



2013 Trading Technology Investment Trend Survey

Financial technology investment priorities, drivers and benefits according to industry professionals



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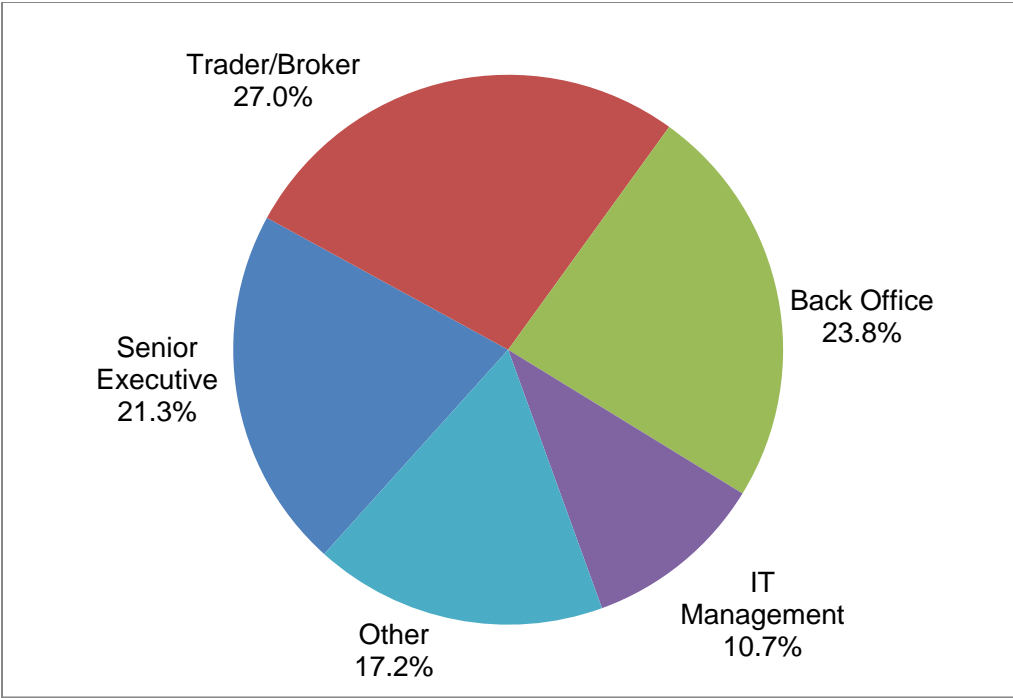
Introduction

The challenges in today's trading market are many as complexity builds, competition increases and margins shrink. Based on this recent study conducted by IPC Systems, one thing is clear however: Trading firms are poised to combat the challenges through increased technology spending.

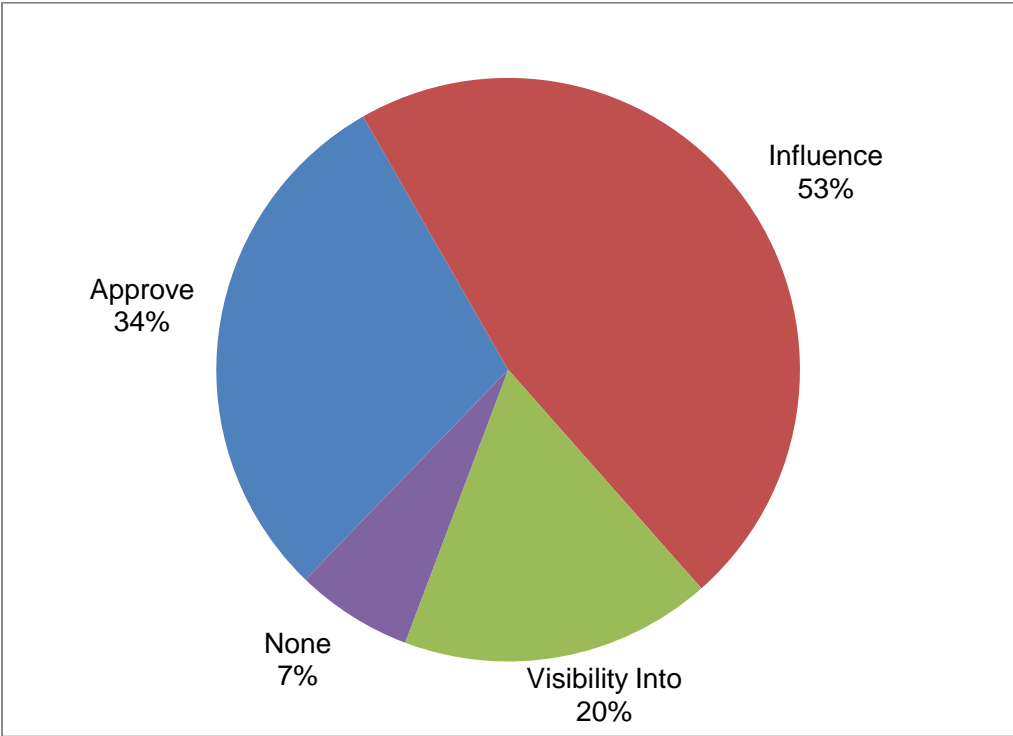
At least somewhat surprisingly, priorities for increased spending will not, in large part, be directed toward compliance with increasing industry regulation or high frequency trading but to creating efficiencies and cost effectiveness. Perhaps this is in response to decreasing trading volumes.

Most apparent is that trading desk improvements are on the way and that firms are seeking to increase the collaboration between on and off-floor trading teams presumably to create a surer bet on trades.

Apps, market data integration and mobility will also be in focus in 2013, and cloud-based infrastructure on the trading floor will be virtually ubiquitous as 2013 closes.

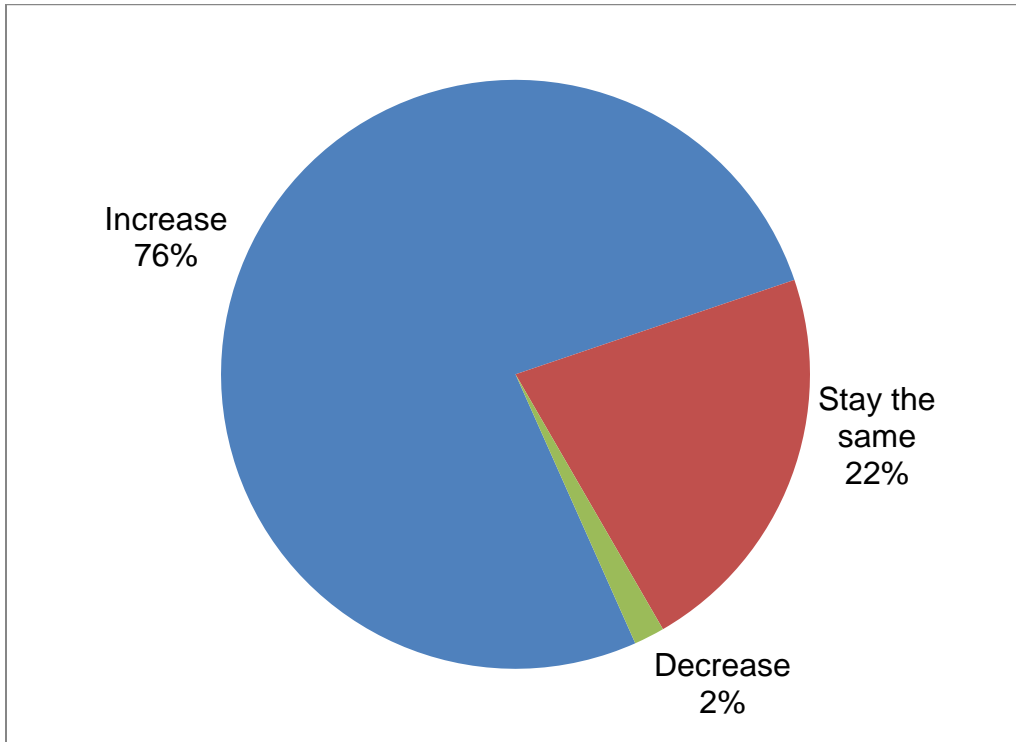


Survey Participants



Survey Participant Technology Budget Responsibility

Primary Findings

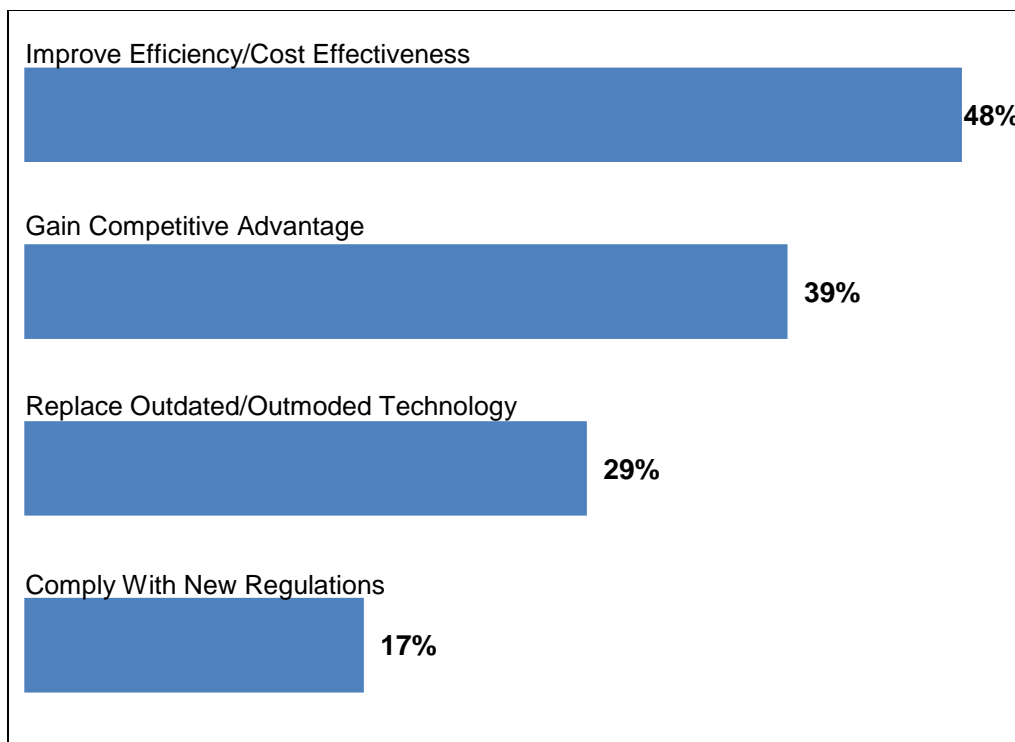


Firm's Technology Investment for 2012

The bottom line – Technology investment will increase in 2013



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Primary Drivers For 2013 Technology Investments

Efficiencies as primary spending driver – Despite impending new regulations in the U.S. and Europe, technology spending is being driven by efficiencies rather than new regulations

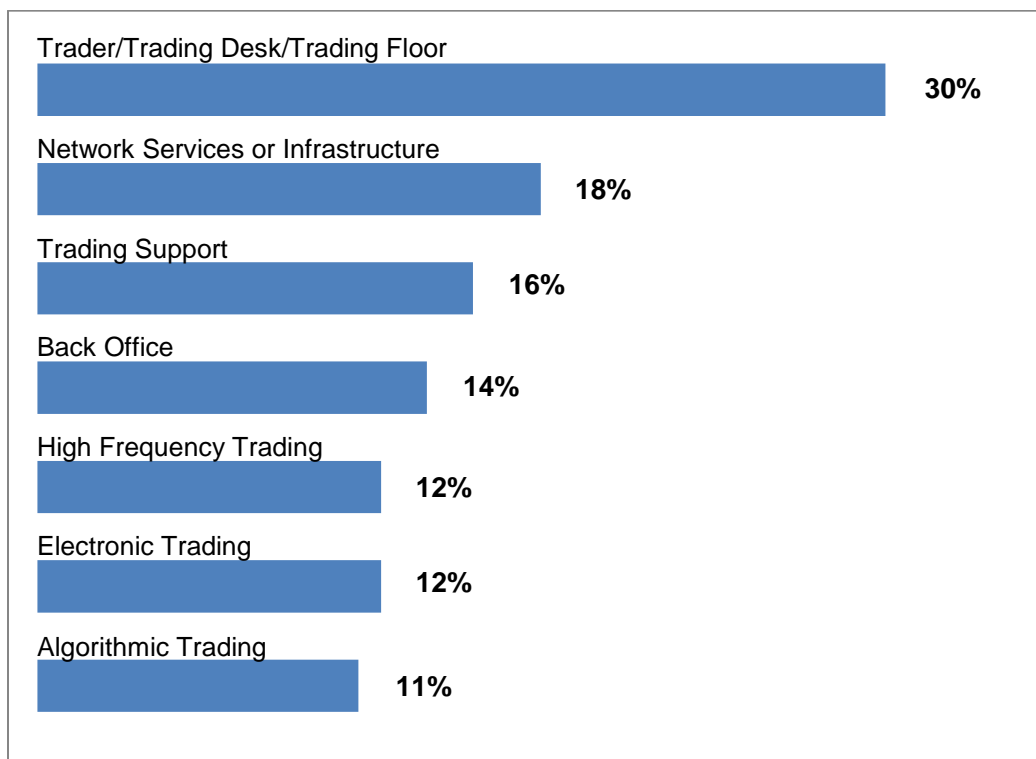
48% view “improving efficiency and cost effectiveness” as the primary driver of

17% view “complying with new regulations” as the primary driver

Regulatory compliance not a technology investment priority for 2013 -- Only 17% said that the primary driver for this spend would be to comply with new regulations



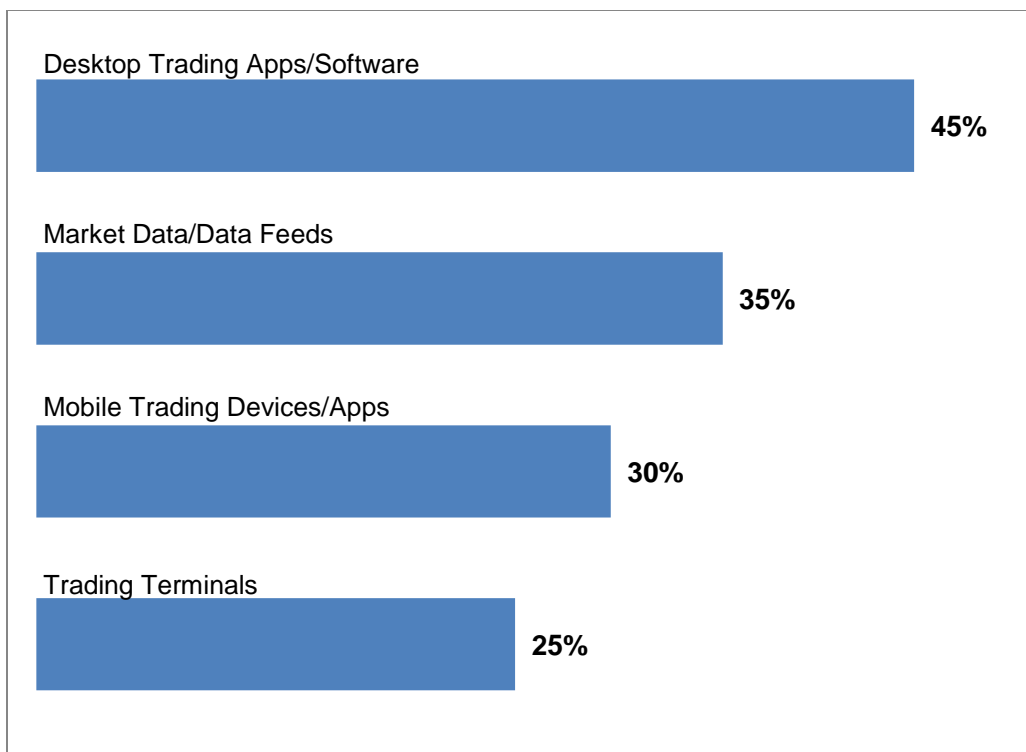
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Top 2013 Technology Investment Priorities

Trading desk trumps electronic trading – Firms are investing in electronic trading, but technology to support the trader and trading desk is their top priority

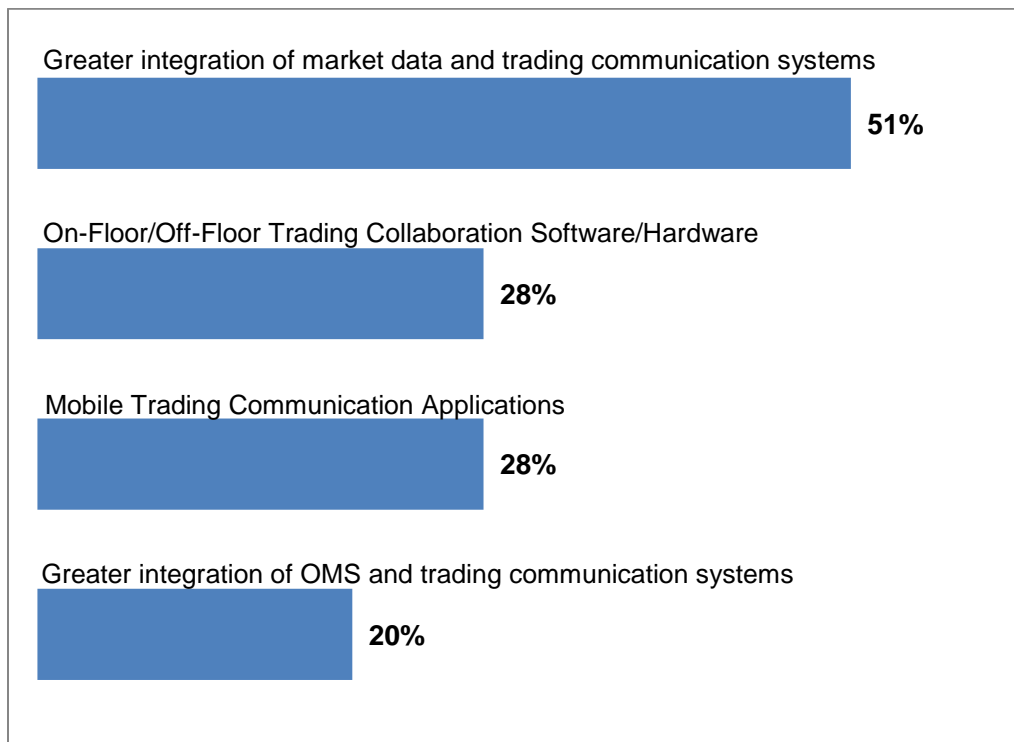
The word on HFT – Firms continue to invest in HFT and algo, but they aren't a top priority



Top Trading Technology Investment Areas for 2013

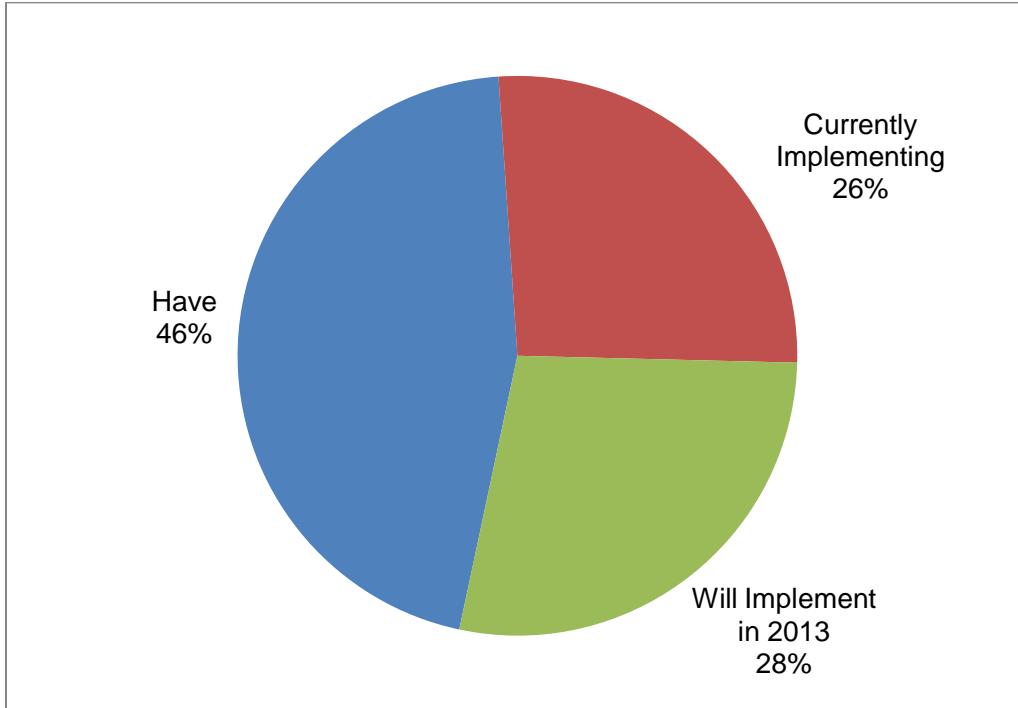
Apps and data in focus – Trading apps, software and market data rather than hardware will see the lion's share of technology investment to support traders:

Mobility revs up in 2013 – Nearly a third of firms say they will make investments to make traders more mobile and in doing so expect to see significant benefits in terms of efficiency, regulatory compliance or competitive advantage.



Top Trading Technology Applications/Services

Market data integration and cross-team collaboration – More than half of firms say they could benefit most by applications or services that integrate market data and trading communications systems while nearly a third say applications or systems that allow increased on floor and off floor collaboration would provide significant benefits.



Cloud-Based Trading Floor Technology Status

The cloud reigns – Firms aren't just talking about "the cloud," they're putting their money where their mouth is.



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What is your job function?

17.2%	CEO	0.8%	COO	3.3%	EVP		
23.8%	Trader	3.3%	Broker	7.4%	Accounting		
7.4%	Analyst	0.8%	Compliance	0.0%	Auditor		
1.6%	Legal	0.8%	IT Exec	5.7%	IT Mngr	4.1%	Other IT
6.6%	Consultant	17.2%	Other				

What role do you have in the technology investments at your firm?

34%	Approve	53%	Influence	20%	Visibility	7%	None
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If approve, influence or have visibility into, - Do you expect your firm's investment in technology to increase, decrease or stay the same in 2013?

76%	Increase	2%	Decrease	22%	Stay the same
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Do you think your competitors' investment in technology will:

78%	Increase	4%	Decrease	18%	Stay the same
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What are the primary drivers for your firm's technology investments in 2013?

48%	Improve efficiency and cost effectiveness	17%	Comply with new regulations
39%	Gain competitive advantage	0%	Other
29%	Replace outdated or outmoded technology		

Which areas of technology do you think your firm will invest in during 2013? (Select all that apply)

48%	Electronic trading	33%	Trading support (research, risk, compliance)
40%	Trader, Trading desk or trading floor	30%	Back Office
35%	Network services or infrastructure	7%	Financial Extranet
35%	High Frequency trading	3%	Voice trading
35%	Algorithmic trading	3%	Other

In terms of priority or percent of total spend, how would you rank (with 1 as highest) the areas in which your firm will make technology investments in 2013?

	Priority									
	1	2	3	4	5	6	7	8	9	10
Trader, Trading desk or trading floor	30%	6%	3%	7%	2%	1%	1%	0%	0%	0%
Trading support	14%	14%	6%	2%	2%	3%	0%	0%	0%	0%
Back Office	16%	5%	4%	3%	1%	4%	2%	2%	2%	0%
Network services or infrastructure	16%	8%	7%	2%	5%	1%	3%	1%	0%	0%
Financial extranet	2%	2%	1%	4%	0%	2%	2%	4%	1%	0%
Voice trading	2%	0%	2%	1%	0%	1%	1%	1%	7%	0%
Electronic	12%	11%	15%	8%	2%	2%	1%	1%	0%	0%
High Frequency trading	12%	11%	7%	5%	2%	1%	1%	0%	1%	0%
Algorithmic trading	11%	10%	8%	10%	5%	0%	1%	1%	1%	0%
Other	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Looking specifically at trading technology, where do you expect your firm to invest in 2013? (Select all that apply)

- 45% Desktop trading applications or software
- 35% Market Data or other data feeds
- 30% Mobile trading devices or applications
- 25% Trading terminals
- 12% Other
- 8% Trading turrets
- 2% Voice recording

Again thinking specifically about trading technology, what do you think is the primary driver for your firm's technology investments in 2013?

- 51% Improve efficiency and cost effectiveness
- 52% Gain competitive advantage
- 23% Replace outdated or outmoded technology
- 11% Comply with new regulations
- 0% Other

Again thinking specifically about trading technology, what applications or services do you think could benefit your firm either in terms of efficiency, regulatory compliance or competitive advantage?

- 51% Greater integration of market data and trading communication systems
- 28% Mobile trading communication applications
- 28% Applications offering greater collaboration between on and off floor traders and support staff
- 20% Greater integration of OMS and trading communication systems
- 6% Other

Do you have or are you currently implementing a cloud-based infrastructure on the trading floor?

- 46% Have
- 26% Implementing
- 28% Will implement in 2013