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## **Merrill Lynch Japan Securities Announces Unique Low-Latency DMA Platform in Japan**

**New platform reduces costs, maintains ultralow-latency connectivity, and substantially expands trading choices**

TOKYO—Merrill Lynch Japan Securities Co., Ltd. (MLJS) today announced the introduction of Japan's first third-party hosted service for ultra low-latency electronic trading. The new platform notably reduces trading costs while maintaining connectivity speeds on par with co-location platforms offered to date in Japan.

The first-of-a-kind system allows clients to trade from a third-party data center. Users can flexibly access multiple exchanges from a single location by selecting brokers that hold the required memberships.

"In the past, clients looking for exceptionally low latency were limited to co-locating at specific exchange data centers in Japan," said Carrie Cheung, director of Asia Pacific Electronic Trading at Bank of America Merrill Lynch (BAML). "Hosting there means access is limited to just one market and one broker, cost performance is not very efficient as well," Cheung explains. "Third-party hosting places the power in our clients' hands, allowing them to freely choose the most efficient markets and the best performing brokers from one location for a competitive price. Latency sensitive strategies will benefit from our state-of-the-art direct access platform and allow trading at speeds very similar to those of exchange co-location. Coupled with our broad range of services, this is an ideal solution for clients outside Japan who wish to trade from one local outlet."

MLJS worked together with KVH Co. Ltd., a leading provider of network and managed IT services, and ACTIV Financial Systems Inc., the low-latency market data provider, to develop the new platform. The service gives access to all Japanese exchanges through the member participants, including the Tokyo Stock Exchange's new ultra-fast cash trading system, Arrowhead.

"From our strategically located data center, with its comprehensive ecosystem of financial tenants, we offer a unique environment that delivers ultra-low latency access to exchanges and direct connectivity with all market players. This results in a uniquely cost-effective solution for clients to reach increasingly fragmented pools of

liquidity,” said Dr. Mehrez Hirari, in charge of Proximity sales at KVH. “This is highly comparable to exchange co-location latency, but incurs much lower costs.”

In addition to Arrowhead, the platform offers efficient market data and execution access to markets outside of Japan. Derivatives exchanges are also fully supported and in particular should benefit from lower latency when the Osaka Securities Exchange moves its futures and options trading engine to Tokyo in 2011.

Timothy Neo, Managing Director of Asia Pacific for ACTIV, said, “To effectively compete in today’s increasingly interrelated financial markets, clients need cost-effective, fast access to both regional market data and data from exchanges around the world. By powering this type of platform with the lowest latency global market data from ACTIV, we can deliver unparalleled levels of speed and flexibility in a service that is more than just a single-point solution for one market.”

Bank of America Merrill Lynch sees the new platform as a highly efficient way for its clients to access multiple markets, as well as cash and derivatives trading, from one location. “Traders who employ high-frequency strategies using cash and derivatives—be they futures or options—have shown huge interest,” said Mark Wheatley, MD of Asia Pacific Electronic Trading and head of Japan Equities at BAML. “In today’s environment where clients are seeking to minimize counterparty risk by trading with multiple brokers, this solution makes even more sense. Users have complete freedom to choose which brokers to route through, all from one location and for a very competitive price.”

BAML is a recognized electronic trading leader in Asia and around the world. The firm offers a robust suite of solutions including direct electronic access to all major markets in Asia, internal dark pools, co-location, and a comprehensive array of advanced execution algorithms.

### **Bank of America**

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### **About KVH**

KVH was established in Tokyo in 1999 as an Asia-Pacific IT/communications service provider. Through its facility-based optical fiber networks and data centers, KVH offers integrated communications and IT management solutions that include managed services, data networking, internet access, and voice services to business customers. KVH has a presence in Tokyo, Yokohama, and Osaka (and in Shanghai through affiliates) and serves over 1,700 corporate customers in broad industry segments such as financial services, manufacturing, pharmaceutical, media, and e-commerce.

### **About ACTIV Financial**

ACTIV Financial Systems, Inc. is a leading provider of market data services and technologies to market makers, hedge funds, brokers and trading systems. The company provides managed low-latency and high-volume market data services to more than 300 customers worldwide. As vendor of record, ACTIV also delivers consolidated, hosted and on-site ticker plant services for exchanges around the globe. ACTIV is privately owned with offices in Chicago, New York, Tokyo, Singapore and London. [www.activfinancial.com](http://www.activfinancial.com)

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