



Press Release

WOODBINE ASSOCIATES RELEASES GROUND-BREAKING STUDY ON HIGH FREQUENCY TRADING IMPACT ON HIGHLY LIQUID U.S. EQUITY MARKET MICROSTRUCTURE.

Independent report supports view that high frequency trading improves execution quality and reduces volatility.

Stamford, Connecticut, April 15, 2010 – Woodbine Associates, Inc. (<http://www.woodbineassociates.com>) announces the release of a new report entitled “High Frequency Trading: The Impact of High Frequency Strategies on Spreads and Volatility in Highly Liquid U.S. Equities.” The report defines high frequency trading and focuses on how strategies implemented using the high frequency style affected execution quality and volatility in the 39 most liquid U.S. equities during 2008 and 2009.

“Contrary to what some might believe, data exists that can be used to examine the impact of high frequency trading on market microstructure,” said Matt Samelson, Principal, equity market analyst, and author of the study. “This data has enabled us to examine trading in the most liquid U.S. equities, evaluate how high frequency trading has impacted the markets for these securities, and formulate conclusions that support certain arguments as to the beneficial or detrimental nature of this type of trading.”

The report discusses the high frequency trading style and strategies that are often implemented. An analytical framework is established, the data set is discussed, and assumptions are set forth regarding order types utilized by high frequency strategies and more traditional market participants. Marketable and displayed liquidity for the 39 most heavily traded securities in the U.S. equity market during 2008 and 2009 is examined for changes in execution quality and volatility. The report also examines relationships among certain data pertaining to marketable and displayed limit orders to highlight relationships that may provide additional insights into the impact of high frequency trading on the markets.

For Immediate Release

“We are very excited about the results,” said Samelson. “This is truly a groundbreaking study. To our knowledge, it is one of only two or three reports to examine high frequency trading, set forth conclusions, and support them quantitatively.”

Samelson, the firm’s founding principal, emphasized that the report has particular value since Woodbine Associates’ research is among the most unbiased in the industry. He indicated that the firm has no agenda, constituencies to appease, and sets forth candid viewpoints. Samelson stated, “The firm’s mission is to provide insight and transparency into strategic, business, regulatory, and market structure issues that impact capital markets participants and firms that support them. “

Among the study’s findings was that:

- High frequency strategies improved execution quality in most of the 39 most liquid U.S. equities during 2008 and 2009.
- High frequency strategies reduced volatility in most of the 39 most highly liquid U.S. equities during 2008 and 2009.
- Market impact caused by orders associated with high frequency orders appears to be largely temporary.
- High frequency trading, on average, has benefitted – not harmed - traditional market participants, including investment-oriented institutional investors, retail investors, and non-high frequency proprietary broker/dealer business.

This report, which is 37 pages long plus an appendix, includes 3 tables and 51 figures and is available for purchase at the Woodbine Associates website: www.woodbineassociates.com or by contacting the Woodbine Associates Sales Department at 203-274-8970.

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About Woodbine Associates:

Woodbine Associates is an independent capital markets research and advisory firm focused on helping firms understand and adapt to strategic, business, regulatory, market, and technology issues confronting the securities industry. Woodbine Associates is distinctive in that analysts are former traders, each with greater than 10 years experience in the markets on which they focus.