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CESR SECRETARIAT
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We welcome the opportunity to provide comments on the CESR's Call for Evidence concerning the consolidation of market transparency data (CESR/06-134).

Firstly we would briefly like to present GL TRADE, as we are not an investment firm but a technology & software provider. As a software provider; we have a broker neutral position, and so we will not answer the full call for evidence but focus on the IT issues of this consultation.

1. GL TRADE

Established in 1987, GL TRADE provides its clients with Trading & Order Management Software, Network, Market Data and Services to cover the entire order flow from the Buy-Side to the Sell-Side and from the front to the back office. Relying on scalable and high-volume handling technology, GL TRADE has developed GL STREAM™, a real-time, integrated software suite designed for STP from the front office to the back office. This solution aims to bring our clients the software architecture suitable for Best Execution, compliant with regulatory issues and designed to optimize order flows. GL TRADE also provides the Financial Services sector with GL NET, a trading network linking together Buy-Side and Sell-Side institutions. GL NET offers access to more than 110 cash & derivative liquidity pools worldwide on a remote contribution principle. Today, GL TRADE employs more than 1000 people and has 26 offices on five continents. We provide solutions and services to over 3500 clients including 600 major international financial institutions.

2. GL TRADE General Comments on Market Transparency Data

As a prelude to our responses to this call for evidence, as we did in previous consultations, we will briefly discuss GL TRADE's position on certain key issues with respect to the Transparency principles.

Transparency principles deal with Market Data issues. As we already mentioned to the CESR and regulators, market data is not just important for the visualisation market, but is also linked to the execution business. GL TRADE is a trading & order management provider. One of our key technological assets is our real time trading architecture: investment firms buy GL TRADE software because it is fast and reliable. We can attain this level of performance because we technically master the market data servers that feed the trading server.

PUBLICATION

Cost & Benefits for using a uniform format.

The main benefit for using the same format is to ensure full interoperability between systems.

Costs depend mainly on adapting existing systems. From GL TRADE's perspective, we agree to assume the costs to comply with an official standard for formatting data, so long as we are not talking about standardizing protocols to communicate this data.

Trying to impose a standard protocol to communicate market data is not an issue: usually, when the industry tries to achieve a common protocol for everybody, it always has consequences on performance because of technical compromises.

Concerning market data; GL TRADE has its own referential and deploys an interoperability approach. Running our own referential allows us to be flexible especially for markets where no standard data format exists. However, we always try to integrate standard market practices when possible. The following points present the standards GL TRADE uses for market data information:

- Market identification is based mainly on ISO code
- Date and time recording is on a 24h GMT basis
- Instrument identifier is usually based on the exchange code (ISIN). We therefore have some problems with derivatives instruments.
- Displayed prices are in decimal standard. On this point, it could be interesting to impose a standard to avoid arbitrage on the 4th or 5th decimal place.

Minimum length of time transparency information needs to remain published / accessible?

Steps to ensure the information published is accurate / reliable

GL TRADE has no technical advice to offer on these points.

CONSOLIDATION

Market needs for consolidation

In order to ensure data consolidation, pre trade information should be disseminated in such a way that it can be integrated into existing trading tools: visualisation screens and trading stations. This means that pre trade transparency for systematic Internalizers and MTF should be more or less a feed. If talking about presentation, it all depends on the market model running.

GL TRADE already consolidates feeds in the US markets. The main need on this market is to get an aggregated view of the market depth; the execution venue being a characteristic of the aggregated order book.

There is not that much difference between pre and post trade issues. On pre trade, consolidation is completely mandatory and has to be linked to a trading system in order to ensure access to the liquidity. On post trade, it is equally important because it can be used to feed decision making systems.

Obstacles for consolidation

Main technical obstacles for consolidation are format, interoperability and latency.

If we have different quoting formats, it will be difficult to compare 2 feeds: Interoperability is an issue only because there is no obligation to provide "interoperable" market transparency. Interoperability is easy to achieve if SI, MTF, RM, technical providers and data vendors have the obligation to agree on selling the data with technical means for implementation such as API (Application Programming Interface) or mapping tools (using FIX or other "common" protocols).

This leads us to the last technical obstacle which is latency. Aggregating different sources for an instrument means that delay between the sources can differ. If a data feed is late on a secondary feed, the investor may lose an opportunity just because the feed failed to be delivered on time. It could be solved by asking for a minimum latency if feed dissemination, but this is really not easy to do. Latency depends on the technology used to generate the feed at the source, the network used to deliver it and the integration method the technical provider/data vendor uses to aggregate it with other feeds.

What is needed to remove the obstacles?

It is very important to define a standard format for data across Europe, but to leave the technical implementation to the market. The regulators should only oblige the market to provide the means for interoperability.

Today, exchanges provide their data feeds to a lot of different market data vendors or technical providers. Discrimination is made on technical aspects and exchanges impose compliance tests to providers such as GL TRADE. By multiplying data vendors and technical providers we ensure a better dissemination of the information and avoid the creation of a monopoly situation in the market data business. As mentioned earlier, a software provider such as GL TRADE needs to control the market data collection in order to provide clients with a real time trading architecture. If tomorrow, software providers like GL TRADE have to get feeds through a third party provider, this will add latency to market data and disadvantage our clients for their executions. This is not acceptable and in contradiction with one of the speed criteria of article 21.

CESR roles

We think CESR can help on reference data issues at a European level. It is a key issue of interoperability to have a common listing for instruments and execution venues.

Conclusion

In this document GL TRADE has tried to answer the specific questions asked by the CESR. We have limited our answers to questions directly in relation with our clients' current architecture.

Of course we remain at the disposal of the CESR for any additional comments or information. We would also welcome the opportunity to help the CESR in its work on points involving trading and order management systems, client connectivity or market data issues.

Sincerely,

GL TRADE SA.

For any additional information, please contact:

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