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>BROKERAGE

Mantara Aims to Grow HFT Business

Mantara is gunning for market share in the space for high-frequency trading technology. To that end, the vendor last month introduced a chief executive officer and a strategic alliance with UBS.

The marching orders for the new chief executive, Michael Chin, are clear: Take what the firm believes is a strong product and put it in the hands of more customers.

At the same time, the UBS partnership helps set Mantara products before the giant investment bank's latency-sensitive customers, Chin said.

"UBS wants to give clients the solutions they want," he said. "But UBS has preferred solutions, and we will certainly be at the top of that list for their high-frequency-trading clients."

In September, Chin assumed the reins as president and chief executive of Jersey City, N.J.-based Mantara. The vendor provides low-latency connectivity, market data feeds and risk-check technology for high-frequency trading firms. It also offers an execution management system.

The market for high-frequency technology continues to grow. Accordingly, Mantara expects to grow alongside it, said Chin, who spent nine years at EMS developer TradingScreen.

"We're well-positioned," he said. "My mandate now is to really grow the client base significantly."

The firm's client base is growing—doubling in the last 12 months. A year ago, Mantara had 10 clients and 120 users, Chin said. Today, it has 20 clients and 250 users. He would not estimate how many clients the privately held firm expects to have 12



Michael Chin

months from now. Mantara's client base is evenly distributed across black-box hedge funds, proprietary trading shops, agency brokers and large brokerage firms.

But the growth in HFT-related technology also comes at a time of great regulatory scrutiny. The Securities and Exchange Commission is looking closely at high-frequency-trading practices and is trying to determine whether they pose risks to the marketplace in the wake of the May 6 "flash crash."

The high-frequency trading business falls into Mantara's sweet spot: market connectivity and risk checks. Chin said he isn't worried about the SEC's Jan. 13 rule proposal on sponsored access. In it,

the SEC said it wants to effectively ban the practice of "naked access" by requiring broker-dealers who let customers trade directly in the markets under their names to vet each order on a pre-trade basis. The SEC wants the industry to check every order before it is

sent out, to make sure none are erroneous or outsize.

In the wake of the SEC's rule proposal on sponsored access, trading infrastructure vendors and exchanges have been racing to develop their risk-monitoring capabilities for potential clients—namely, broker-dealers and hedge funds involved in high-frequency trading strategies.

Chin said his firm is prepared for whatever the SEC decides. This includes whether brokers are required to have more risk checks in place or whether unfiltered sponsored access is allowed with increased capital requirements.

—James Ramage

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