

PRESS RELEASE

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INCREASED INSTITUTIONAL EQUITIES FLOW DRIVES LIQUIDNET'S PERFORMANCE GLOBALLY IN 2013

Equity inflows expected to continue in 2014 in response to improved global economic outlook

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Liquidnet, the global institutional trading network, announced strong performance globally for 2013. Liquidnet, whose 740 members include the world's largest asset managers, has seen institutional investor flows return to markets, such as Europe and Asia, amid improved global economic conditions.

"Building out Liquidnet's global footprint to 42 markets has played a significant role in our success. While the bulk of investable assets are still held in North America, 2013 has marked a year in which these institutions have increasingly looked to diversify their international investment strategies," commented Seth Merrin, Founder and CEO of Liquidnet. "With approximately 45,000 publically traded companies globally, institutional investors realize they have to look outside their borders to find the best opportunities. In 2013, this has meant diversifying into European equities and exploring new opportunities in Asia Pac."

Performance Highlights

Globally, global principal traded on Liquidnet's network was up 17% year-over-year totaling US\$470 billion. In addition, Liquidnet's global average negotiated execution size jumped 15% to US\$1.4 million, which is more than 100 times greater than the major exchanges.

In Europe, Liquidnet saw a 59% increase in average daily principal traded and a 44% increase in average daily liquidity year-over-year. Liquidnet's average execution size in Europe continues to increase, nearing USD \$1.3 million, up 28% from 2012. Liquidnet maintained a 68% market share in dark block trading (over \$1mm trades executed on MTFs), as institutions became increasingly more confident in trading European equities in large block size.

Liquidnet continued to increase its European footprint and saw a 146% increase in trading from Continental European institutions in 2013 from the previous year. The strong results seen in Europe were also driven by large investor flows from US institutions, which were up 48% in Q4 2013 compared to Q4 2012. Liquidnet also saw a significant increase in institutions trading large cap stocks, up 109% in Q4 2013 compared to Q4 2012.

Additional growth in the region was driven by the expansion of Liquidnet's commission management services to Members and customers in Europe. The service is designed to reduce the conflicts that stem from managing best execution and the need to use commissions to pay research and execution bills.

Increased regulatory scrutiny over how and where commissions are being spent also added to the demand for the commission aggregation and analysis services.

In Asia Pacific, Liquidnet recorded strong growth throughout 2013 with average daily liquidity up 30% year-over-year to more than US\$10.8 billion. Principal traded jumped more than 14% across the region with records in South-East Asia, Japan and Hong Kong as large institutions increasingly used Liquidnet to secure large blocks of equities. As an example, the average trade size jumped 17% in Asia Pacific year over year to US\$1.24 million, which is more than 100 times larger than the average trade size found on the Hong Kong Stock Exchange.

In April, Liquidnet announced that Thailand became the 42nd market available through its network, further boosting the number of investment opportunities available to Members.

In the US, Liquidnet continued to dominate in block trading. When a Liquidnet Member traded a US stock in 2013, 76% of the time it was either the 1st or 2nd largest print of the day. In addition, the firm crossed its largest ever trade in a US-listed stock in October, with two Liquidnet members exchanging 2.9 million shares worth US\$150 million. In addition, total principal traded for US equities was up 11% year-over-year.

“This ability to quickly respond to changes by directing flow to where opportunities arise is increasingly central to institutional performance. This trend will continue in 2014 and we expect to see more cross-border equity flows across our 42 markets as a result.” Merrin continued. “As a global trading network, we will continue to remain focused on removing barriers and make trading more efficient around the world, helping our members achieve even greater performance.”

Reinforcing the Value of the Block

Liquidnet continues to provide a venue for institutional investors seeking to trade large blocks of stock. Institutions can avoid having their trades sliced and diced in lit markets and limit the threat of information leakage and market impact. LiquidMetrix, a third party transaction cost analysis specialist, reports Liquidnet delivering an average price improvement of 90 basis points¹, which can improve a fund's overall performance.

Additional recognition by the industry for the unique value Liquidnet brings to the institutional market includes:

- Best Buy-Side Execution Venue, *Waters Buy-Side Technology Awards* 2013
- European Front Office Provider of the Year, *Funds Europe Trading & Technology Awards* 2013
- Best Alternative Trading Venue, 2013 *AsianInvestor Magazine Service Provider Awards* 2013

About Liquidnet

Liquidnet is the global institutional trading network that connects equity investors with the liquidity they need. We go beyond what the retail market can provide by defending and securing the integrity and the anonymity of the block trade. We do this while continuously looking for ways to bring in new sources of safe, actionable liquidity from asset management firms, exchanges, brokers and corporations. Since we launched in 2001,

¹ LiquidMetrix Guide to Dark Pools, September 2013

our ability to anticipate and meet institutional demand has allowed us to extend trading to 42 equity markets across five continents for asset management firms who collectively manage US\$13 trillion. For more information on the Liquidnet community, its liquidity, block executions, and additional investment capabilities, visit www.liquidnet.com.

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