

Trends in Equity Trading: Asia vs. The Rest of the World

FPL Conference 2010

Abhi Shroff

Vice President, Greenwich Associates

September 2010

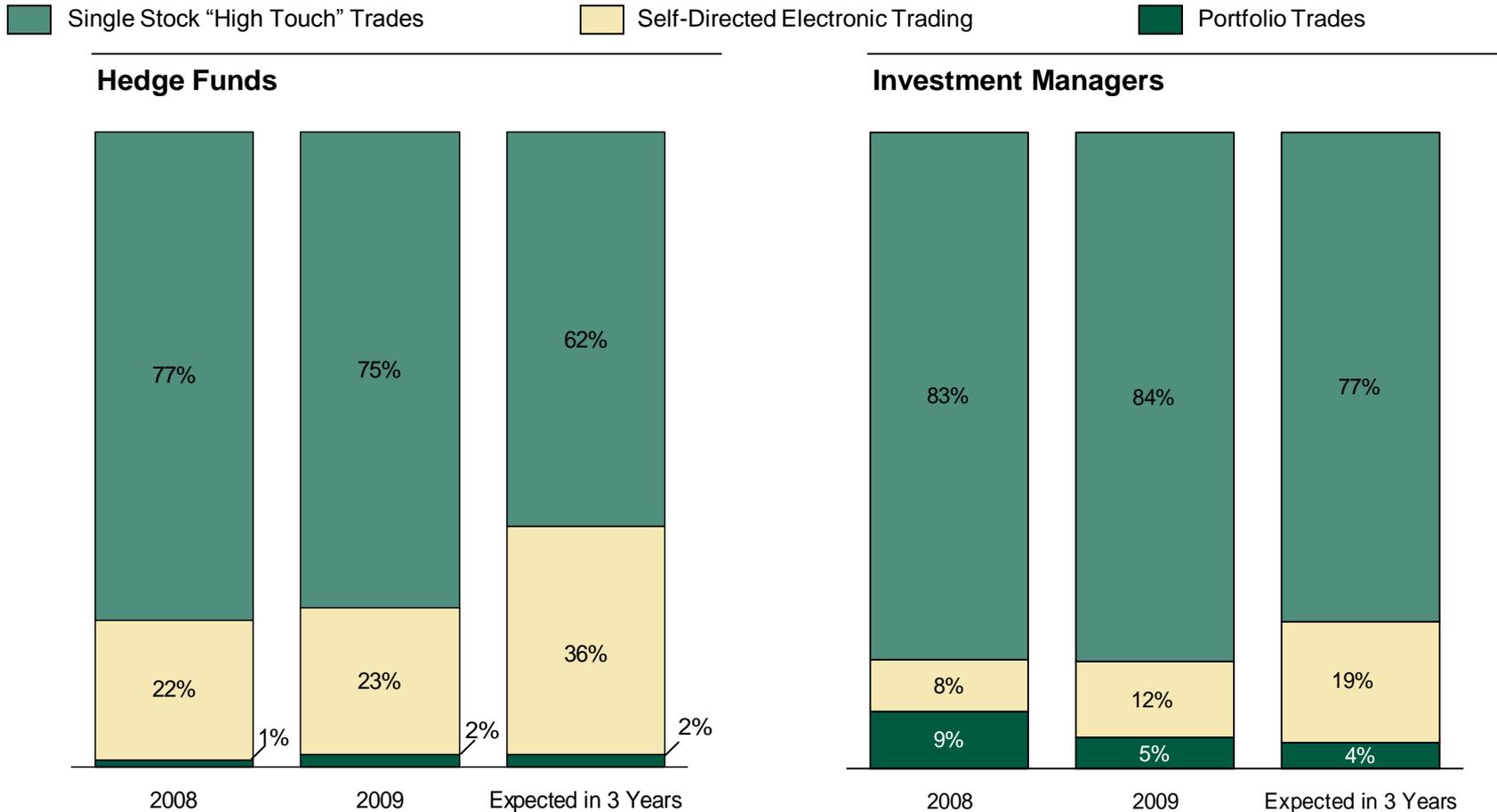
CONFIDENTIAL

Electronic trading penetration in Asia and Japan trails more developed markets, but pace of growth exceeds U.S. and Europe. Volume concentrates more in DMA/smart order routing while less in dark pools

	U.S. Equities			European Equities			Asian Equities			Japanese Equities		
	2009	2010	In 3 Yrs	2009	2010	In 3 Yrs	2008	2009	In 3 Yrs	2008	2009	In 3 Yrs
Algorithmic Trading	18%	18%	20%	8%	10%	13%	5%	6%	10%	7%	9%	14%
Crossing Network / Dark Pools	10%	10%	13%	4%	5%	8%	1%	1%	3%	1%	1%	4%
DMA / Smart Order Routing	8%	9%	10%	8%	7%	8%	9%	11%	15%	9%	10%	14%
Total Self-Direct Electronic Trading	36%	37%	43%	20%	22%	29%	15%	18%	28%	17%	20%	32%

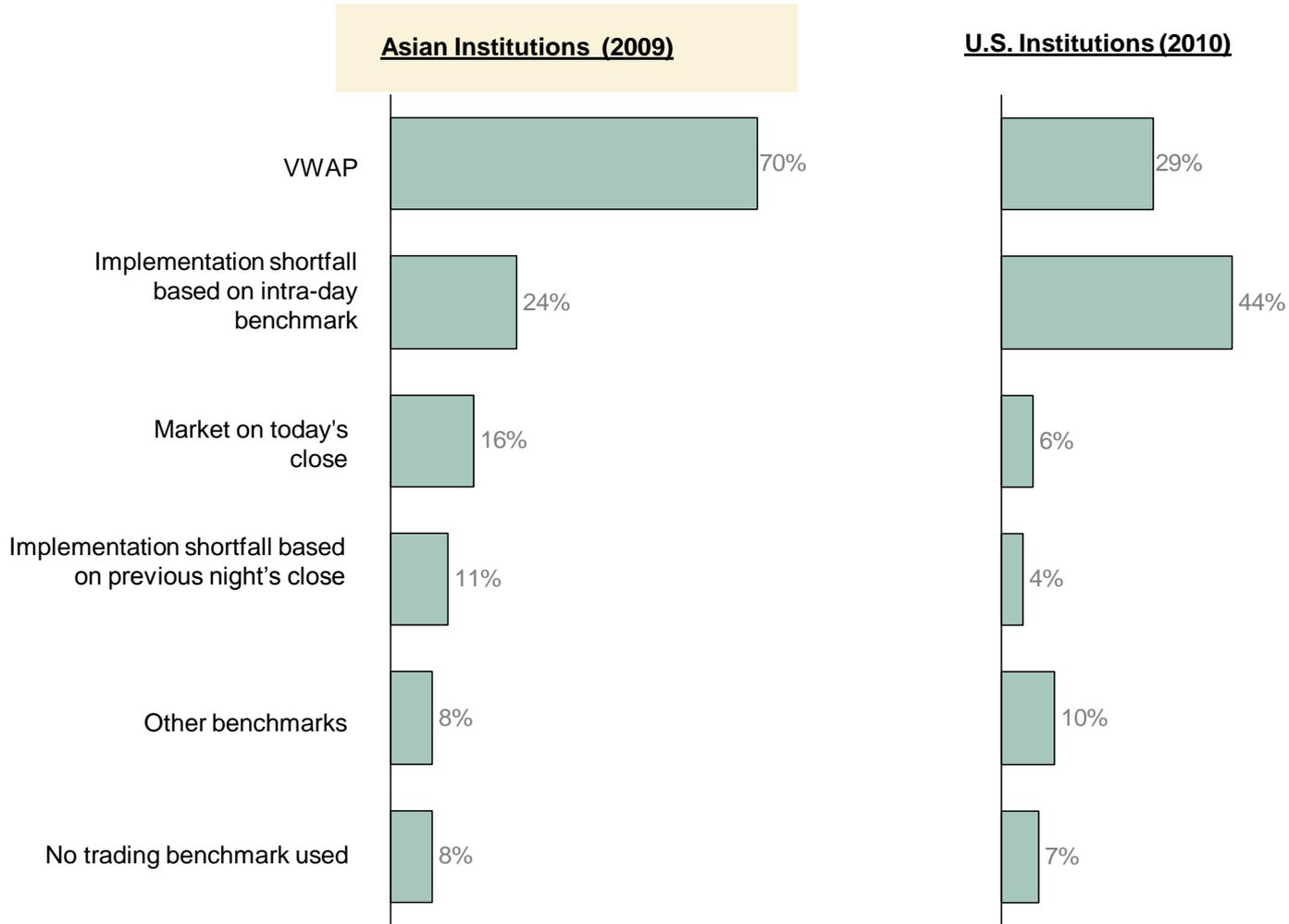
Source: Greenwich Associates

In Asia, hedge funds much more active in electronic trading than investment managers, though gap expected to narrow



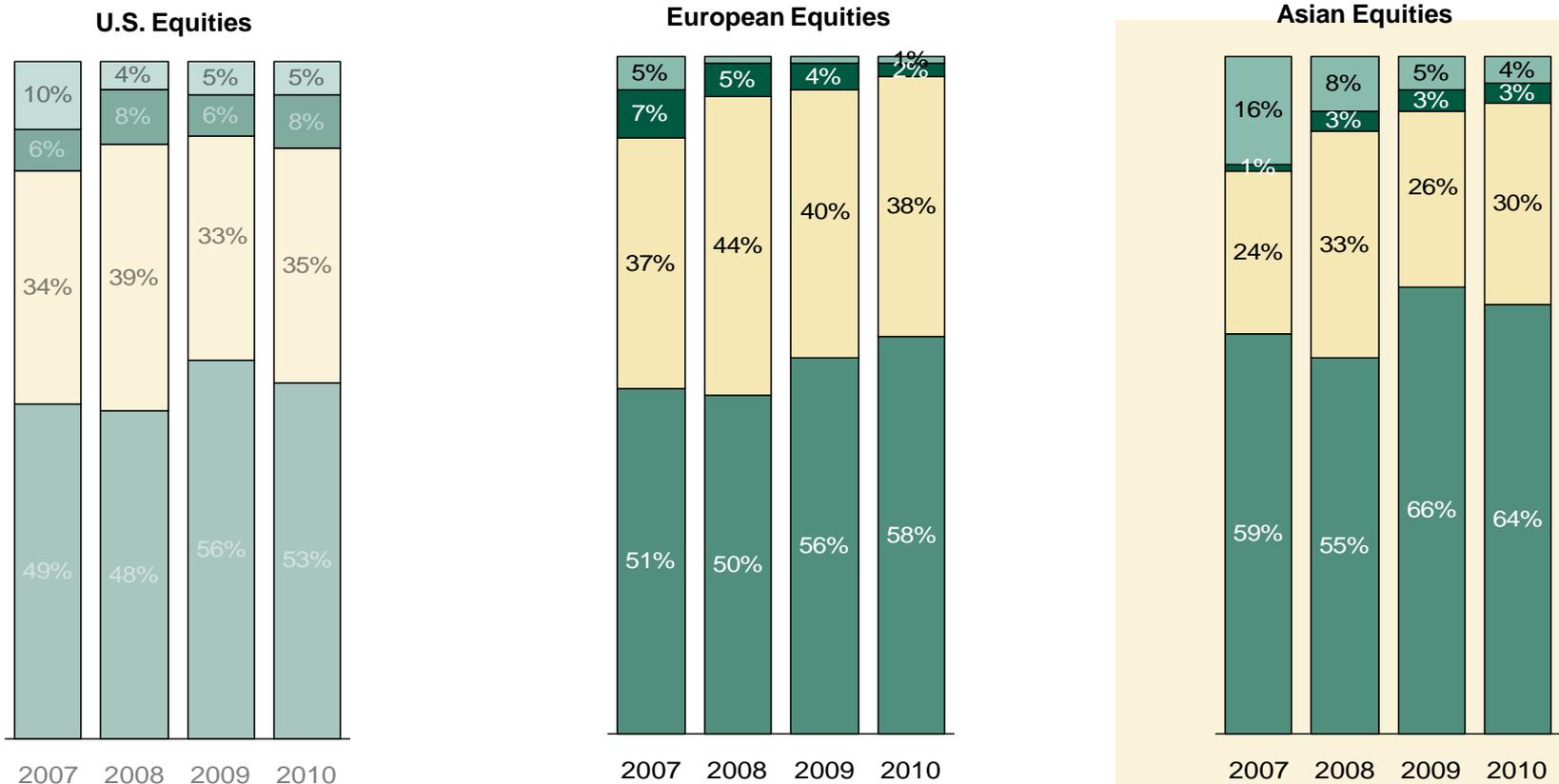
Source: Greenwich Associates

VWAP more commonly used than other execution benchmarks in Asia, while the U.S. shifting towards implementation shortfall



Research/advisory has increased as a proportion of overall commissions, reversing a multi-year decline and exacerbating tensions between the needs of the investing side of institutions and traders' mandate to pursue best execution

Equity Research, Sales & Corporate Access
 Sales Trading & Agency Execution
 Broker Capital Commitment
 Other



Source: Greenwich Associates

Key questions for the panel...

- Electronic Trading - Will Asia reach the level of US? If not, what are reasons that will hold etrading activity Asia back? Will we see the increase in the use of dark pools in Asia that was seen in the US?
- Transaction Cost Analysis - Why is VWAP so much more prevalent in Asia compared to other benchmarks? Do you rely on internal systems or external systems for TCA?
- Commissions - Research/advisory allocations have increased as proportion of overall commissions in recent years. How will this change in the 'low-flow' environment?

© 2010 Greenwich Associates, LLC. All rights reserved. No portion of these materials may be copied, reproduced, distributed or transmitted, electronically or otherwise, to external parties or publicly without the permission of Greenwich Associates, LLC. Greenwich Associates®, Competitive Challenges®, Greenwich Quality Index®, and Greenwich Reports® are registered marks of Greenwich Associates, LLC. Greenwich Associates also has rights in certain other marks used in these materials.