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Investment Technology Group, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Daniel Harris with Goldman Sachs.

Daniel Harris - Goldman Sachs

I was wondering if you could comment a little bit more on the impact of shipping those, the Algorithms, out of POSIT binds, it looks like POSIT leads the way. I think I've calculated everything. It looks like it's down year over year for the past couple quarters. Have you seen data of what's driving that and what you see as the flow as creating larger transactions as to better business? Or what do you think is driving that change?

Robert Gasser

Well, the thing I would say that just a recap of '07 and early '08, we started out in the position at about 61 million shares on average in Q1 of 2007. We were ahead of liquid net. We experienced in Q2 '07, we went basically into an equal footing and there was a decline from Q3 and onwards to Q4 in terms of our relative position. At one point, we were down in Q4 to 40 million shares on average a day. We attributed that and I think accurately to the re-distribution of POSIT through some of these dark aggregation strategies. And we announced that on our call of November 1 Earnings Call, and I think since that time, we've seen nothing but a good trajectory in increasing the average earlier executed volume in POSIT. And we're pleased with the result but we believe there's much more to do in terms of our ability to continue to gain share in the dark space.

As I said on the call in our prepared remarks, we believe that in addition to the self-interest we have in doing that, we think clients are self-interested in helping us from the perspective of the POSIT numbers, the TCA numbers, continuing to validate the extraordinary value that a block liquidity can provide. So, I say all in all we're pleased but we feel as if there is much more left to do.

Daniel Harris - Goldman Sachs

And here's a question to Howard: Can you give me a sense of how much of the 3Q and 4Q revenues, I guess it's more in the UK, but maybe more broad continental Europe, are driven by the list business? And if not, what's the driving force behind the increased or decreased revenues of that list business? And truly do you expect that to not something that's going to be coming back up or lowered in coming quarters?

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