



NEONET SECURITIES

The European Specialist in Execution Services

Neonet[®]



Neonet Securities is a specialist in execution, offering a unique range of services in the rapidly changing electronic trading landscape. We allow buy-side and sell-side clients to focus on their trading decisions, removing complexity and reducing their overall spend on trading infrastructure.



This is Neonet

Our Value Proposition

- ▶ **Independent agency only execution** coupled with a high touch traditional sales trading offering, validated and measured by third party analytics, through our partnership with LiquidMetrix.
- ▶ **The opportunity to remove complexity and reduce the overall spend on trading infrastructure** benefitting from the flexibility and expertise of a technology provider on a trusted brokerage platform.
- ▶ **A seamless integrated solution in both execution and post-trade**, at a competitive price point, through our relationship with KAS Bank, the independent specialist clearer and custodian.

A Specialist in Execution

▶ Best Execution

- Global Market Access combined with trading desk services and cost-effective STP processing from trading to clearing and settlement.
- Highly ranked execution platform with advanced configurable technology solutions.

▶ Conflict-free Execution

- No conflicts from proprietary trading, internalization, or ownership.
- All orders are executed on regulated venues – MiFID compliant.

▶ Transparent

- Neonet offers transparent commission models.
- Our execution quality is validated and measured by third party analytics.

▶ Flexible

- Hosted and fully managed services built on technology modules, offered as a comprehensive service or individually integrated with our clients' existing platforms.

Focus on Technology and our Clients

▶ Technology leadership

- Electronic execution competence built on more than two decades of experience and innovation in electronic trading.
- Continuously developed technology to meet evolving trading needs and dynamic markets.
- Advanced Smart Order Routing (SOR) technology, covering access to primary markets, MTFs, lit and dark venues.
- Broad range of algorithms and trading strategies, fully integrated with the SOR to further enhance overall execution quality.

▶ Client Focus

- Our technology and market access are delivered as a service, significantly lowering our clients' cost of ownership and allowing buy-side and sell-side firms to focus on their core business.
- Customizable SOR and algorithms to implement the execution strategies of their choice with flexible commission models.
- A dedicated account manager on the trading desk and customer operations relationship manager to address post/trade and technology support.

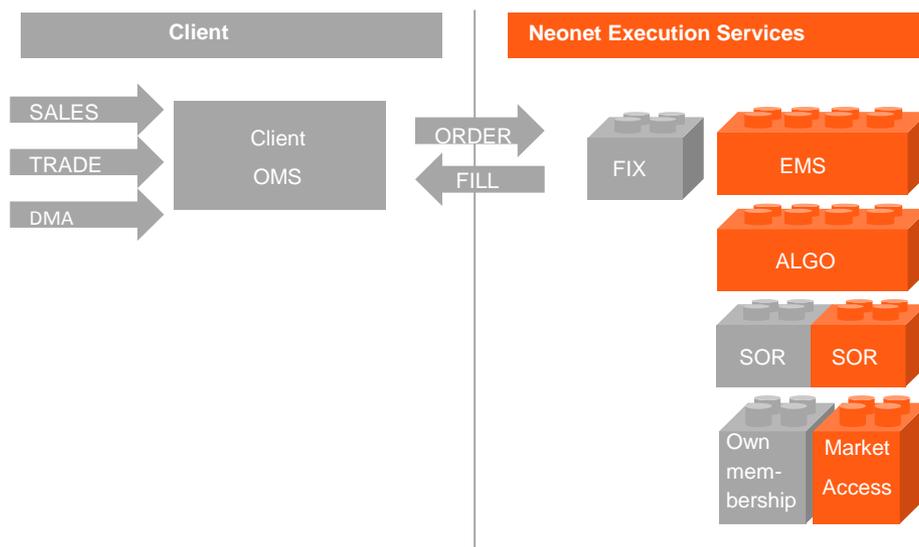


The Neonet Offering

Our Offering at a Glance

Neonet offers superior trading technology and market access with specialist advice and service through:

- ▶ Access to over 40 execution venues, both lit and dark.
- ▶ Conflict-free Smart Order Routing.
- ▶ Algorithmic and advanced order-type trading coverage.
- ▶ Neonet Trader - our Execution Management System.
- ▶ Multi-broker access and CSA capabilities.
- ▶ Independent third-party Transaction Cost Analysis.
- ▶ Full service sales trading desk.



Market Access

Offered in both Neonet's and our client's membership

Primary markets



American Stock Exchange
Athens Stock Exchange
Borsa Italiana
Deutsche Börse
› Xetra Frankfurt Börse
› Xetra Frankfurt Börse Specialist
Eurex
Euronext
› Amsterdam
› Brussels
› Lisbon
› Paris
Irish Stock Exchange
Istanbul Stock Exchange
London Stock Exchange
Madrid Stock Exchange
Moscow Exchange
NASDAQ OMX
› Copenhagen
› Helsinki
› Stockholm (equities and futures)
NGM/NDX
NYSE Euronext
Oslo Stock Exchange
OTC Bulletin Board
Pink Sheets
SIX Swiss Exchange
SWX Europe
Toronto Stock Exchange
Warsaw Stock Exchange
Wiener Börse

Alternative Markets

BATS Europe
Burgundy
Chi-X
NYSE Arca
NYSE Arca Europe
Turquoise
Quote MTF

Dark pools

BATS Europe Dark Pool
Chi-Delta
Irish Stock Exchange
North Sea
Nordic@Mid (NOMX)
POSIT (ITG)
Sigma X MTF (Goldman Sachs)
Smart Pool (Euronext)
Turquoise
UBS MTF
Xetra Midpoint (Deutsche Börse)

Neonet Algorithms

- ▶ Our algorithms streamlines the workflow, enhance the execution quality and limit the market impact and market risks.
- ▶ All algorithms are fully integrated within Neonet Smart Order Router, with access to over 40 trading venues and dark pools.

Algorithm	Function
DARK	Scans dark pools and aims to complete the order as soon as possible.
MOC	Targets the closing price.
PARTICIPATE	Follows trading activity in the market, targeting a specified percentage of the volume executed in the market.
SOFTSTOP	Minimizes market impact when entering into or exiting out of a position.
TWAP	Trades at a constant rate over the specified time period.
VWAP	Follows the historical normal distribution pattern of volumes over the day.

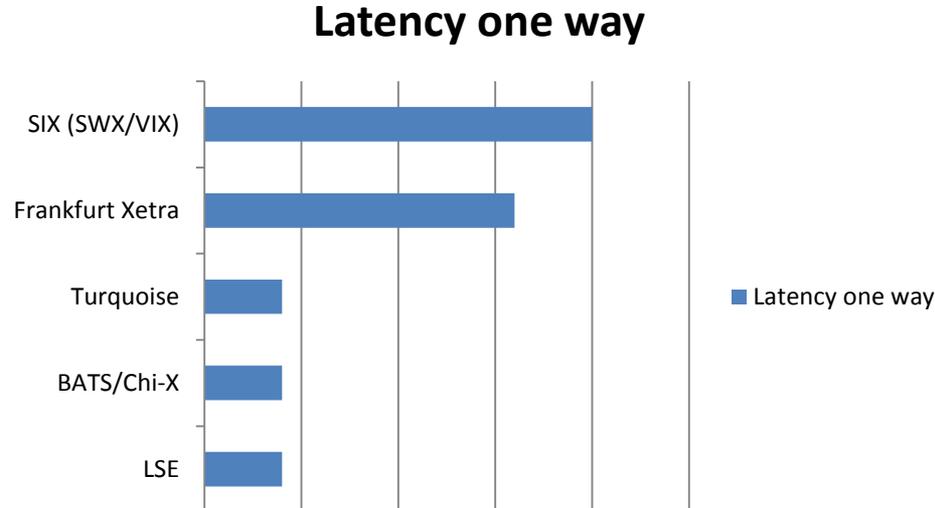
Smart Order Router (SOR)

- ▶ Synchronized Market Access
 - Reach all venues at the same time
- ▶ Liquidity Based Routing
 - Routing optimization based on venue liquidity and order size
- ▶ Dynamic Order Distribution
 - ADV based on individual instruments
- ▶ SOR does not provide internal matching, is conflict-free and scans only primary markets and regulated MTFs, both lit and dark in default configuration

SOR Functionality

► Synchronized Market Access

- Time to market functionality whereby measuring latency between Neonet gateway and exchange gateway, the SOR will be able to distribute orders to venues at different geographical location with the goal to reach all venues at the same time



SOR Functionality

▶ Liquidity Based Routing

- Dynamic feature which searches for the most liquid venue depending on instrument and order size and adapts its distribution thereafter. This strategy is used when taking liquidity and SOR calculates where it can fill an order using as few venues as possible whilst honoring best execution and venue prioritization.
- This is achieved by decreasing the number of venues to complete an order.

SOR Functionality

Dynamic Order Distribution

- All equity instruments have a trading pattern and a historic Average Daily Volume (ADV). For clients with a demand of order distribution to favour certain venues, the Dynamic Order Distribution can place liquidity on venues depending on a pre-set number which should reflect the market share on that instrument

Example:

- BAT(35|10), CHX(35|10), TQS(30|10), PRI(100|0)

↑ ↑ ↑
Venue Order size ADV %
 %

Sales Trading Desk

- ▶ Neonet sales trading desk acts as an extension of our clients' trading desk by providing market intelligence, execution analysis and market micro-structure research. The desk offers global reach with in-depth local market expertise.
- ▶ Our experienced execution specialists provide a high touch service utilizing the full suite of Neonet products to access liquidity, combining the ability to handle complex trades, single stock orders, pairs trades, contingent orders, programs and baskets, managing balancing constraints.

Transaction Cost Analysis

- Neonet uses LiquidMetrix, an independent third/party vendor to benchmark executions.
- Reports available to clients on a daily basis.
- Benchmarking is executed using standard measurement such as percent trading within the European Best Bid Offer (EBBO), improvements to EBBO and standard implementation benchmarks such as IS, VWAP, adverse selection and reversion.

GLAXOSMITHKLINE PLC ORD 25P

SELL 40,000 @ 1453.14

OrderID = 6:8406354 (No Basket)
GB0009252882, GBX

PM ID:

Flow Type: TWAP

Note:

User Def:

Decision Time: -

Arrival Time: 25-Sep-12 14:21:20

First Fill Time: 25-Sep-12 14:23:02

Last Fill Time: 25-Sep-12 14:58:59

Trading Summary

Value Traded: **941,748**
 Volume Traded: **40,000**
 Number of Fills: **85**
 Average Fill Size: **11,079.39**
 Duration: **0h 35m**
 ParticipationRate: **4.33%**
 Book Spread (depth): **3.39 BPS**
 Book Spread (touch): **3.51 BPS**
 Execution Style:

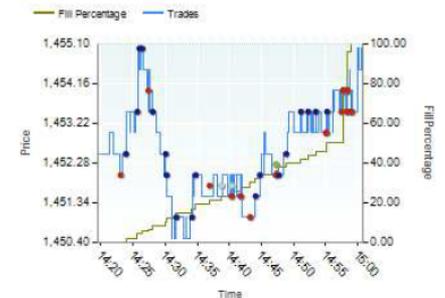
Aggr	Pass	Mid
62.4%	37.6%	0.0%

Venue Types:

Prim	MTF	Other
41.6%	58.4%	0.0%

Venues Traded:
 CHIX: 47.51% LSE2: 41.62% BATE: 8.57% TRQX: 2.30%

Order Execution History



Performance Summary

Imp. Shortfall (Arrival touch): **7.852 BPS**
 VWAP (First To Last): **2.305 BPS**
 Avg. Spread Capture: **39.27%**

Benchmark	Price	(+/-) BPS
Price Achieved	1,453.141000	
Arrival Price (touch)	1,452.000000	+7.852
Arrival Price (mid)	1,452.500000	+4.411
First Fill Price (touch)	1,452.000000	+7.858
First Fill Price (mid)	1,452.250000	+6.135
Previous Close	1,442.000000	+77.261
Opening Price	1,446.500000	+45.911
Closing Price	1,456.500000	-23.062
VWAP (First To Last)	1,452.806122	+2.305
VWAP (Daily)	1,453.104842	+0.249
VWAP (20% Part.)	1,453.983945	-5.797

Venue Breakdown

Venue	Trades (#)	Order (%)	Market (%)	+/-	Success (%)	Imp (BPS)	OC (%)
CHIX	54	47.51	22.18	-25.33	100.00	0.03	0.8
LSE2	21	41.62	65.55	23.93	100.00	3.08	89.4
BATE	8	8.57	6.91	-1.66	100.00	0.00	0.0
TRQX	2	2.30	4.71	2.41	100.00	0.00	0.0

SOR:ed Flow

Execution Quality Report

Start: 05-Mar-12

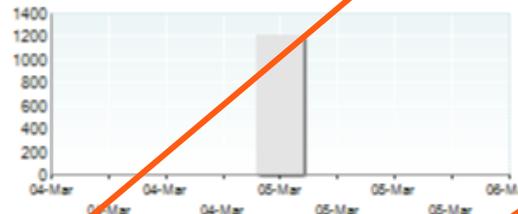
End: 05-Mar-12

LSE

Trading Summary

Value Traded: **GBP 5,472,341**
 NumberOfTrades: 1,206
 Average Trade Size: GBP 4,538
 Average On-book Spread: **9.54 BPS**
 Distinct Instruments Traded: 1

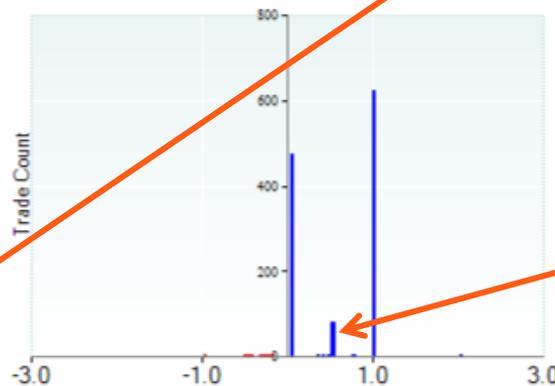
Daily number of Trades



Performance Summary

	% By # of Trades	% By Value Traded
Percentage Success	99.09%	99.62%
Percentage Better	58.96%	73.75%
Percentage Equal	40.13%	25.86%
Percentage Worse	0.91%	0.38%
Not Benchmarked (N/B)	0.00%	0.00%

Spread Capture Histogram



Average Improvement/Shortfall Value: **6.68 BPS** (GBP3,658)
 Spread Capture: **70.09%**
 SOR Improvement Potential Value: **0.02 BPS** (GBP10)

- 99.62% inside /better of EBBO, the consolidated spread(European Best Bid and Offer)

- With an average market spread of 9.54bps, 70% spread capture represents a 6.68 bps improvement

- Dark pool = save 50% spread

Commission Sharing Agreement via Neonet

Neonet's CSA program gives you:

- ▶ Transparency, regulatory compliance and cost control by allocating research portions of commissions on behalf of clients.
- ▶ A dedicated team that manages your CSA account, giving you the flexibility to monitor and make payments.
- ▶ Greater flexibility to achieve best execution.
- ▶ Reduced trading costs by trading with a broker that helps retain alpha during the execution process.

The Neonet Trader EMS

▶ Professional trading

- ▶ The Neonet Trader EMS (Execution Management System), provides sophisticated execution tools designed to take advantage of investment opportunities around the world.

▶ Powerful and flexible toolset

- ▶ Designed for high-speed cross-border trading, Neonet Trader EMS offers a wide set of tools including program trading, smart order routing, pre/post trade reports and a large array of order types for maximum flexibility.

▶ Multi Broker Access

- ▶ Offers access to third-party brokers as a complement to our offering, either as part of our CSA services or as a module in our technology solutions.
- ▶ Integrated with Neonet's market access, customers may use the Neonet platform to pay full service brokers for research and minimizing the need for multiple trading tools.

Neonet Trader - Trade Center Functionality

Trade Center makes it possible to send and monitor several orders at the same time.

Trade Center - Own [custom list selection] - Neonet Trader

List Level:

LI...	Buy/Sell	#Instru...	Total Amount	Total MV(EUR)	Unse...	Unsent MV...	Active Amount	Execute...	Exe MV(...)	%Gen/Tot	%Traded	Generated ...	Generated M...	Ref MV	Unreal PnL	Real PnL	Total PnL	Total PnL(...)
S...	S	1	33,900	177,032				33,900	177,032	100.00	100.00	33,900	177,032	177,326	0	-293	-293	-16.55
S...	B	1	47,700	178,180				47,700	178,180	100.00	100.00	47,700	178,180	178,443	0	263	263	14.74
K...	B	7	69,671	66,774			64,495	5,176	6,685	100.00	10.01	69,671	66,774	62,084	-4,794	0	-4,794	-772.11
K...	S	7	116,600	81,954			105,100	11,500	10,969	100.00	13.38	116,600	81,954	81,567	366	2	368	45.13

Stage Level:

Order...	LI...	Flag	Handli...	Ma...	B...	Total MV(...)	Instru...	Full Name	Total Amount	Limit Price	Active A...	Unsent...	Execute...	Average ...	Unexe...	%Tr...	Refer...	Strategy	Strategy Volume	Str...	%A...	%G...	% of ...	%
Active	K...	Manual	NAS	B	16,280	SIRI	SIRIUS XM RADIO	45,000	0.480	45,000				45,000		100.00	0.518		6,557,952	0.18	100.00			
Active	K...	Manual	NAS	S	9,045	SIRI	SIRIUS XM RADIO	25,000	0.530	25,000				25,000		100.00	0.5212		134,724	0.10	100.00			
Active	K...	Manual	NYS	B	8,057	YGE	YINGLI GREEN ENERG	820	12.00	820				820		100.00	14.06		3,772,501	0.01	100.00			
Canc...	K...	Manual	NAS	S		AKAM	AKAMAI TECHNOLO...		16.93										5,484,675					
Canc...	K...	Manual	NYS	S		C	CITIGROUP INC		3.24										33,085,458					
Canc...	K...	Manual	NAS	B		DRYS	DRYSHIPS INC		6.55										7,375,878					
Canc...	K...	Manual	NAS	B		DRYS	DRYSHIPS INC		6.36										6,453,023					
Canc...	K...	Manual	NAS	B		GNBT	GENEREX BIOTECHN...		0.630										13,254,270					
Filled	K...	Manual	NYS	B	691	CAT	CATERPILLAR INC	21	*				21	47.4500		100.00	47.45		2,978,939	0.00	100.00	0.00		
Filled	K...	Manual	NAS	B	5,273	CTIC	CELL THERAPEUTICS	5,000	*				5,000	1,5200		100.00	1.52		763,936	0.04	100.00	0.65		
Filled	K...	Manual	NAS	S	10,408	CTIC	CELL THERAPEUTICS	10,000	*				10,000	1,5000		100.00	1.50		3,835,602	0.07	100.00	0.26		
Filled	K...	Manual	NAS	B	721	DRYS	DRYSHIPS INC	155	*				155	6,6999		100.00	6.70		1,313,889	0.00	100.00	0.01		
Filled	K...	Manual	NAS	S	561	SIRI	SIRIUS XM RADIO	1,500	*				1,500	0,5389		100.00	0,5371		15,661,006	0.01	100.00	0.01		
Filled	S...	Manual	STO	B	178,180	TREL B	Trelborg AB ser. B	47,700	*				47,700	38,0339		100.00	38.09		838,239	2.50	100.00	5.69		
Filled	S...	Manual	STO	S	177,032	VOLV B	Volvo, AB ser. B	33,900	*				33,900	53,1719		100.00	53.26		3,985,793	0.37	100.00	0.85		

Order Level:

Order State	Time	LI...	Market	Flag	B...	Order Amo...	Instrum...	Price	Traded Amo...	Average Price	Op...	Visible Amount	Amount	Trigger Volume	Peg Limit	Currency	Account Reference
Filled	12:41:5...	K...	NYS	B	21	CAT		*	21	47.4500						USD	0467
Filled	1:20:09...	K...	NAS	B	5,000	CTIC		*	5,000	1,5200						USD	0407
Filled	1:05:22...	K...	NAS	B	155	DRYS		*	155	6,6999						USD	0407
Filled	10:28:0...	K...	NAS	S	10,000	CTIC		*	10,000	1,5000						USD	0407
Filled	12:35:5...	K...	NAS	S	1,500	SIRI		*	1,500	0,5389						USD	0407
Cancelled	9:22:34...	S...	STO	B	47,700	TREL B		*	44,732	38,0295						SEK	vMT
Cancelled	9:24:34...	S...	STO	S	33,900	VOLV B		*	30,498	53,1778						SEK	vMT
Filled	9:29:17...	S...	STO	S	3,402	VOLV B	53.00	*	3,402	53,1169						SEK	vMT
Filled	9:24:18...	S...	STO	B	2,968	TREL B	38.10	*	2,968	38,1000						SEK	vMT
Cancelled	11:15:5...	K...	NAS	S	2,000	AKAM	16.93	*								USD	0407
Active	10:15:0...	K...	NYS	B	820	YGE	12.00	*				820	820			USD	0467

← **List Level:**
Each row identifies a side of a list or any one order (Buy / Sell).

← **Stock Level:**
Each row identifies a basket constituent.

← **Order Level:**
Each row identifies an individual child order sent to the market.

- ▶ Send, stage, modify and cancel waves of orders as well as single orders.
- ▶ Ability to create lists manually or import from files, excel, EMS systems or clipboard.
- ▶ Set your Execution Strategy or Reference Price and in real-time follow up against a benchmark.
- ▶ Trade multiple markets simultaneously.

Order Routing Networks and ISV's



Advent Software Moxy
Apsys
Bloomberg
Bloomberg Tradebook
Charles River Network
ConvergEx Traders Console OMS
EliData
ESP Technologies
Eze Castle
Fidessa EMS
FidessaNet
InfoReach
Infront
IT Software, Easy Trade
ITG MacGregor
ITG Triton
Kline, Antana
List Group, Fast Trade
LSE FIX Hub
MIXIT

NYFIX
Oasys
Orc
Orc ExNet
Portware
ProBroker
RealTick
Reuters
RTS Realtime Systems
SS&C Tradeware
State Street Global Link
SunGard BRASS
SunGard Decalog
SunGard Front Arena
SunGard SGN
Sungard Valdi
Tbricks
Tradeweb
Ullink
Visual Trader

Market Data

- ▶ Neonet provides real time data feed from global exchanges and alternative venues.
- ▶ Relevant, high-speed market data is consolidated into a single feed, which provides a transparent, informed and consolidated view of the market.
- ▶ Neonet provides the reference data needed for efficient and flawless trading, such as symbol, instrument identifiers, tradable markets, tick size, currency, and lot size.



Clearing and Settlement Joint KAS-Neonet Offering

Clearing and Settlement

- ▶ Neonet's clearing and settlement team manage the full range of post-trade activities for clients using Neonet's brokerage services.
- ▶ The team offers proactive and professional customer service with in-depth knowledge of local market rules and requirements.
- ▶ Neonet's partnership with KAS BANK, the European clearing and settlement specialist, offers access to a wider class of assets and an automated and standardized settlement process.
- ▶ Neonet offers comprehensive reports such as execution quality, reconciliation and TCA as part of our execution service.

ECCS - Neonet and KAS BANK joint Offering

KAS BANK and Neonet's European Correspondent Clearing Services (ECCS) combines the best attributes of both organizations and offers a complete trading solution encompassing:

- ▶ Direct Market Access
- ▶ Best Execution
- ▶ Clearing, Settlement & Custody
- ▶ Back-Office Outsourcing



Two Specialists - One Complete Solution

ECCS - A single platform

Pre-Trade Execution Services

Risk management

Post-Trade Execution Services

Clearing
On and off-exchange settlement
Custody
Asset servicing
Treasury services

Trade Execution Services

Direct Market Access
40+ venues
Best Execution
Smart Order Routing

Administration Services

Back-office outsourcing



ECCS is delivered as a complete integrated trading solution, each element of this service is also available individually.



More Information:

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