

EXFEED turns data into information

Speed is one of the most important quality criteria in securities trading. The SWX Swiss Exchange subsidiary EXFEED supplies clients the world over with top-quality financial information in a matter of seconds.

Financial data from securities marketplaces are as varied as the world's languages. With the creation of EXFEED in mid-2001, a wholly owned subsidiary of the SWX Swiss Exchange, the Group has established itself as a leading one-stop provider of crossborder realtime raw data.

EXFEED draws the data directly from the electronic trading systems of the SWX Swiss Exchange and virt-x. What is more, the most important indices from the Swiss market, the STOXX European blue chip index family, trading data from the Berne Stock Exchange and several thousand unlisted funds under the Transparency in Fund Markets (TIF) project are also incorporated in the EXFEED market feed. In a split second, these market data are converted into a standard format, consolidated and distributed via a high-frequency data stream. EXFEED is thus at the start of the value-added chain for data preparation and distribution, and supplies raw data to intermediaries and data vendors (including Reuters, Bloomberg and Telekurs) for their stock market information services. Vendors and sub-vendors build the financial data into their services and applications, enriched with news, analytical information, interpretations, etc., and deliver them to thousands of financial market players at the end of the distribution chain.

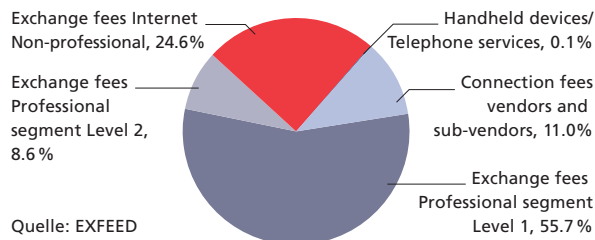
Throughput time for the entire value-added chain is 1–3 seconds. These realtime market data are chargeable and are licensed to customers under the EXFEED data distribution agreement. The fee structure distinguishes between connection fees for vendors and sub-vendors on the one hand, and exchange fees for subscribers to selected services on the other.

Market-induced decline in user numbers

EXFEED currently serves a total of 103 clients, of which the overwhelming majority are data resellers. Among clients with the highest turnover are 13 vendors as well as 90 sub-vendors, including five banks with which it has direct agreements. EXFEED registered income of CHF 17.9 million in 2002 (CHF 18.3 million in the previous year).

The number of professional EXFEED data users reported by contract partners is around 70 000. This is roughly 13% below the 2000 and 2001 highs. Over the past 18 months, the number of reported non-professional end-users obtaining financial information over the Internet has simultaneously fallen to a quarter of the record level reached in 2000. This is due specifically to the failure of the business strategies adopted by many Internet financial portals. As Internet euphoria evaporated, the year under review witnessed a marked consolidation that spawned numerous mergers and business closures.

Income (2002)



Product range and data quality as most important success factors

Despite this development, EXFEED is determined to continue expanding its services and enhancing quality. As regards the improvement of data stream content, the focus in 2002 was on introducing market depth-10 for virt-x financial data. This involves the permanent realtime display of the best 10 bids/asks, including order sizes, from the electronic trading system's order book. Another new information enhancement is the provision of pre-market and after-hours trading data as well as the theoretical opening quote for SWX Swiss Exchange und virt-x securities.

This service enhancement is available to all subscribers and considerably improves transparency in trading. The introduction of market depth-10 for all vendors, sub-vendors and users contributes to a further "democratization" of the marketplace, as this level of information is no longer reserved strictly for a small and exclusive circle of registered traders.

Considerable delivery capacity even in turbulent times

The volume of data has grown sevenfold over the past five years. Despite this, customers can expect to receive current price information in a few seconds even on hectic trading days with substantially higher trading volumes. To meet this need, EXFEED is investing constantly in expanding its own IT systems and transmission bandwidths to guarantee the required delivery capacity and performance.

Sticking to the chosen strategy

Notwithstanding the difficult market environment, EXFEED is resolutely pressing ahead with its chosen strategy. Data content and quality are and will continue to be the most important success factors. The following projects will be launched in 2003 to secure the company's market position:

- Migrating the current data stream from X.25 technology to TCP/IP
- Expanding the current data offering to include other unlisted investment funds under the TIF project
- Optimized rendering of variable data from the virt-x and SWX Swiss Exchange trading platforms
- Creating data stream modules geared to specific customer needs

EXFEED is also keeping open the possibility of forming strategic alliances with other first-class providers of raw financial data.