



Chicago to New York (to the world)

Speed increasingly matters in today's trading environment. Algorithmic and alternative trading strategies depend highly on execution speed in an environment where microseconds (μ) make the difference between millions of dollars in profits or losses. Customers in the finance vertical want the ability to simply and quickly connect to the technical infrastructure of the market exchange at the lowest latency possible, to give their trading strategy the best chance for success.

New York still represents +50% of global trading. Chicago represents +20% and much more than half in specific product areas.¹ Together these two cities are a Financial Megalopolis that attracts a large number of Financial Institutions (FIS) sitting in a tight geographical area. Equity, Derivative & Options Traders, Brokers & Funds, Fixed Income Investors, Balanced and Cash managers, Emerging Market Funds, FX Traders, Brokers and Sellers, Mutual Funds, LBO/PE Funds and of course the multitude of FIS known to us as Hedge Funds.

There is also a new heightened level of demand for liquidity and risk mitigation on a global level. As the world continues to grow and trade continues to expand in the medium and long term, the finance community demands to be inter-connected to each of these markets, trading products, liquidity pools and capital markets. Here we have the underlying reason that every active FIS wants to trade markets in New York and Chicago and onto other key financial cities across the globe.

It is still somewhat complex for these companies to trade cross border due to regulatory and infrastructure limitations. It is our experience that most FIS expect to locate their trading mechanisms in key markets as close as physically possible to matching engines at the lowest latency there is. The cost of doing this is often high, but so are the rewards of beating your competitors to market. London, Chicago and New York will always be distinct markets and co-location points for this reason, but the latency of the connections between them will be pared down to the most direct route and the speed of light in glass.

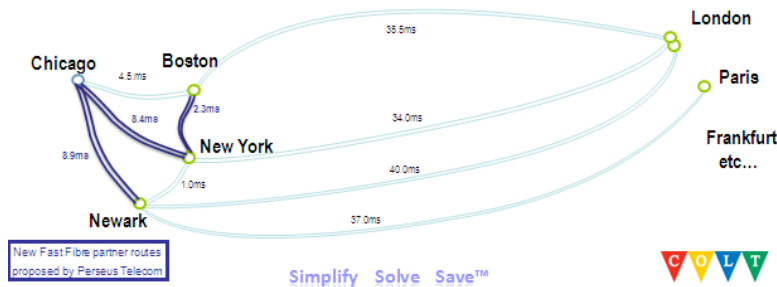


Figure 1 Perseus Telecom and COLT PoP to PoP Latencies

We have witnessed this most recently on the Chicago to New York route with a number of savvy new telecom provider options in the lead; Allied Fiber, CFN Services, First Telecom, Level 3 (ULR) and XO. All these companies lay claim to a fast and secure connection between the two cities. All these companies have compelling and sometimes different reasons for use. It is fair to say that if you are not in the leading pack cited above you are not best serving the FIS for all those reasons cited above.

For telecoms providers the goal is to connect FIS to markets in these two cities and then connect seamlessly to European markets at ultra low latencies. FIS pragmatic approach is; satisfy our low latency requirements and you will have our business. Until, that is, we are all huddled around the same market connection points at the same connection speeds - then we begin the next equivalent 'latency arms race'.

Dr Jock Percy
Managing Director
Perseus Telecom Limited

**Chicago to New York at less than
16.0ms RTD – SLA Guaranteed**

**Contact Jock Percy on
+1 917 881 9863**

¹ Ticker, Wall Street Technology Association, New York, 2008