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Investment Technology Group, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Ken Worthington with JP Morgan. Go ahead, please.

Ken Worthington – JP Morgan

Hi, good morning.

Ben Gasser

Good morning, Ken.

Ken Worthington – JP Morgan

You spent a lot of time in the first part of the call talking about the rate. Given that market conditions improve, were you alluding to the fact that just because the market conditions improve doesn't mean the rate will improve concurrent with equity market conditions? Is that a good read in what you said or –?

Bob Gasser

Yes, Ken, I think that's a very good read in that. The market conditions have to improve. Obviously that will improve asset management performance, but that needs to be followed by cash inflows and movement within portfolios as well. And I don't think that can be discounted either. That's why we use that transition consulting data point as well.

Ken Worthington – JP Morgan

And then what is your opinion on the Russell rebalance this year? At least from the financial perspective it seems that there is a big movement but is the Russell supposed to be unusually big this year and does that impact the rate card at all?

Bob Gasser

I would say that, yes, the Russell will be an interesting trade this year, as people have speculated. We've put out our research on the trade. We've actually augmented our portfolio of trading desk, as we announced yesterday we pointed ahead of the U.S. portfolio trading team, we've made some key hire there as well. So we're positioning ourselves. We think well for the Russell. Certainly the Triton

deployments and the Algo capability and the matching capability all will I think play very nicely into that trade. And when you look at where liquidity has been most pronounced is really in the very, very large cap end of the marketplace. So this trade in terms of its degree of difficulty, I think will be as significant as it's ever been.

Ken Worthington – JP Morgan

Okay. And that sounds good for ITG.

Bob Gasser

I would hope so.

Ken Worthington – JP Morgan

Okay. And then just on the mechanics of the change in POSIT, not the change, but the going after the spread, spread traders as well.

Bob Gasser

Yes.

Ken Worthington – JP Morgan

So I assume this means you are going to combine the liquidity pulls from the spread in the commissions so a spread trader will trade with a commission trade in POSIT. Is that right?

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