



## Fox River Turns on the Spotlight

By Riley McDermid, Online Editor Sept. 17, 2009

**A**gency-only broker-dealer Fox River Execution has upped the ante by introducing the world's first exchange-traded fund trading platform to display both the liquidity in the ETF and its underlying securities, an advantage institutional traders will especially appreciate after the last 18 months of unprecedented volatility, Fox River Chief Executive Ron Santella told Markets Media.

**Santella said Fox River, which debuted the new ETF trading platform, dubbed Fox Spotlight, Wednesday morning, was particularly interested in the way traders could use the new product to “leverage insights into the true liquidity in ETFs to execute trades quickly and efficiently at an optimal price.”**

Fox Spotlight calculates dynamic, real-time limits to sweep and post in the ETF displayed market, while providing price and size discovery for all size trades via an advanced ETF trading system. The new platform allows authorized participants (APs), market makers and arbitrageurs to compete with each other, resulting in best execution and pricing in ETF transactions.

Fox River teamed up with ETF manager iShares on the endeavor, a process which Santella said took around 10 months from start to finish. Santella said partnering with iShares was really a “no-brainer,” because the world's largest manager of ETFs is the dominant player in the market and had the “experience, knowledge and

infrastructure” to make Spotlight an immediate front-runner.

“We have the ‘first mover’ advantage with Spotlight, which we think will make it pretty competitive right away,” Santella told Markets Media. Already trading millions of shares per day for a handful of beta customers, Fox River expects to trade in the tens of millions per day with this rollout.

It has been a defining year for Fox River, which reaped both talent and a client base as the bulge bracket shuddered, and which hopes to keep that momentum going even as the market steadies. It tripled its clients and doubled its revenues over the last year, a major achievement for a firm that was only founded in 2001 by what Santella called a mixture of former traders and quants. Santella himself ran a hedge fund for 15 years before joining Fox River.

Fox River was ranked No. 1 execution broker in 2007 and 2008 by Institutional Investor, in a study conducted by trade cost research firm Elkins/McSherry, and has offices in Chicago, New York and San Francisco. That high-profile is likely to grow going forward, after two years of gyrating markets sent many institutional traders shopping for new broker-dealers—with many settling on smaller, boutique operations that can give them individualized attention.

“Clients like that we are unconflicted, that we have no balance sheet, things like that,” said Santella. “Firms that maybe wouldn't have met with us a couple of years ago are now almost always going to take a meeting, because they only stand to gain.”

But Santella said that the bulge bracket firms that have remained “are not sitting still,” because as Wall Street has remade itself, so, too, have new major players come to the fore. ○

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