



# equiduct zenith

Connecting institutional trading  
participants to pan-European liquidity

# Overcoming market fragmentation

Fragmentation of the pan-European trading landscape brought about by regulatory changes liberalised competition between trading systems. The result was a surge of additional trading venues including Regulated Markets, Multilateral Trading Facilities (MTFs) and Systematic Internalisers (SIs).

The consequence is that institutional participants must now connect to multiple liquidity sources to facilitate Best Execution for their clients. Concurrently, they need to factor in Transaction Cost Analysis (TCA) and minimise pre- and post-trade market impact as a result of their trading activity.

With this in mind, we wanted to empower institutional trading participants by facilitating access to this fragmented liquidity through one single venue.

Addressing this gap in the market we created Zenith using our pioneering volume-weighted Best Bid and Offer (VBBO) price determination as calculated by our proprietary technology. Trading participants can also limit their activity to the European Best Bid and Offer (EBBO).

Supported by a pool of competing Liquidity Providers (LPs), Zenith allows orders to be executed at the best price against the pan-European consolidated order book on one commercially competitive platform.

# Why consider Zenith?

## Access

Gain access to Europe's fragmented liquidity in one centralised location



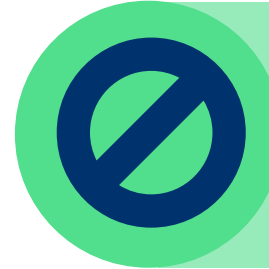
## Trade

Trade the full quantity at the EBBO in a single execution with no automatic impact to the venues that contribute to price formation



## Low Market Impact

When compared to primary markets and other secondary venues



## Zero Information Leakage

There is no 'last look' and LPs receive an unsolicited execution. No order information is given to the LP



## Market Data

Market data fees are offset against trading fees



## Counter Party Choice

Participants can elect to use an interoperable central counterparty (CCP) or settlement can take place bilaterally, where possible, between a broker and an LP

**EU 26 Regulated Market**

# How do we achieve this?

As Equiduct is a market segment of Börse Berlin — a Regulated Market — we operate a non-discretionary trading system with open and fair access. Zenith delivers all the benefits previously highlighted by using our proprietary VBBO price discovery.

We create a virtual consolidated order book using data from European Primary and Secondary Markets, plus Equiduct's own Central Limit Order Book

Using our proprietary E/VBBO calculation, the platform determines the execution price, and not Liquidity Providers

Trading is premised on establishing trading relationships between a broker and an LP

Brokers have the ability to define and prioritise LPs or they can instead use Equiduct's dynamic execution allocation mechanism where LPs compete for executions

Zenith supports only immediate orders (IOC or FOK) with optional minimum fill quantity for IOC orders

Control over signalling risks – Zenith lets you decide how many and which counterparties you interact with, either by establishing a pool of LPs or targeting a particular LP

With this, institutions have access to pan-European liquidity via a single exchange connection

# Mapping the workflow

Zenith offers institutional participants access to fragmented pan-European liquidity on a single venue. It allows orders to execute against the pan-European consolidated order book and is supported by a pool of competing Liquidity Providers (LPs).

When trading using Zenith, it is possible to execute at the VBBO or limit your activity to the EBBO. The below example shows how we calculate the EBBO price and size that is made visible within the client specific Market Data feed.

- 1 The calculation of the EBBO (price and volume) is based on the virtual consolidated order book created from visible pre-trade book depth data from the relevant markets.

BID			OFFER		
VENUE	SIZE	PRICE	PRICE	SIZE	VENUE
XPAR	4,270	12.335	12.340	970	TRQX
CHIX	1,040	12.335	12.340	898	BATE
TRQX	830	12.335	12.340	756	CHIX
BATE	251	12.335	12.345	16,938	XPAR
XPAR	10,057	12.330	12.345	7,315	CHIX

SIZE	PRICE	PRICE	SIZE
6,391	12.335	12.340	2,624

- 2 This volume is then compared to the combined volume offered by Liquidity Providers to a broker.

## Buy Side Liquidity

Relationship	Relationship Status	No. of Shares	System Priority
Broker v LP1	Liquidity Offered	300	#4
Broker v LP2	Liquidity Not Offered	-	-
Broker v LP3	Liquidity Offered	1,000	#2
Broker v LP4	Liquidity Offered	2,000	#1
Broker v LP5	Liquidity Offered	500	#3

**3,800 shares** are available as a combined volume offered by the Liquidity Providers

## Sell Side Liquidity

Relationship	Relationship Status	No. of Shares	System Priority
Broker v LP1	Liquidity Not Offered	-	-
Broker v LP2	Liquidity Offered	2,500	#1
Broker v LP3	Liquidity Offered	1,000	#2
Broker v LP4	Liquidity Not Offered	-	-
Broker v LP5	Liquidity Offered	850	#3

**4,350 shares** are available as a combined volume offered by the Liquidity Providers

# Combined Result

**Buy Side Liquidity** – there is more volume at the EBBO (6,391 shares) than the combined volume offered by the Liquidity Providers (3,800 shares)

**Sell Side Liquidity** – there is less volume at the EBBO (2,624 shares) than the combined volume offered by the Liquidity Providers (4,350 shares)

The client specific market data feed will therefore display the following:

SIZE	PRICE	PRICE	SIZE
3,800	12.335	12.340	2,624

Equiduct offers a real time level 1 (L1) pre-trade transparent market data feed that provides users Zenith with a view of the liquidity that is available specifically to them at the EBBO.

Equiduct is a fully lit pre-and post-trade Regulated Market, meaning the Zenith service does not operate under a reference price waiver or negotiated trade waiver and is therefore not subject to the double volume caps

# What does it give access to?

## What is available through Zenith?

Zenith offers the most liquid and fragmented equities from the UK, Italy, France, Germany, Netherlands, Belgium, Spain, Portugal, Sweden, Denmark and Finland. We also offer a selected range of ETFs – a full list of tradeable instruments can be found on our website.

## What else can Zenith be used for?

Where agreed upon between a broker and an LP, an LP can provide a quantity that is greater than that available at the EBBO, with this quantity being pegged to the EBBO price, as calculated by Equiduct. This enables LPs to provide natural block liquidity and no longer restricts the executable quantity to that available at the EBBO.

## What are the costs for market data feed?

The client-specific Market Data feed is free of charge when accessing Zenith. Fees for other Market Data feeds - VBBO, HybridBook and Market-by-Limit – are offset against a participant's trading fees.

## Who we are

Equiduct is an innovative, client driven pan-European trading venue enabling retail brokers and institutional clients to achieve Best Execution in the most liquid and fragmented cash equities and ETFs.

Focused on providing solutions for our members in the post MiFID environment, Equiduct has developed unique products designed to revolutionise retail trading which facilitate order execution against the pan-European consolidated order book.

Equiduct provides true pan-European trading across 11 markets covering the underlying assets from 16 European headline indices.

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