



Press Release

New Report: U.S. Exchange and ECN Performance, First Half 2009.

Report examines market order, marketable limit order, and displayed limit order handling at exchanges and ECNs.

Stamford, Connecticut, October 29, 2009 -- Woodbine Associates, Inc. (<http://www.woodbineassociates.com>) announces the release of a new report entitled "U.S. Exchange and ECN Performance, First Half 2009." The report focuses on how exchanges and ECNs compare in terms of the handling of basic order types central to price discovery.

"Contrary to what some might believe, there are measurable differences among the displayed market trading venues in terms of speed, price, market bias, and depth-of-market," said Matt Samelson, Principal, equity market analyst, and author of the study. "If the services provided by these venues are not a commodity, how and where orders are routed can be extremely meaningful from a best execution perspective. It's about more than just fees and commissions."

The report examines exchange and ECN handling of market orders, marketable limit orders and displayed limit orders without special order handling instructions, traded during normal trading sessions, excluding the opening and closing trades. Marketable orders are examined on the basis of execution speed, price, and degree of post-execution price reversion. Non-marketable orders are examined only on the basis of price reversion. The data set used is comprised of metrics and information provided by the exchanges and ECNs under with Rule 605 of the Securities Exchange Act of 1934.

"A number of interests have challenged this data over the years," said Samelson. "There is no perfect data set for any study. It all has limitations. However, this data is widely accepted in the academic community and in certain practitioner circles. Some of the data is useful and some isn't. The key, as with any data, is to know how to use it."

Among the study's findings was that:

- Matched shares in the basic order types regularly involved in price discovery comprised approximately 64% of aggregate traded shares as printed to the Consolidated Tape during the first half of 2009.

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- Small- and micro-cap order routing matters a lot: trading venues exhibited a large degree of price differentiation for executions in marketable small- and micro-cap orders relative to orders with larger securities.
- BATS Exchange, on average, was faster than other venues in executing marketable orders of all capitalizations.
- New York Stock Exchange, Nasdaq Stock Market, and NYSE Arca Equities, on average, had the best execution prices for shares in marketable, large-cap orders.
- Direct Edge and National Stock Exchange, on average, had the best execution prices for shares in marketable, mid-cap orders.
- National Stock Exchange, on average, had the best execution prices for shares in marketable, small-cap orders.
- BATS Exchange, on average, had the best execution prices for shares in marketable, micro-cap orders.
- New York Stock Exchange had the least-biased trading environment for large-, mid-, and small-cap securities.
- Higher-volume trading venues were better for non-marketable (displayed limit) order users: smaller exchanges and ECNs, on average, showed a greater degree of unfavorable market bias against users of displayed limit orders in all capitalizations.

This report, 55 pages long with 16 tables and 23 figures, is available for purchase at the Woodbine Associates website: www.woodbineassociates.com.

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About Woodbine Associates:

Woodbine Associates is an independent research and advisory firm focused on helping firms active in and supporting the securities industry (investment banks, brokerages, exchanges, investment managers, private equity firms, hedge funds, and the vendors that support them) understand and adapt to the ever-changing complexities of the capital markets. Founded by Matthew Samelson, a financial services industry professional with over 20 years experience in a variety of roles at brokerages and financial institutions, Woodbine Associates brings together a team of business analysts and consultants with unparalleled industry experience who understand market structure, regulation, business strategy, and underlying business drivers of the various financial markets.