



Best Dark Pool SmartPool Surfaces First Honorable Mention: Chi-Delta

It is appropriate to call 2009 the year of the dark pool. Numerous startups have mushroomed into existence, creating a highly competitive marketplace, and no shortage of controversy. But many believe the market cannot support all the new arrivals, and the race is now on to provide the kind of value-rich and sophisticated dark environments that will tempt buy-side firms to shell out their hard-earned cash. SmartPool did this better than any other, having fought off strong competition to claim the title of Best Dark Pool in the 2009 EuroFITs.

It has been quite a year for SmartPool. Created by NYSE Euronext in partnership with JPMorgan, HSBC and BNP Paribas, the neutral dark liquidity pool received approval from the UK Financial Services Authority (FSA) to launch dark pool block trading in European stocks in January, and began trading on Feb. 2. In May, Lee Hodgkinson assumed the role of CEO, replacing acting CEO Yvette Roozenbeek. In July, another 14 investment firms became members of SmartPool, including Credit Suisse, UBS, Nomura, Instinet, Investment Technology Group (ITG), Knight Capital Europe, RBS-ABN Amro Bank NV, and Neonet.

SmartPool shares both the technology and infrastructure of its founder, exchange operator NYSE Euronext. Moreover, the trading environment's neutrality is guaranteed by NYSE Euronext's operation of the trading platform on behalf of SmartPool.

At launch, SmartPool began a phased introduction, making approximately 1,000 stocks from 15 European countries available for trading. Markets

include the UK, Germany, France, Italy, Spain and the Nordic regions.

In August, an expansion into trading pan-European mid-cap securities was announced, and the following month, the range of products

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was expanded to include all constituents of the FTSE 250, FTSE Italia Mid Cap, mid-cap constituents of the Dow Jones STOXX 600, MDAX in Germany and the Swiss SMIM. The existing blue-chip range of securities was also extended to reflect the leading indices of the 15 European equity markets traded on SmartPool, including securities listed on the four NYSE Euronext markets. Trades are cleared via LCH.Clearnet for Euronext-listed stocks, and EuroCCP for all other European markets.

The honorable mention in this category goes to Chi-Delta, the standalone order book launched by fellow *Waters* EuroFIT winner, multi-lateral trading facility (MTF) Chi-X Europe.

Unveiled in May, the Chi-Delta dark pool runs in parallel to the existing Chi-X visible order book and uses the Markets in Financial Instruments Directive (MiFID) reference price waiver for pre-trade transparency for non-displayed orders which do not meet the "large-in-scale" order size requirements of MiFID.

