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Daiwa Securities SMBC Co. Ltd.

Press Release

Daiwa Securities SMBC set to roll out next generation Electronic Trading Platform in Asia

Daiwa Securities SMBC is enhancing its equity trading offering in Asia with the launch of a suite of electronic trading tools designed to deliver improved execution performance and liquidity management. Punit Mittal has been named head of the expanded team, to be based in Tokyo.

Daiwa Securities SMBC (Daiwa) today announced the launch of its electronic trading platform in Asia, offering institutional clients globally the ability to trade in Australia, Hong Kong, Korea, Singapore, India and Taiwan through a suite of advanced electronic trading tools including algorithmic trading, crossing engine, Direct Market Access (DMA) trading and smart order router (SOR). Daiwa has committed significant resources to building a first class electronic trading platform and plans to hire an additional dozen professionals in Japan and Hong Kong to serve clients across the region.

“The demand for electronic trading strategies has increased drastically in the last few years as more buy-side clients opt for the unbundling of research and execution to achieve better efficiency and lower transaction costs,” said Punit Mittal, Global Head of Electronic Trading.

Following the launch of Daiwa AlgoRithmic Trading this year, Daiwa will be rolling out the next generation crossing platform and SOR with the ability to sweep liquidity across all available execution venues in early 2010.

“Helping clients enhance liquidity management is a key focus for Daiwa, given that 89% of total equity trading cost can be attributed to indirect costs such as market impact costs and opportunity costs due to information leakage,” Mr. Mittal explained.

Daiwa will also be launching an extremely low-latency DMA platform using the co-location facility that will be provided by the Tokyo Stock Exchange (TSE) after Arrowhead, TSE's next generation trading system, goes live in January 2010. Fast DMA will be mainly used by high-frequency traders who trade actively through computer-generated arbitrage models.

“Daiwa is committed to becoming a full service investment bank in order to tap into the growing Asian markets. To that end, we are expanding across all divisions including investment banking, electronic trading, equity financing and derivatives to service global institutional clients, said Toshinao Matsushima, Managing Director, Head of Global Markets.

Daiwa Securities SMBC, which will be renamed Daiwa Securities Capital Markets on 1 January 2010, has recently announced its plan to invest 100 billion yen in its Asia ex-Japan operations and to increase headcount in the region by over 400. Already a leader in equity trading, Daiwa's addition of an electronic trading platform is one of the many planned initiatives designed to expand its service offerings to meet the evolving needs of institutional clients.

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