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## Investment Technical Group, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Your first question comes from the line of Ken Worthington from JP Morgan. Please proceed.

#### Ken Worthington - JPMorgan

Hi, thank you for taking my question. Just a little bit more higher level, within your Hoenig business, I would think you'd have some pretty good insight into the hedge fund community.

Is there anything that you are seeing in your Hoenig business that would give you some insights into volumes or business expectations for '09 like are there things that you are seeing there that are not necessarily intuitive and widely known by the street? And if so, how are you adjusting to what you're learning within Hoenig?

#### Bob Gasser

Okay, Ken. I would say that on the Hoenig side as I alluded to in my comments, we've seen some soft dollar credits wired into our accounts so there's clearly some interesting movement there. We had some opportunities to displace some incumbent technology providers that we take an advantage of which I think has been very positive.

To be honest, we have not seen any firms go out at business, any major clients go out of business within that client base. Our soft dollar liabilities and balances are matching up quite well. In fact, I think we're in actually very good shape there in terms of our payables.

We have seen, obviously, and more as a third party observer, some significant redistribution of prime brokerage assets amongst the primes on the street without a doubt. And there has been some significant winners and losers in that process.

But as we out at to '09, it's tough for us to predict what the de-levering movement will do to those clients and to the profile, their execution business. Right now at this moment in time, I would say on balance, it's been a positive for us but there's no way of telling throughout '09 whether or not that's going to continue or remain the same.

#### Kenneth Worthington - JP Morgan

Thank you. And then just separately, you had previously mentioned like early, early in the year of a big focus on - not a big focus but a focus on POSIT trying to improve liquidity within POSIT.

I think one of your initiatives was some tweaking of your own order flow, maybe the point more towards POSIT. First, do you think has that worked to offset some of the declines elsewhere for POSIT size? Has that strategy worked? And are you pleased with POSIT right now or do you need other tweaks to that product lineup?

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