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## EXCHANGE CONSOLIDATION IS DEAD SAYS LIQUIDNET CEO SETH MERRIN

### Advises Exchange Leaders to Diversify, Differentiate, and Develop a Global Strategy in Order to Compete in Today's Market

Istanbul, March 20, 2012

Seth Merrin, founder and CEO of Liquidnet, the global institutional trading network, advised exchange leaders to look for new alternatives over exchange consolidation to compete in today's global market as part of his opening keynote address at the World Exchange Congress in Istanbul.

Speaking to more than 100 exchange leaders from around the world, Merrin pointed to lessons that could be learned from the airline industry, which shares many parallels with exchanges including strong nationalistic sentiment, a highly competitive environment driven by the entrance of low cost providers, and a record of unsuccessful M&A activity.

"The winners in the airline industry were able to diversify their revenue by selling more to their existing client base, differentiate their offering by focusing on a premium customer, and develop alliances to expand their reach globally," commented Merrin. "As exchanges have demutualized, it is not surprising that we have seen a focus on high frequency trading and on non-trading services. However, exchanges are missing a significant opportunity to differentiate themselves by not providing a, premium, high margin offering for institutional investors. By catering to the needs of this underserved constituency, exchanges will benefit with increased execution sizes, increased liquidity and a more efficient market where they can attract greater investment from around the globe."

Merrin further highlighted the role of global alliances, rather than exchange mergers, as a means of better facilitating investment in and out of their countries and serving the global investment needs of institutional investors. Liquidnet's partnership with the SIX Swiss Exchange, launched last year, is the first time an exchange and a trading network have joined forces. SIX Swiss Exchange members can now direct executable block orders in 2,500 Swiss and other European names to Liquidnet's global trading network which includes more than 630 asset management firms who collectively manage \$12.4 trillion in assets. Since launch, it has quickly become the largest exchange operated dark pool in Swiss equities, with turnover on the SIX Swiss Liquidnet Service (SLS) topping CHF1.17 billion, with an average trade size of CHF708,434, more than 60 times larger than any other MTF and exchange (dark or lit) as of February 2012.

Christian Katz, CEO, of Six Swiss Exchange commented, "Through this partnership, Liquidnet and SIX Swiss Exchange have created a unique offering for the market. Our members are not only able to access more quality block liquidity, but also realise the benefits of significant price improvement and reduced market impact on large orders. By working with Liquidnet, we are further internationalizing our exchange whilst underlining our position as the independent investment network of choice for our members. We look forward to the continued success of the offering as we look to expand access to additional markets."

## About Liquidnet

Liquidnet is the global institutional trading network that connects equity investors with the liquidity they need— in size, at any time, from anywhere. We go beyond what the retail market can provide by defending and securing the integrity and the anonymity of the block trade. We do this while continuously looking for ways to bring in new sources of safe, actionable liquidity from asset management firms, exchanges, brokers and corporations. Since we launched in 2001, our ability to anticipate and meet institutional demand has allowed us to extend trading to 39 equity markets across five continents for asset management firms who collectively manage US\$12.4 trillion. For more information on the Liquidnet community, its liquidity, block executions, and additional investment capabilities, visit [www.liquidnet.com](http://www.liquidnet.com).