liquidity.
- Turquoise announced today the commitment of three primary market makers (PMMs) to support liquidity in IOB single stock and index derivatives. The press release can be read here.
- Turquoise is working towards a launch of FTSE100 index options, and welcomes conversations with prospective market makers.

EQUITY SPONSORED ACCESS SERVICE LAUNCHED

- Enables non-member firms to enjoy lowest possible latency access to the Turquoise market, with direct connectivity via Native Trading Protocol.
- Exchange Level Controls provide order-entry risk and gross-exposure risk management, with support for restricted stock lists.
- Web-portal and drop-copy service for Sponsoring Firms, with ability to suspend Sponsored Users.
- Confirmation from HMRC that trading via Sponsored Access can benefit from a Sponsoring Firm's exemption from UK Stamp Duty Reserve Tax.

EQUITY TRADING PLATFORM PERFORMANCE ENHANCEMENTS

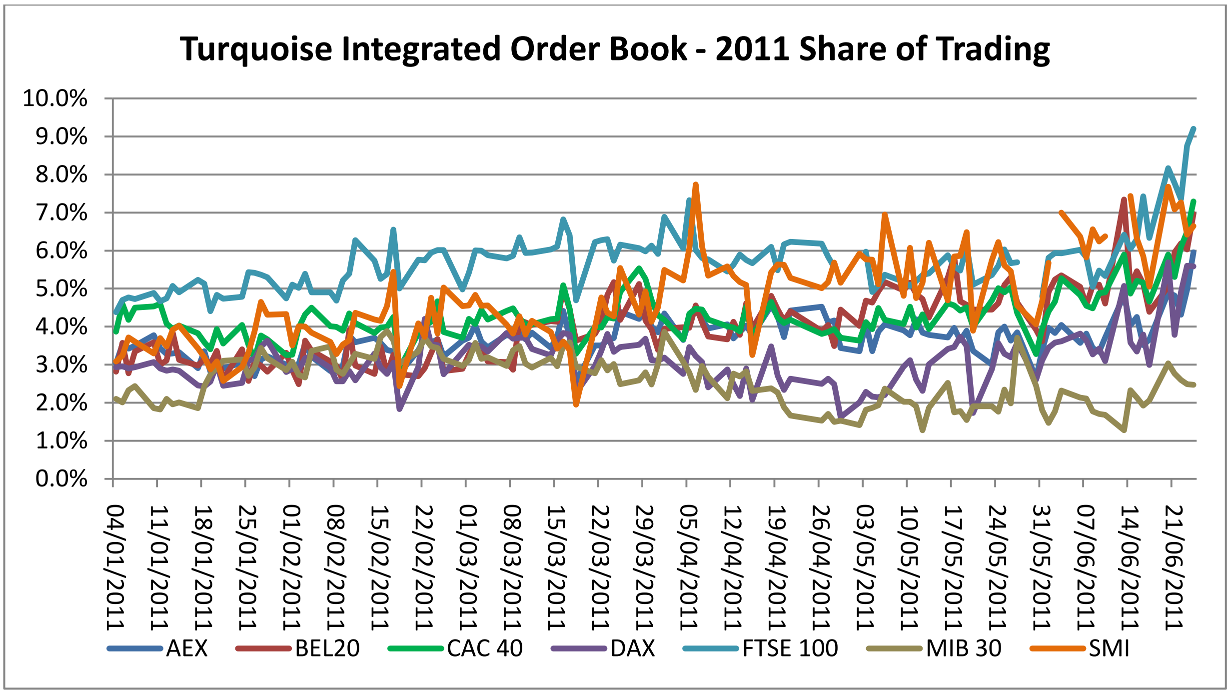
- With the latest platform update (live June 24th), Turquoise has extended its lead as the world's fastest equity market, as experienced by customers in the production environment.
- Average (mean) latency (across 100% of orders) is **99µs** in the Integrated Order Book and **96µs** in the Dark Midpoint Order Book, with 99.9% of all messages processed within 370µs.
- Median latency of **93µs** in the Integrated Order Book and **91µs** in the Dark Midpoint Order Book.
- Significant improvements were made during Q2 to inbound market data feeds for the Dark Midpoint Order Book to ensure the safety and integrity of the reference prices used for Midpoint matching.
- Outbound market data latency below **175µs** from time of related order event (e.g. approximately 75µs more than on the Native Trading API).

EQUITY MARKET LIQUIDITY AND MARKET SHARE GAINS

- After significant growth over the last two months, **Turquoise is now the second-largest pan-European MTF**.
- Further details follow on the next two pages:

Turquoise Market Share Increases

The following graph shows Turquoise market share increasing steadily during 2011:



Battlemaps of the European Exchanges

According to market statistics provided by IFS LiquidMetrix for the week commencing 20th June:

FTSE100

Market Share

- Increased to 9.48%
- Ranked 3rd behind LSE and Chi-X

Rank	Venue	Market Share	Change
1	LSE2	54.24%	-5.10
2	CHIX	27.31%	+3.43
3	TRQX	9.48%	+1.80
4	BATE	8.66%	-0.17
5	XHFT	0.31%	+0.04

Spreads (€25k deal)

- Ranked 3rd in market for spreads

Rank	Venue	Spread (bps)	Change
1	LSE2	7.79	-0.14
2	CHIX	7.87	-0.48
3	TRQX	9.94	-1.47
4	BATE	11.33	+0.04
5	XHFT	17.59	-3.43

Book Depths

- Significant increase in depth of book
- 26% increase in liquidity to depth of 10BPS

Rank	Venue	Depth (1K EUR)	Change
1	LSE2	368.1	+18.4
2	CHIX	240.1	+12.9
3	TRQX	108.9	+22.8
4	BATE	106.9	+0.4
5	XHFT	18.1	+3.3

- 19% increase in liquidity to depth of 50BPS

Rank	Venue	Depth (1K EUR)	Change
1	LSE2	1,782.2	-14.0
2	CHIX	946.9	+35.5
3	TRQX	480.1	+77.0
4	BATE	444.6	+8.9
5	XHFT	108.0	+31.0

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Book Depths (50BPS depth)

- 14% increase in liquidity to depth of 50BPS

Rank	Venue	Depth (1K EUR)	Change
1	ENXT	2,725.9	+74.0
2	CHIX	934.9	+43.6
3	TRQX	546.3	+67.8
4	BATE	432.0	-15.0

SMI

Spreads

- 2nd behind primary market for spreads

(At touch)

Rank	Venue	Spread (bps)	Change
1	XSWX	7.95	+0.01
2	TRQX	9.25	-0.38
3	CHIX	9.46	-0.04
4	BATE	10.44	-0.31

(€25k deal)

Rank	Venue	Spread (bps)	Change
1	XSWX	8.44	+0.08
2	TRQX	10.28	-0.33
3	CHIX	10.53	-0.01
4	BATE	12.15	-0.42

DAX30

Book Depth (50BPS depth)

- Marked increase in liquidity

Rank	Venue	Depth (1K EUR)	Change
1	XETR	2,270.1	+11.6
2	CHIX	1,236.0	+10.7
3	TRQX	578.0	+34.1
4	BATE	550.6	-51.5
5	XHFT	19.1	-0.2

BEL20

Note: no figures for primary market

Spreads (€25k deal)

- 1st MTF for spreads

Rank	Venue	Spread (bps)	Change
1	TRQX	13.05	+0.54
2	CHIX	18.66	+3.44
3	BATE	22.60	-0.05

Best Price (€25k deal)

- Alone at the best price most often

Rank	Venue	Best Price (%)	Change
1	TRQX	12.00	+5.57
2	CHIX	10.52	-0.51
3	BATE	3.73	-3.90

AEX

Spreads (€25k deal)

- 2nd for spreads, ahead of primary market

Rank	Venue	Spread (bps)	Change
1	CHIX	10.24	+2.71
2	TRQX	12.26	-0.52
3	ENXT	12.79	+7.03
4	BATE	19.99	-0.56

MIB

Book Depth (50 BPS)

- 26% increase in liquidity to depth of 50BPS

Rank	Venue	Depth (1K EUR)	Change
1	XMIL	4,057.6	-255.9
2	CHIX	916.1	+68.0
3	TRQX	443.5	+91.8
4	BATE	410.2	+17.2
5	XHFT	76.6	+9.9

Market share is based on on-book value traded during continuous trading. The share is calculated by averaging over all stocks in the index. The current value shown is for last week and the change is relative to the previous week.

Spreads measure the bid to offer spread of the best visible orders in the book. The result is averaged over the stocks in the index and is based on measurements of the order books every 30 seconds. The value for the spread is quoted in basis points (0.01%).

Market depth measures the amount of visible liquidity (bids and offers) in the order book within 10 or 50 BPS of mid price. The result is averaged over the stocks in the index and is based on measurements of the order book every 30 seconds. This is quoted in '000s of EUR.

Best Price % measures how often each venue posts an absolute best price (no ties) for stocks. The result is averaged over the stocks in the index and is based on measurements of the order book every 5 seconds.

Note: all changes shown in the above tables are calculated on a week on week basis.