

MEET TED MYERSON, FOUNDER AND CEO, FTEN, A NASDAQ OMX COMPANY

Acquired by NASDAQ OMX in December 2010, FTEN is a leading provider of Real-Time Risk Management solutions, providing market participants with the ability to more effectively control market access, credit and regulatory risk. The SMARTS and FTEN teams at NASDAQ OMX are excited to be working together on joint surveillance/risk management solutions for the financial community.

You founded FTEN in 2001. Tell us a little bit about your prior experience.

I've always been involved in financial services, but my true interest is in financial technology. I started as an auditor for hedge fund clients and, after learning how to manage a successful hedge fund, launched Sterling Securities. I developed Sterling's complete technology infrastructure and positioned the firm as an early adopter of Direct Market Access (DMA) technology.

I then co-founded ECN Access Europe, which provided a robust DMA platform to access liquidity in markets across the globe. This was an exciting time as we were able to capitalize on the growing demand for electronic trading, and for cross-border, international market access.

Tell us about founding FTEN and what led you to the risk management space?

We started FTEN as a way to redefine how a vendor services its clients, with the goal being to provide exceptional service without competing. We noticed a market need to provide broker-neutral DMA technology and thus started FTEN by white-labeling a DMA system for resale by U.S. clearing firms to offer their trading clients direct market access. We soon realized that broker-dealers were using multiple trading systems, each with their own risk component, but they had no way to aggregate risk management across systems in real-time. At that time, cross-market risk management was only available end-of-day or next day.

We shut down our front-end DMA to focus on delivering high-speed routing coupled with cross-

market pre-trade risk management, independent of any DMA platform. This ultimately helped lead the way to low-latency trading.

We have consistently anticipated market needs, continually innovating to deliver flexible technology designed to adapt to market structure and regulatory changes. We filed a patent on our innovative approach to real-time risk management in 2003 and officially received the patent in 2010 – right before the SEC adopted the Market Access Rule, requiring broker-dealers who offer market access to practice real-time cross-market risk management.

FTEN grew fast enough to make *Inc. Magazine's* 500 listing of fastest growing companies in the U.S., ranking in the top 50 in both 2009 and 2010 before being acquired by NASDAQ OMX.

Why did FTEN sell to NASDAQ OMX?

For us, joining NASDAQ OMX really made sense. The culture, the organization, the global reach and the portfolio of solutions could not have been a better fit for both FTEN as a company and our customers. Being a part of NASDAQ OMX will enable us to expand our global reach and make our risk management solutions more accessible to the broader market.

How do you view the relationship between the SMARTS and FTEN offerings?

The synergies are hard to ignore, especially considering the heightened demand for more robust market surveillance and risk management controls. Many of the challenges are similar – including hyper fragmentation of liquidity across multiple asset classes and multiple global venues (displayed and non-displayed), co-location, sponsored access and high-frequency trading. Pre-trade risk management and surveillance really go hand-in-hand and should be viewed more holistically within the transaction lifecycle – thus unlocking the value of having best-of-breed surveillance and real-time risk solutions working together under the established umbrella of NASDAQ OMX. We're extremely enthusiastic about many of the initiatives we can accomplish together and the value that we'll deliver to our customers.

How can FTEN benefit SMARTS customers?

One area where FTEN can help broker-dealer clients immediately is in providing real-time access to level 1 and level 2 order and execution data across various industry venues – a powerful capability, especially in the U.S. markets where over 50 execution venues exist. The depth of data provides a more complete picture of cross-market trading activity to identify possible infractions. Real-time data gathered through FTEN can be fed into *SMARTS.broker* for detection of potentially malicious activity, analysis and surveillance. Together, the SMARTS and FTEN solutions can provide a fully-serviced real-time risk management and regulatory compliance solution, over the full set of execution venues available.

This is all completed by leveraging the existing SMARTS framework, helping the broker community add value immediately through rapid time-to-market. By utilizing FTEN's real-time data network, the *SMARTS.broker* service can often be set up 'out of the box' in **a week or less** – a compelling benefit, considering the current pace of market structure change and ongoing regulatory pressure for comprehensive pre- and post-trade monitoring.

What are some of your personal interests?

I live in New York City with my wife and 2 year-old daughter. In my spare time I enjoy travelling, as well as magic, photography, discovering the latest technology gadgets and, most of all, spending time with my family.



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