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NEWS RELEASE

Thomson Reuters Launches Innovative Block Trading Solution to Meet Demand for Natural Block Liquidity in Fragmented U.S. Equities Markets

Thomson Reuters Block Connect to meet buy-side demand for anonymous electronic access to natural block liquidity and sell-side demand for speed and efficiency

NEW YORK, NY, March 18, 2014 – Thomson Reuters today announced the launch of a unique service that facilitates block trading between brokers and buy-side clients, and improves liquidity discovery for the U.S. equities market. Thomson Reuters Block Connect allows brokers to find counterparties for their block orders, while providing the buy-side with anonymous electronic access to natural block liquidity across their network of brokers.

Venue proliferation spurred by U.S. regulations, such as Reg NMS, has significantly increased liquidity fragmentation in U.S. equities markets. Buy-side traders looking to efficiently enter and exit large U.S. equities positions prefer to use block trades to minimize market impact, but are finding block size liquidity has become a challenge due to fragmentation and the growing use of algorithmic trading. Existing broker-operated block trading systems do not meet the buy-side need for anonymity and access to deep liquidity, while third-party block crossing networks, or ATs, disintermediate brokers from their buy-side customers.

“Traders are finding it harder and harder to make large block trades in today’s fragmented U.S. equities markets,” said Larry Tabb, CEO, Tabb Group. “There is a real need in the market for a solution that enables the buy- and sell-side to take advantage of natural block liquidity in a way that checks the boxes of trust, ease of access and minimal market impact.”

Thomson Reuters Block Connect allows brokers to electronically post natural block liquidity to their buy-side clients instantaneously, making it faster and more efficient for them to find a match with their customers. The buy-side, in turn, is able to remain anonymous until the trade is executed, allowing them to access block liquidity without disclosing their trading interest, thus avoiding market impact. By serving the needs of both brokers and the buy-side, Block Connect motivates brokers to post their full block orders rather than sending them into dark pools or breaking up the order.

Thomson Reuters Block Connect is built on Thomson Reuters Autex and Autex Trade Route, providing brokers with immediate access to the Autex community of over 750 buy-side firms who in turn have access to over 700 executing brokers. Block Connect is integrated with industry leading sell-side and buy-side OMS and EMS systems such as those provided by Eze Software Group, Fidessa, **FlexTrade**, and Linedata, providing customers with easy access to the liquidity available via Block Connect through their current OMS and EMS systems.

“The difficulties surrounding block trading in an increasingly fragmented U.S. equities market have been a growing problem for the industry,” said Mike Hutner, co-head of global sales for Eze Software Group. “We are working closely with Thomson Reuters to provide our five-hundred buy-side OMS clients another high-quality source for natural block liquidity.”

“Given the on-going fragmentation of the marketplace and the widespread criticism that surrounds IOI’s, Fidessa is continually looking at ways to provide our clients integrated access to an expanded number of counterparties,” said James Blackburn, global head of product marketing, Equities, Fidessa. “Our goal is to help them to find the liquidity they need and execute their orders more effectively”.



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“Thomson Reuters Block Connect allows the buy-side to trade with minimal market impact by accessing natural block liquidity, while providing brokers with the tools they need to effectively seek a counterparty for block trades ,” said Rob Hegarty, global head of equities. “This new system increases access to liquidity and improves market efficiency by directly addressing changes in equities market structure, meeting the unique needs of both buy and sell-side participants.”

Thomson Reuters Autex Trade Route delivers order flow of two billion shares per day in equities, options and futures, as well as FX and fixed income. Thomson Reuters Autex is also the world's premier order indication and advertised trade service, providing market professionals access to the largest and broadest pool of global trading liquidity. It receives streaming indications of interest from trading partners across the globe, and processes more than five million messages per day.

The following firms also made the below comments about the service:

“At FlexTrade we have worked tirelessly to provide our buy- and sell-side customers with seamless access to all forms of liquidity, especially for block trading, which is a constant challenge considering the fragmentation in the equities markets today,” said Jamie Benincasa, senior vice president, Equities, FlexTrade. “Thomson Reuters Block Connect tackles the problem with such ease that it’s well positioned to become an industry standard for fair and open access to large-sized block liquidity.”

“At Linedata, we are continuously looking for ways to provide seamless access to liquidity pools,” said Scott Govoni, director of strategic alliances, Linedata. “By integrating our system with Block Connect, we are enabling our Linedata Longview clients to anonymously trade large blocks without fear of impacting the market.”

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