

Managing Market Data Costs in a Challenging Climate

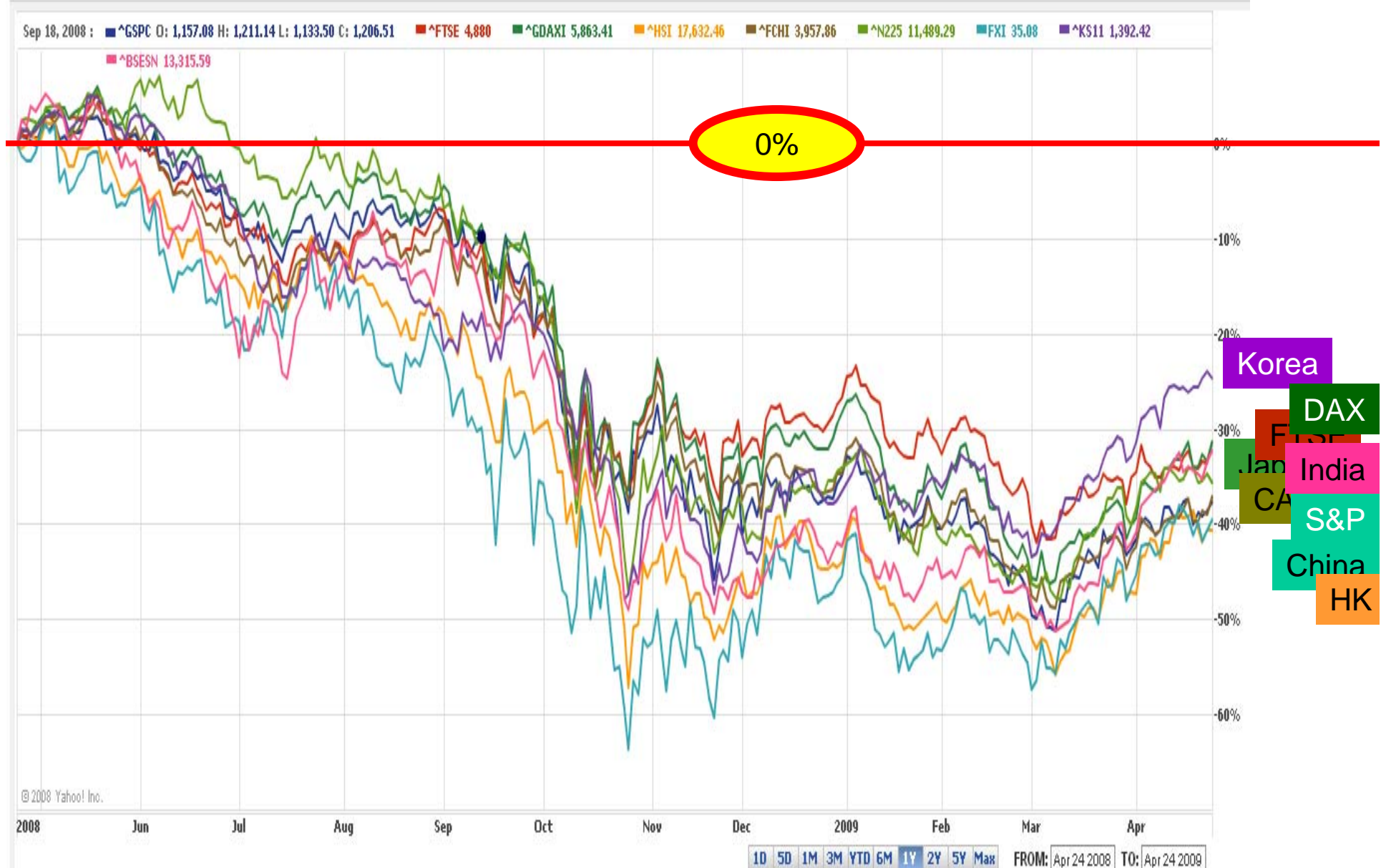
Presented by
Larry Tabb
Founder & CEO
TABB Group


Interactive Data

Agenda

- ▲ A very difficult business climate
- ▲ Overwhelming explosion in market data
- ▲ Managing multiple channels
- ▲ Decreasing budgets
- ▲ How to think about managing out of this quagmire
- ▲ Panel discussion

Markets around the globe have been challenged over the past year



Volatility reaches wild highs... but has backed down as of late

Week of Apr 13, 2009 : ■ ^VIX O: 38.32 H: 38.91 L: 33.68 C: 33.94

**Daily Close High
89.53**

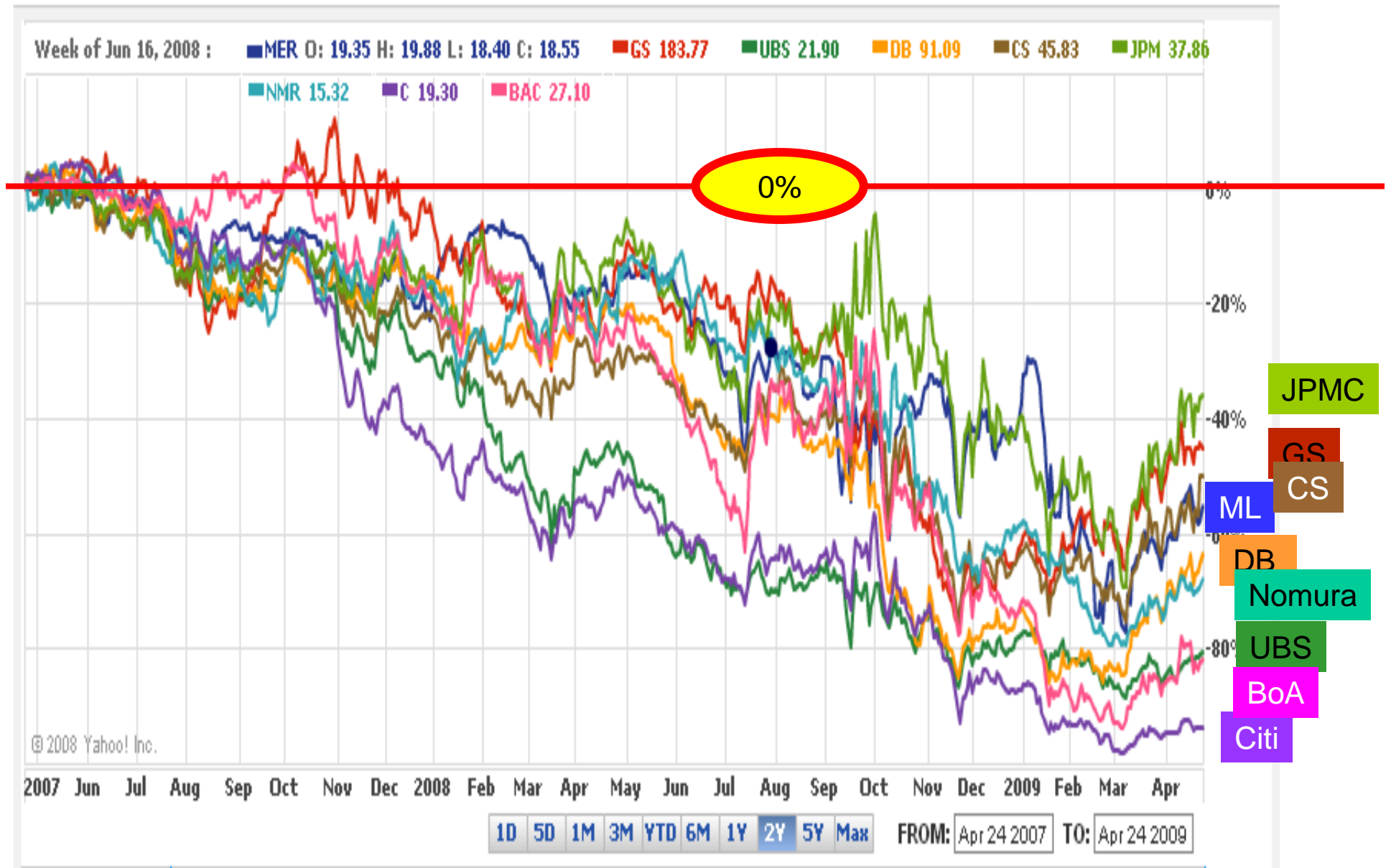
32.05

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2004 Jul Oct 2005 Apr Jul Oct 2006 Apr Jul Oct 2007 Apr Jul Oct 2008 Apr Jul Oct 2009 Apr

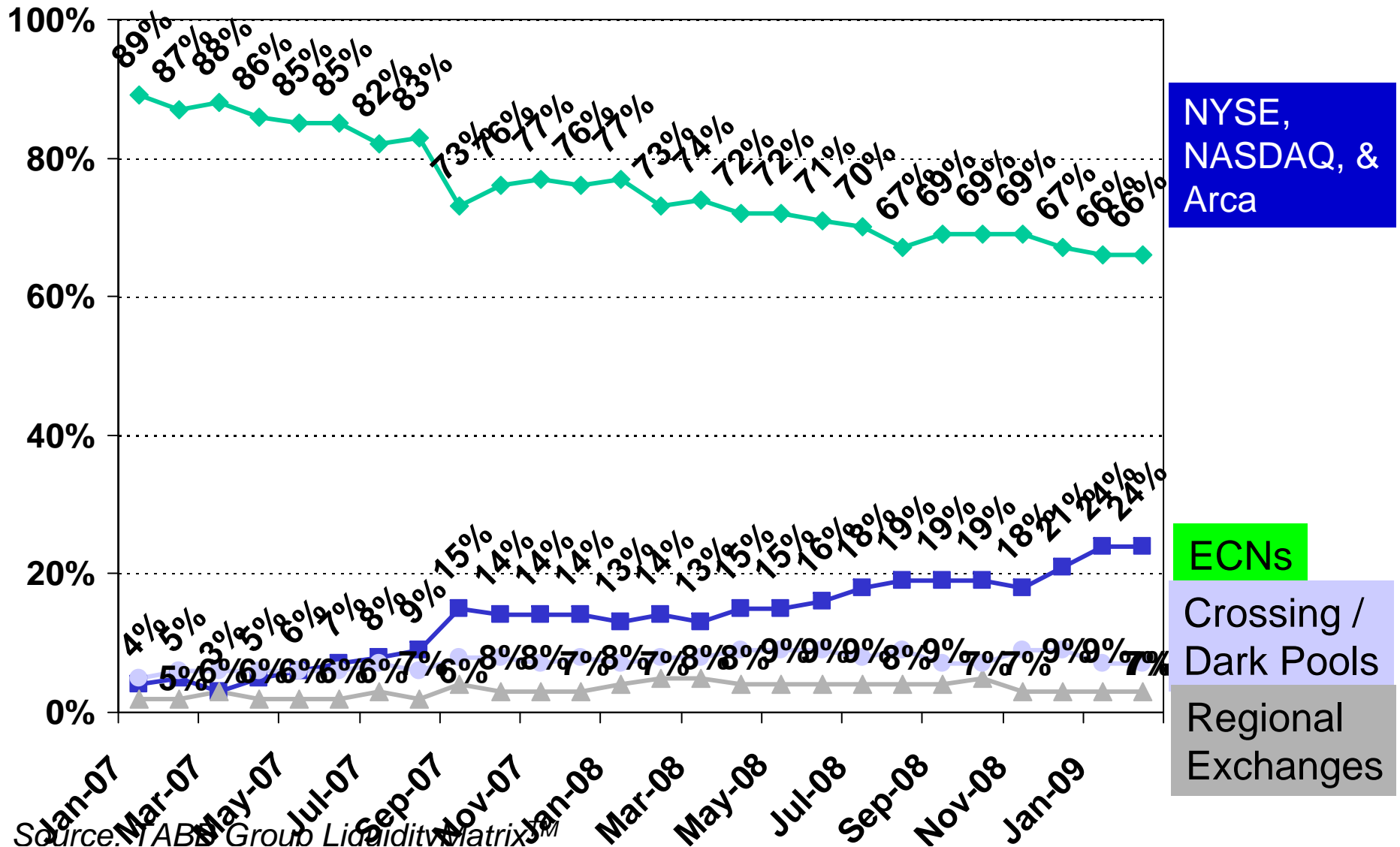
1D 5D 1M 3M YTD 6M 1Y 2Y 5Y Max FROM: May 10 2004 TO: May 4 2009

Brokerage stocks hit very hard, starting to come back, but not out of the woods



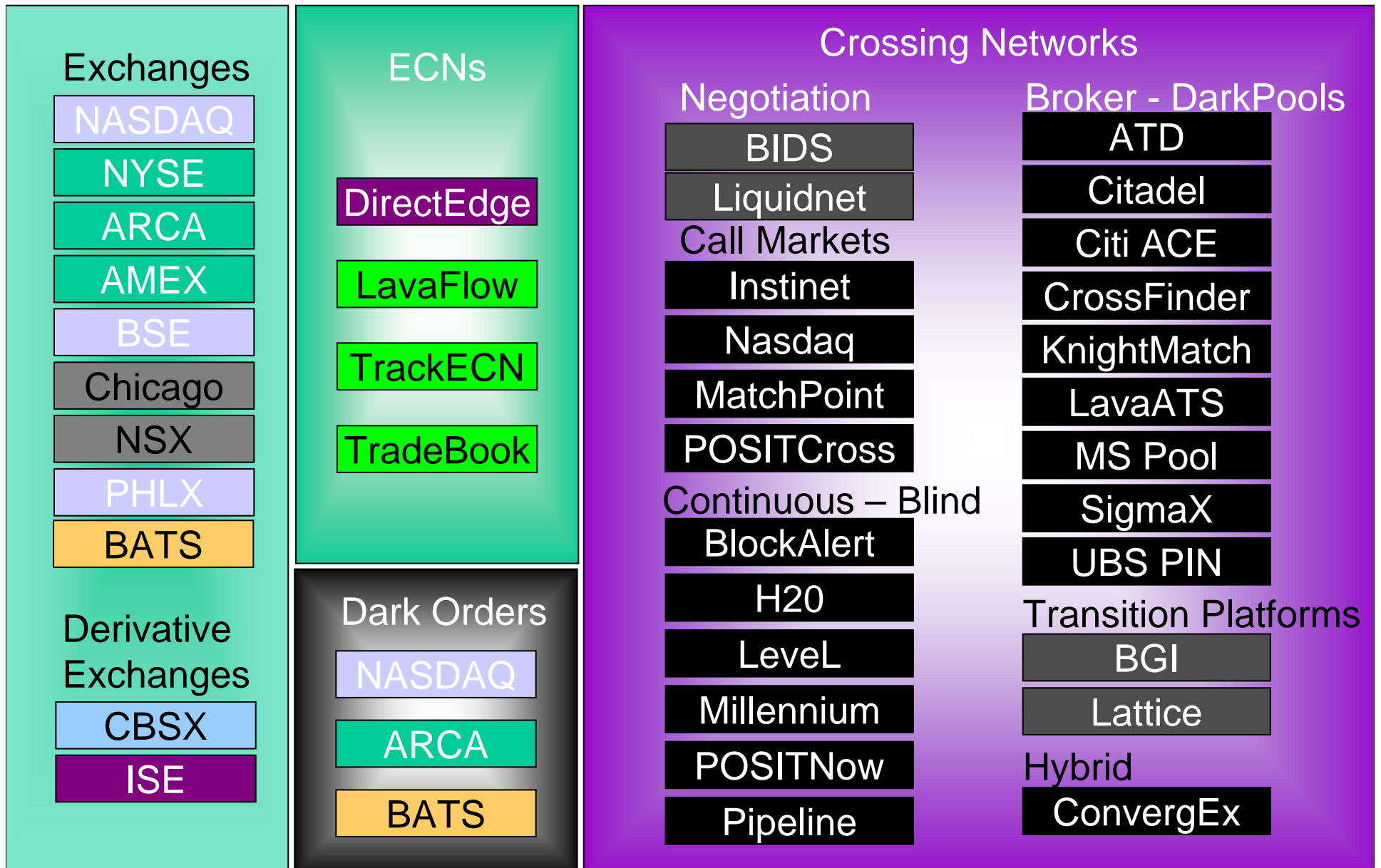
In last 23 months, exchanges have lost 20% market share to dark pools and ECNs

Matched US Equity Flow as a Percentage of Total US Equity Matched Flow

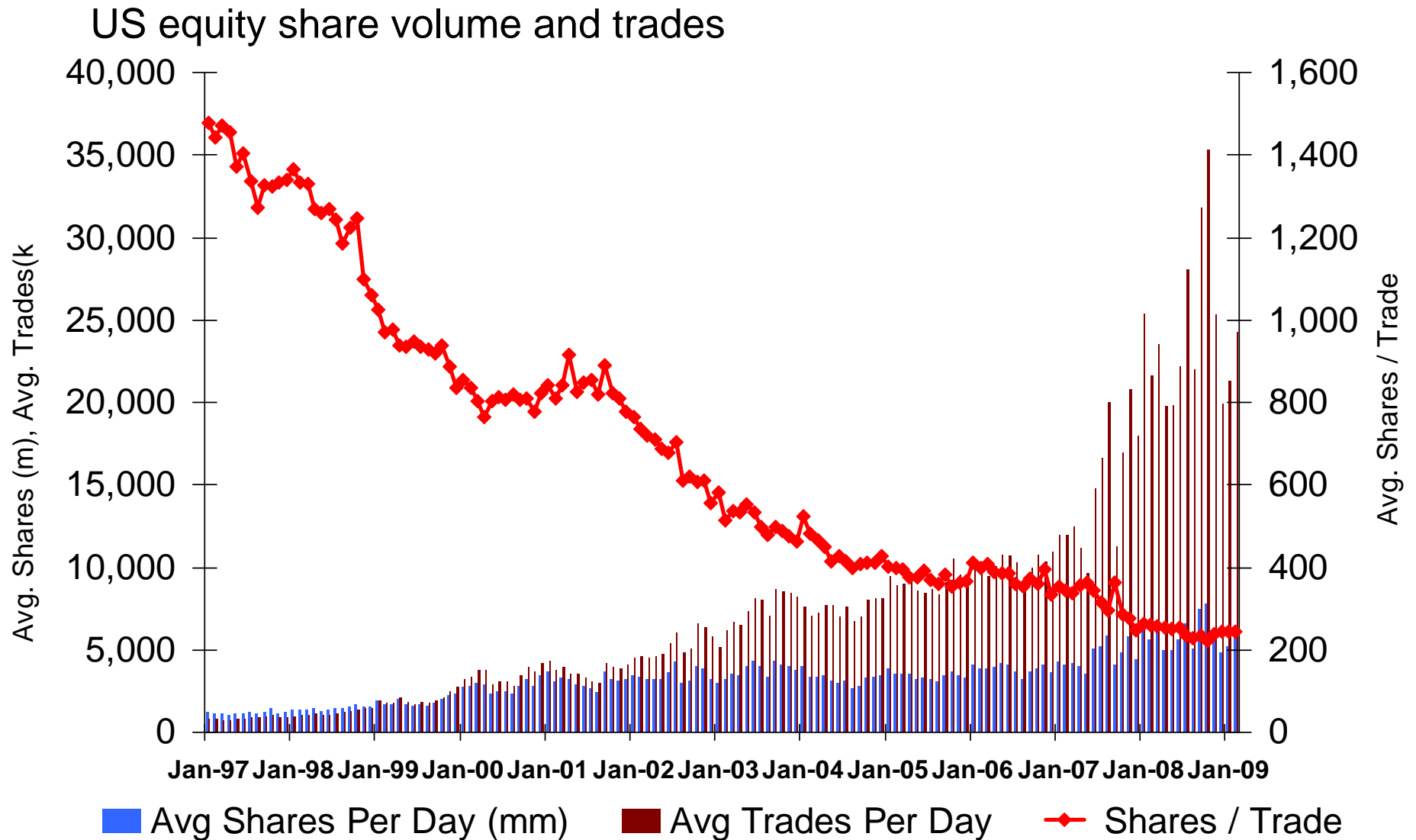


Source: IAB Group Liquidity Matrix

The choice of liquidity pools is challenging at best



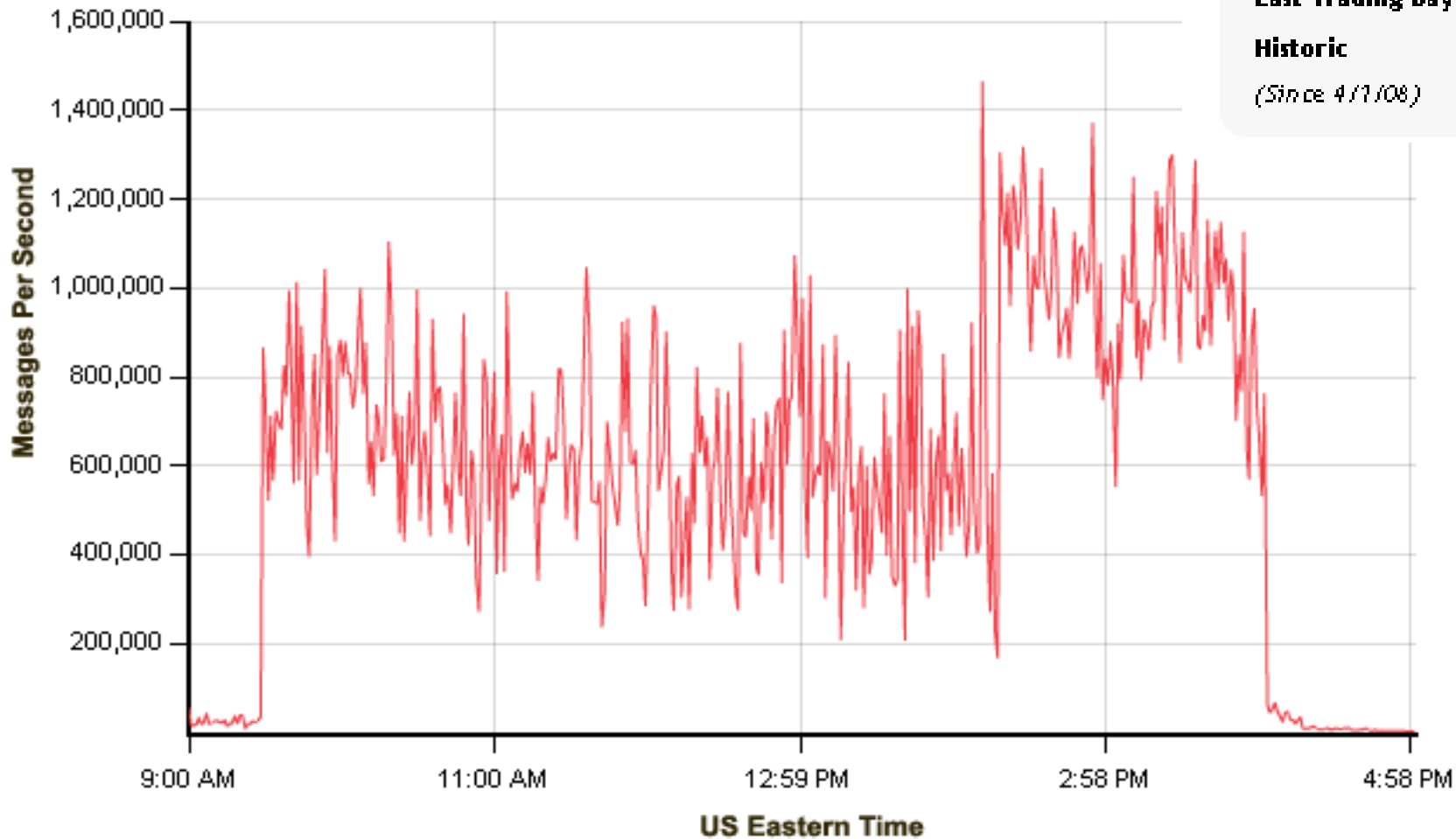
Electronic trading has caused steep decline in average trade size



Source: TABB Group and Exchange Data

And the amount of data that needs to be processed is astronomical

US Market Data Rates March 18, 2009



Peak Rates

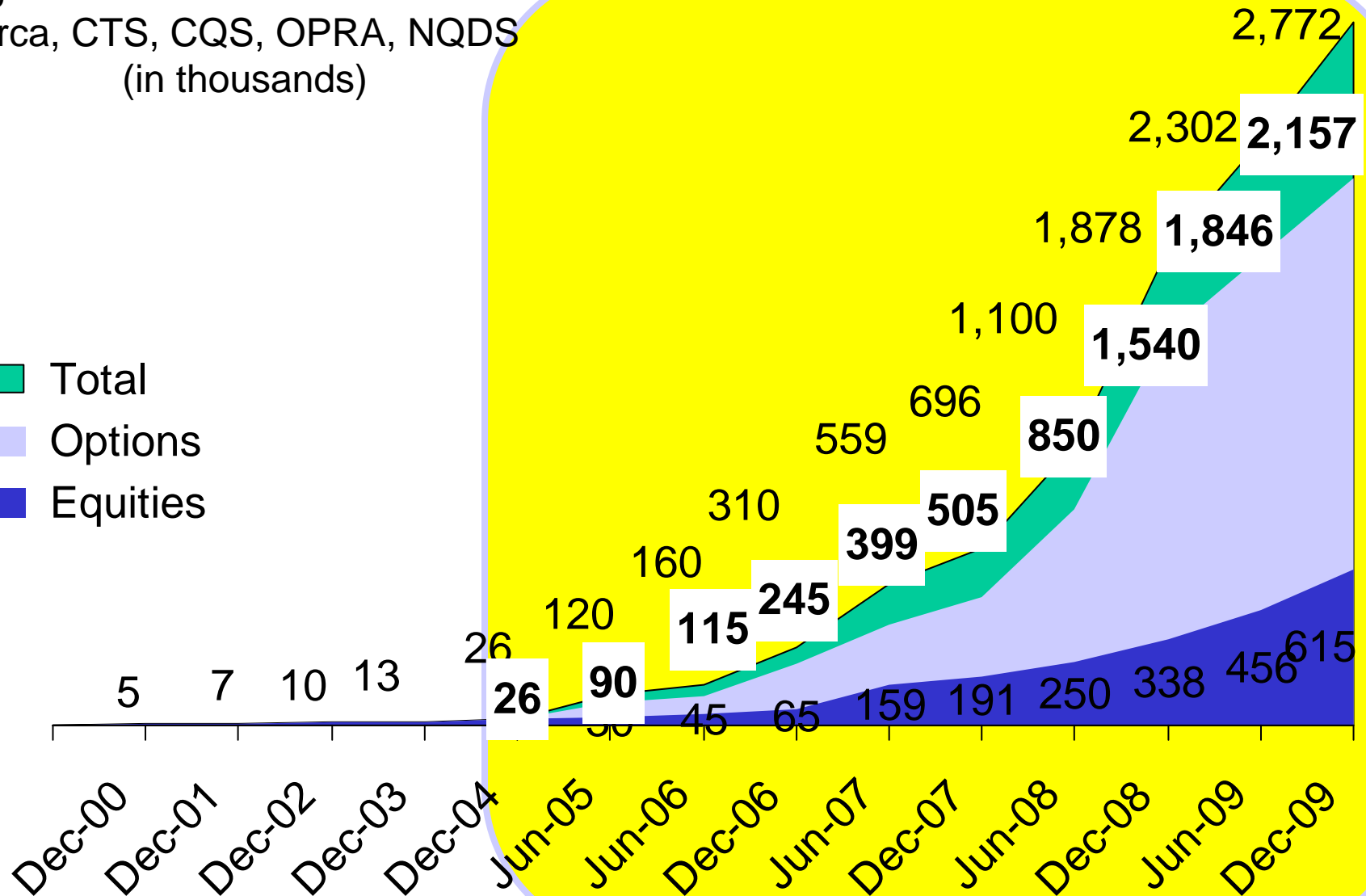
Today	1,464,783 msg/se
Last Trading Day	1,196,830 msg/se
Historic	1,562,120 msg/se
<i>(Since 4/1/08)</i>	

Source: Exegy – marketdatapeaks.com

Data infrastructures are almost obsolete before they are implemented

Aggregated One Minute Peak MPS Rates
Arca, CTS, CQS, OPRA, NQDS
(in thousands)

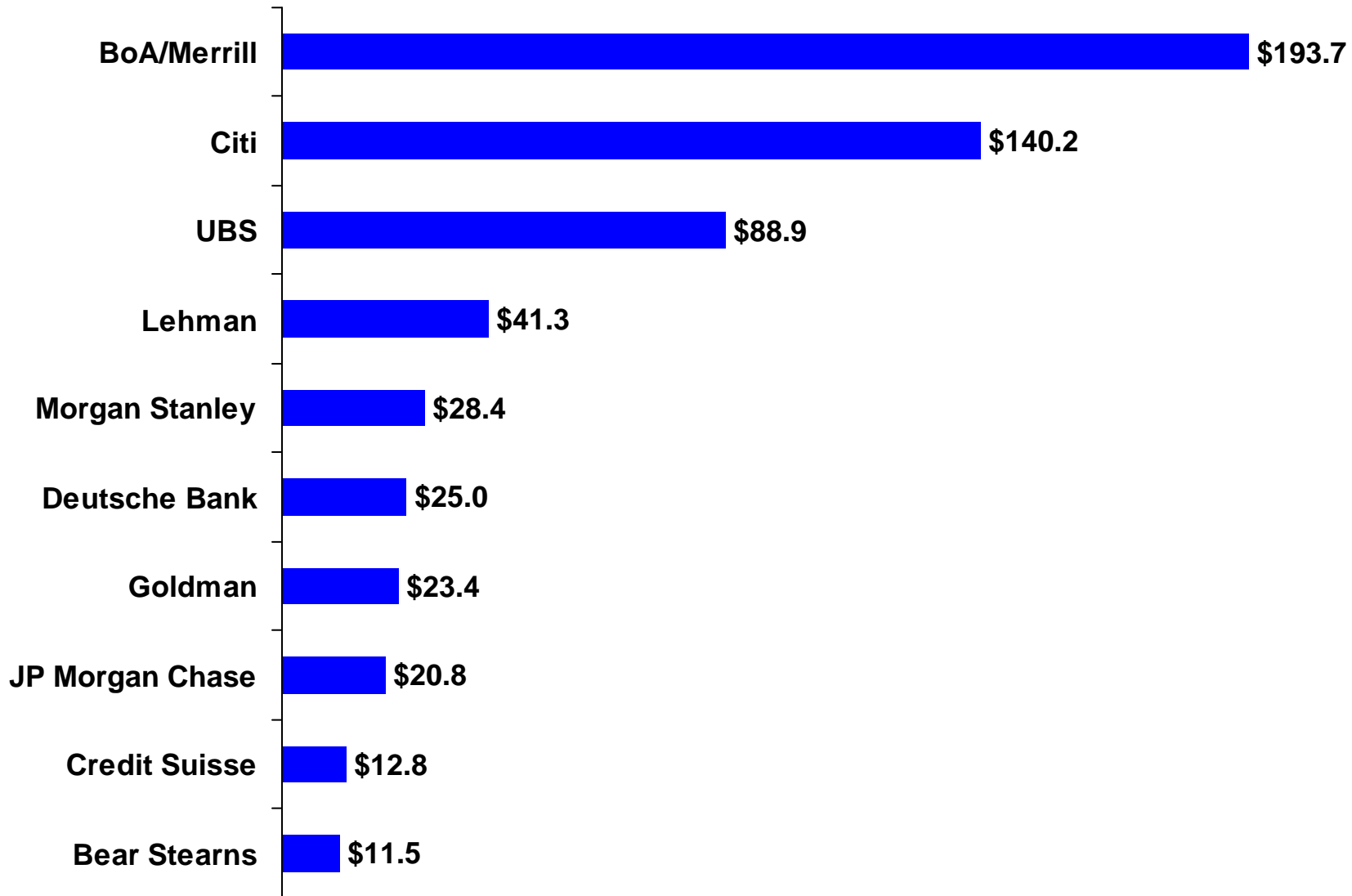
- Total
- Options
- Equities



Source: SIAC, OPRA, NASDAQ, FTF, TABB Group Est

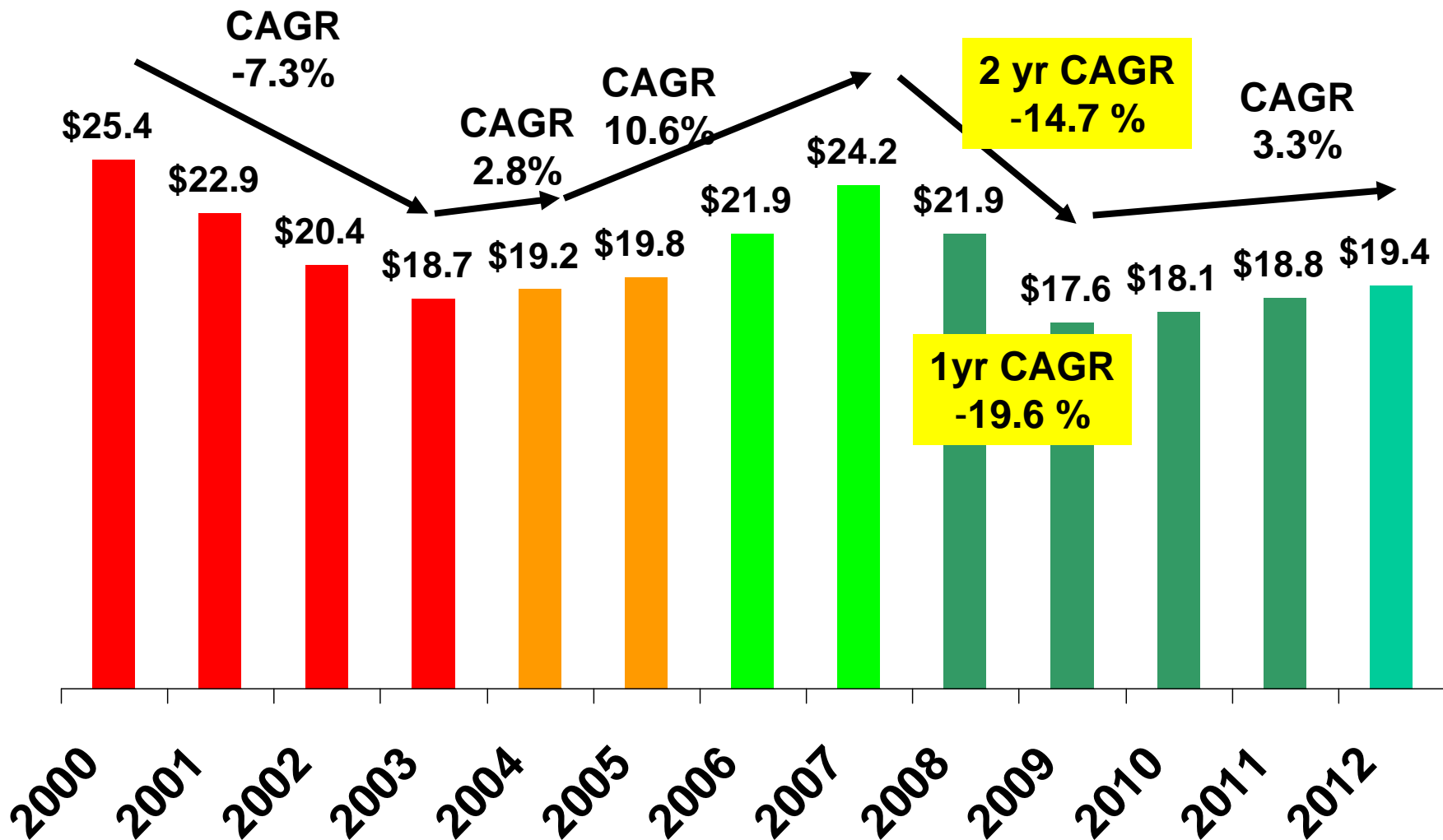
Top 10 Ibanks lost \$586b in value from 1/08 – 44% of their market cap

Lost Market Value 12/31/07 to 5/22/09 (in \$US billions)



Industry spending hit hard by loss of BSC, LEH, & MER - industry is in transformation

NA Securities Industry IT Spending (in \$US billions)
April '09



How do you manage in this environment?

Easy initiatives

1. Manage provisioning
 - ▲ Make sure that data is provisioned accordingly
2. Rationalize users
 - ▲ Ensure that right folks have the right data
 - ▲ Eliminate nice to have data for need to have
 - ▲ Reduce real-time services for those that don't need real time

Medium initiatives

1. Are you using the appropriate data for the appropriate functions
 - ▲ Do you have the right data for the right business?
 - ▲ Algorithmic, Sponsored Access, Internet, Internal-high, med and low
 - ▲ Are your services tuned for the right functions
2. Determine and rationalize appropriate redundancies
 - ▲ Do you currently have the appropriate dual providers
 - ▲ Do you need both for each product, category, and service level?
 - ▲ What would happen if one when down?
 - ▲ Can you switch out expensive providers for less expensive?

Hard initiatives

- ▲ If you still need to cut, it is time to get creative
- ▲ This is where users will really begin to scream – need top level buy-in

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