

## About MTS Group

MTS is Europe's premier facilitator for the electronic fixed income trading market, with over 500 unique counterparties and average daily turnover exceeding EUR 85 billion. MTS customers benefit from its relationship with Europe's leading diversified exchange business, the London Stock Exchange Group, which operates the largest and most liquid equity marketplace in Europe.

MTS markets provide the professional trading environment for the interdealer marketplace, enabling primary dealers from across the globe to access unparalleled liquidity, transparency and coverage.

MTS further facilitates the dealer-to-client bond market through BondVision, the most trusted and efficient electronic bond trading market, delivering exceptional access for institutional investors direct to the market makers.

MTS Data is sourced directly and exclusively from the MTS interdealer market and includes benchmark real-time data, reference data, reference prices, time series data and snapshot data, providing the benchmark data source on the fixed income market.

MTS Indices provide the first independent, transparent, real-time and tradable eurozone fixed income indices, based on tradable prices from MTS. MTS indices are tracked by (and can be traded via) more than 28 ETFs in addition to numerous structured products.

Contact us  
Find out how MTS Cash can  
enhance your fixed income trading  
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# MTS Cash

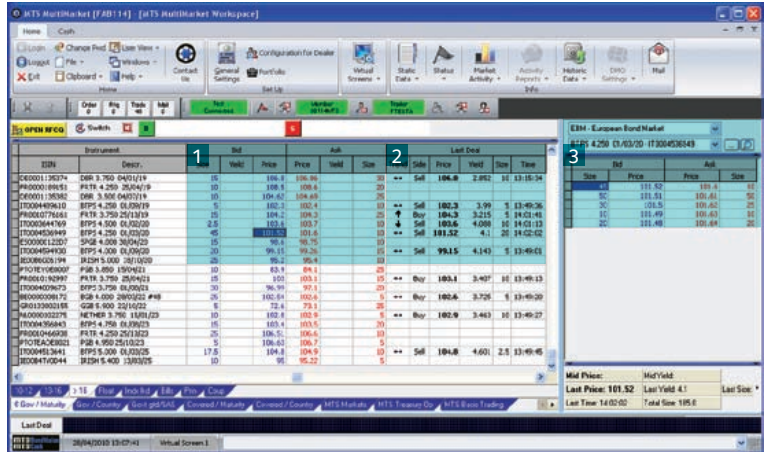
As increased market volatility and risk aversion re-affirm the need for stable, balanced portfolios, government bonds have taken centre-stage in the trading strategies of forward-thinking investors.

To maximise opportunities, market participants need access to the optimum source of liquidity, combined with innovative, trusted trading technology and the most orderly market conditions.

MTS facilitates a comprehensive and professional cash securities trading environment for the interdealer marketplace, empowering market participants to maximise trading opportunities in this changing landscape.

# MTS Cash – the trading venue of choice for the professional fixed income community

MTS Cash is the leading electronic market for European government and quasi-government bonds, with over 100 unique counterparties trading on the system each day. Market participants benefit from access to the most liquid, transparent and efficient European bond marketplace, with average daily turnover exceeding EUR 85 billion across MTS platforms, combined with innovative technology and comprehensive support across the widest range of products.



MTS Cash GUI

## MTS Cash Order Book Functionality

Bid			Ask		
Size	Yield	Price	Price	Yield	Size
15		106.8	105.85		30
10		108.5	108.6		20
10		104.62	104.69		25
5		102.3	102.4		10
15		104.2	104.3		25
2.5		103.6	103.7		10
45		101.52	101.6		10
15		98.6	98.75		10
20		99.15	99.25		15
25		95.2	95.4		10

1: Best bid/offer prices – executable

Last Deal					
Trend	Side	Price	Yield	Size	Time
↔	Sell	106.8	2.852	10	13:15:34
↔	Sell	102.3	3.99	5	13:49:36
↑	Buy	104.3	3.215	5	14:01:41
↓	Sell	103.6	4.088	10	14:01:13
↔	Sell	101.52	4.1	20	14:02:02
↔	Sell	99.15	4.143	5	13:49:01

2: Real-time information on executed trades

EBM - European Bond Market				
BTPS 4.250 01/03/20 - IT0004536949				
Bid		Ask		
Size	Price	Price	Price	Size
45	101.52	101.6		10
50	101.51	101.61		50
30	101.5	101.62		25
10	101.49	101.63		10
20	101.48	101.64		20

3: Market depth

## MTS Cash delivers:

- ▶ Premier trading venue – professional, orderly and efficient market combined with leading-edge technology and expert support
- ▶ Widest product coverage – expanding choice of product classes and tradable securities includes fixed coupons, floating coupons, zero coupons and index linked coupons
- ▶ Seamless integration with pre- and post-trading applications – full straight-through processing and open architecture
- ▶ Continual technological innovation – rich functionality includes mid price crossing, basis, spreads, switch auctions, taps and buy-backs
- ▶ Complete automated settlement network – links to all major European depositories and central clearing houses

## Trading functionality

- ▶ Auto-matching of quotes – price and time priority algorithm automatically matches quotes of both counterparties
- ▶ Matching between orders (hit/lift) and quotes (bid/offer) - orders executed according to the time they are sent
- ▶ Manual matching – orders for amounts below the minimum (odd-lots) are subject to manual acceptance at the discretion of the market maker
- ▶ Ability to display block quantity or drip quantity – remaining amount is hidden
- ▶ Mid price crossing – order book referenced to the MTS order book to determine a real-time mid price level at which orders are matched
- ▶ Parallel quoting – simultaneously enter a proposal for the same bond in benchmark segment and domestic markets

## Technology

MTS delivers continual technological innovation to support the diverse needs of fixed income market participants, along with proven system stability and local expert customer service.

- › Flexibility – one single platform combines different market models (B2B, B2C); products (cash, repo and swaps); and functionalities (click and trade, request for quote, etc)
- › Scalability – modularity of components allows for both horizontal and vertical scalability
- › Capacity – level of throughput that MTS Cash can sustain is continuously improving and is first class in the fixed income arena
- › Performance – the average round trip time of transactions is currently less than 1ms, with 99.9% of transactions below 6ms (99.3% below 3ms) (see Diagram 1)

Indicator	Measurement
Production peak msgs/s	6,000msgs
Production peak msgs/day	70,000,000msgs
Production average latency	<1ms
Maximum msg per second per server	>12,000msg/s/server
Maximum trade executions per second per server	>3,000msg/s/server

## Connectivity

- › Platform can be accessed either via leased line connectivity or public internet
- › MTS provides market participants with a standard GUI allowing traders to connect to markets
- › Members can implement more sophisticated solutions (e.g. custom GUIs, auto-quoters applications) or integrate MTS trading functionality within their existing applications (e.g. deal-capture for risk management systems)
- › Effective and rapid communication with MTS through native protocol called SDP or FIX protocol
- › Official network service providers for leased line connectivity:
  - BTRadianz
  - SIASSB
  - BitNet (LSE/Borsa Italiana Group)

## Straight Through Processing

- › Linked to all major clearing houses as well as to all major European CSDs and to the two European ICSDs
- › Details of members' settlement accounts at CSDs/ICSDs are registered in the MTS database
- › Settlement instructions are automatically created and sent in real-time by MTS to the relevant CSDs/ICSDs on behalf of the seller and buyer
- › Copies of these messages can be sent to custodian banks for reconciliation purposes
- › The two instructions created for each trade are always identical and are automatically matched, eliminating any potential post-trade discrepancies, mismatching errors and potential fails

## Market coverage

### Euro-denominated Government bonds

Austria  
Belgium  
Finland  
France  
Germany  
Greece  
Ireland  
Italy  
Netherlands  
Portugal  
Slovenia  
Spain

### Sovereign bonds

New Europe  
Emerging Markets

### Agencies

EIB  
KFW  
CADES  
Freddie Mac  
ERAP  
CRH  
ERAP  
UNEDIC

### Covered bonds

UK  
German  
French  
Spanish  
Irish

### Non-Euro Government bonds

Denmark  
Israel

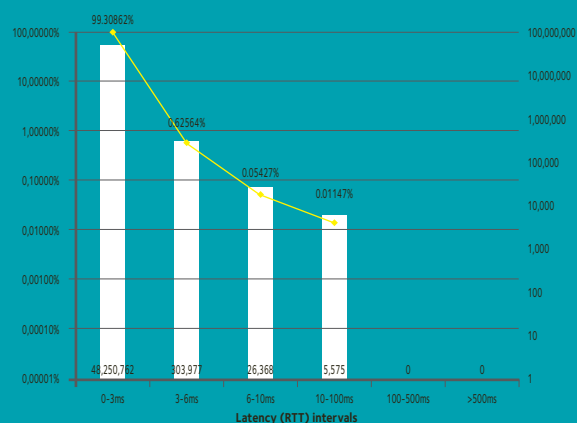


Diagram 1: CMF Transaction Time Distribution

■ #Transactions ◆ Perc R6.1

Sample observation period: 23/11/2009-27/11/2009

Total Number of Transactions (InterDealer Mkts): 48,586,68

CMF R6.1 has introduced further optimizations and latency reductions.

Variance is now considerably lower than CMF R6.0 and average RT1 below 1ms

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