



Established in 1987, GL TRADE provides the financial community with Trading & Order Management Software, Market Data, Middle & Back Office solutions and a proprietary network connected to 500 financial institutions and over 125 cash & derivatives markets around the world. We cover the entire order lifecycle, from Buy Side order sending to post-trade settlement. Our GL STREAM™ solution is truly global and open. Whether you are a Buy Side or Sell Side, a Financial Institution or a small Brokerage, we can provide you with either a complete Front to Back Office solution with real-time market connectivity - or just the modules you need. GL TRADE also offers a large range of services including: project management and implementation, DMA, EDA, ASP, day to day maintenance, DBA & consulting.

GL TRADE has been an active member of the MiFID Joint Working Group and has been involved in the MiFID Process through consulting groups in France and Europe since the directive was voted. Since 2004, we have been enhancing our trading and market data products to help our clients to comply with the obligations and to optimize the business opportunities this new regulation brings.

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Your MiFID Way

Implementing IT Solutions to comply and seize business opportunities from MiFID





MiFID is radically changing the trading & investment landscape in Europe with the creation of a European passport to enable the cross-boarder transfer of liquidity. It will allow authorised firms to provide services to customers in other EU member states. But the main objective of the European directive remains the protection of the investor.

3 key changes are introduced by MiFID

■ Abolition of the Concentration Rule

Competition for liquidity is introduced with the creation of both the **Multilateral Trading Facilities (MTF)** status and **Systematic Internalizers (SI)**.

■ Internalization

The internalization of orders (executing client orders outside the Regulated Markets (RM) or MTF) will be authorized when dealing 'on own-account'.

■ Best Execution & Market Transparency

To protect the investor, Best Execution becomes an obligation for all instruments included in MiFID. So far, the EU regulation only demands market transparency in the pre-and post-trade processes for shares. Investment Firms must have an adapted execution policy for each type of client. The application of some rules therefore depends on the client status.

Client classification under MiFID

Some MiFID rules depend on the client profile. This means that the internal processes, organisational structure and trading systems of investment firms must take the status of the client into account.

■ Retail

A retail client is a non-professional client, usually with no direct access to the liquidity and no means to effectively and efficiently monitor the execution quality of the intermediaries. MiFID is very protective of retail clients.

■ Investment Firms

Professional clients are companies with advanced financial knowledge such as: investment firms, credit institutions, institutional investors, large undertakings...

■ Eligible Counterparty

This is a sub-category of the professional client. Eligible counterparties are the most sophisticated class of investors and therefore benefit from the lowest level of protection.

Main impacts for the Sell Side

MiFID results in both obligations and opportunities for Sell Side firms.

Fragmented market data & new liquidity pools

To ensure Best execution, Investment Firms (IF) will need to have access to aggregated market data from RM, MTFs and SI.

Execution policy

IF will need to guarantee they can access a significant part of the liquidity and clearly define their execution policy in order to achieve the best result for their clients.

Client classification

MiFID means firms have to review their client base with the appropriate client profiles, and manage both the classification by default and Opt In / Opt Out option. The next step is making sure each client accepts the company execution policy, agrees or not to the internalization of orders, and how specific instructions will be handled.

Compliance

Investment firms have specific compliance obligations in terms of Record Keeping & Audit Trail (data relating to both the execution and the transaction), Document Management, Client Reporting and Regulatory Audit. Each operation has to be recorded and then archived for 5 years.

Opportunities

MiFID brings 2 major opportunities:

- Arbitrage & improved execution quality: competition on liquidity with new pan-European liquidity pools and the extension of RM listing will induce opportunities in execution quality, arbitrage and execution costs.
- Off-exchange executions: internalization on own account and book optimization (client orders' crossing) reduces execution costs and means brokers can provide more competitive execution services to the Buy Side.



GL STREAM™ for MiFID One Architecture, 5 Solutions

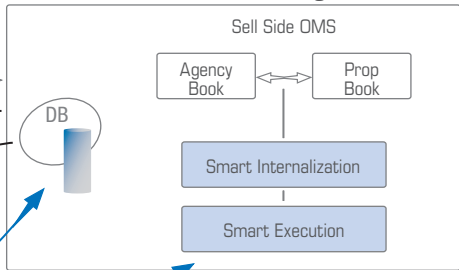
As a leading multi-asset class software provider for trading & order management, GL TRADE started adapting its solutions to MiFID in 2004 when level 1 was published.

Based on proven and performance driven technology, GL TRADE is continuously enhancing its trading platform to both comply and benefit from MiFID: algorithmic trading, program trading and smart order-routing are some of the new trading technologies we have implemented on our DMA & EDA architecture. For compliance and audit trail issues, GL TRADE offers a central command and control center for execution.

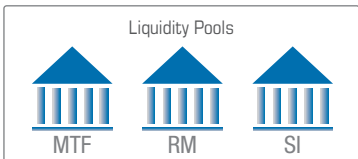
Order Collection



Order Management



MARKET DATA



Execution Gateways

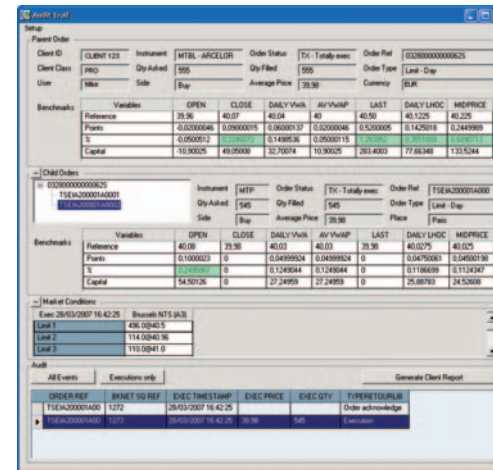


Regulator

← ORDER FLOW
← REPORTING
← MARKET DATA

1) Compliance & Audit: GL STREAM™ Audit

All GL TRADE solutions dealing with MiFID are enhanced to provide the mandatory data for record keeping, Best Execution, audit trail and reporting. To have the ability to prove Best Execution to clients or simply to benchmark the execution quality, we have developed modules to create an efficient and centralised audit trail.



GL STREAM™ Audit screen

- Complete audit trail
- Execution benchmarks
- Client reporting

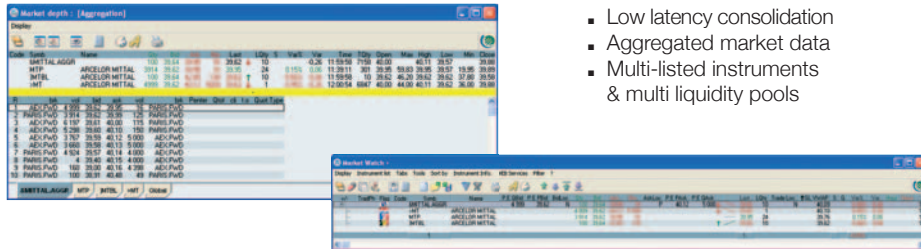
2) Liquidity Fragmentation: GL Market Data & GL Gateways

One key element to answer MiFID requirements is to give market players the capacity to analyse and evaluate different liquidity pools. We already provide aggregated data feeds on the GL NET network. This flow is aggregated and compressed to reach the different applications like the trading front-ends, visualisation screens and smart order router or other algorithmic engines.

GL TRADE already offers connectivity to over 125 liquidity pools and provides a cost-effective solution via its ASP offer.



With MiFID, GL TRADE chooses to become Data Aggregator and to collect for free all the prices and quotes from RM, MTF and SI.

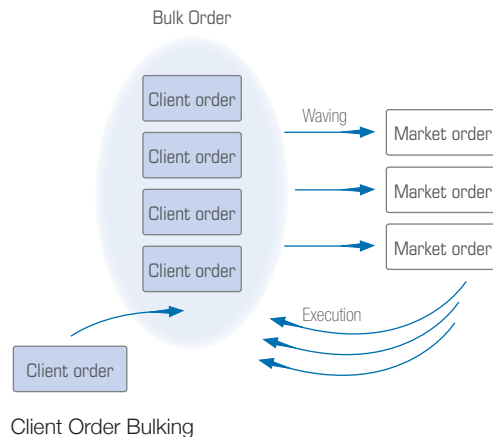


- Low latency consolidation
- Aggregated market data
- Multi-listed instruments & multi liquidity pools

Aggregated Market Data in GL TRADE Market Depth and Market Watch+ windows

3) Best Execution for Client Orders: GL Order Management

Efficiently manage client orders by pre-setting your MiFID client classification & associated execution policy and by applying advanced routing rules to automate the process. You can also increase trading desk productivity thanks to the order grouping functionality, which includes execution distribution algorithms to guarantee best execution.



- Client Classification Management
- Order Flow Management
- Allocation Management

4) Best execution for DMA: GL Smart Order Router

To meet the requirements of Article 21 and to minimize trading costs, GL TRADE's Smart Order Router algorithm takes information from real time Market Data and searches for the best execution price on the connected venues.

I can split an order across several destinations, taking into account the costs associated with this splitting and the available market depth.

GL SOR also integrates a sweeping feature: it continuously listens to market changes and adapts automatically the execution policy.

5) Off-exchange Execution: GL Matching Engine

GL Matching Engine builds a virtual internal market for internalization. Depending on your business model, you can cross orders to optimize your order book, answer RFQs, or even become a Market Maker for your own internal liquidity pool.

GL Matching Engine provides the necessary data to comply with pre-and post-trade transparency when internalizing shares and embeds mechanisms to guarantee Best Execution.