



EQUINIX CUSTOMER SUCCESS STORY

CHI-X AUSTRALIA



Chi-X Australia leverages Platform Equinix™ to achieve trading days of more than A\$1 billion

“With Equinix we’ve been able to set a new benchmark, not just in pricing, but in terms of how you run a major capital market venue.”

Mike Aikins, Chief Technology Officer, Chi-X Australia

The Customer

Chi-X Australia, a wholly owned subsidiary of Chi-X Global LLC, launched on October 31, 2011 as a trading venue for the buying and selling of Australian cash equities. Chi-X entered the market to provide an alternative in competitive trading and market data services to that offered by the Australian Securities Exchange (ASX). This made Chi-X the first and only competitive exchange in the Australian marketplace for the trading of ASX-listed securities.

Business Impact

High-quality hosting and connectivity services

- Ready access to liquidity with proximity to market participants, service providers, network operators and the broader Financial Services community
- Launched with record number of participants—23 on the first day and 95% of the top trading companies
- Record trading days of more than A\$1 billion turnover and 18.44% of the overall Australian Equity market

Business Challenge

The challenge for Chi-X Australia was how best to enter a deregulating and evolving market that until recently had been a virtual monopoly operated by the Australian Securities exchange. Although a global company, Chi-X had no prior presence in Australia. One of its key goals was to ensure that the launch was not seen as an added expense for potential partners, but rather to offer choice, price improvement and more flexibility in trading styles.

“In traditional exchanges, if participants want to connect to an exchange, unless they co-locate, they have to use the exchange’s carriers to access them. Many exchanges charge a premium price for this and that’s what we didn’t want to do,” said Mike Aikins, Chief Technology Officer, Chi-X Australia. “The key for us was to move fast, be ultra-low-cost and most importantly, from a participant’s perspective, have very low friction. We wanted to make connecting to us an easy decision.”

Solution and Value Realised

Instead of making market participants come to them to connect, Chi-X Australia’s strategy was to go to their clients. Central to this strategy was ensuring that not only was there proximity to the market participants, but also to key service providers, network operators and other major participants in the broader electronic trading community.

“We were looking for three broad classes of partners in a data center,” said Aikins. “We looked at the providers of software solutions for capital markets for trading systems. In Australia, we found that IRESS, supplier of share market and wealth management systems, has the overriding majority of the marketplace—and they co-locate with Equinix. Then we looked at the market data vendors and we found that leading companies such as Thomson Reuters and Bloomberg both have major presence within Equinix. Finally we looked at all the other participants and once again found that Equinix had the leading market participants.”

Chi-X Australia realized that Equinix allowed them to get more participation than if they had gone with another data center or if they had built their own data center.



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“Equinix is globally recognised as a leading data center provider for financial services companies, so it was logical that we would partner with them,” said Aikins. “Within Equinix, all facets of the financial services community come together to form an interconnected marketplace including leading network, cloud and IT service providers, market data vendors, front and middle office vendors and risk management service providers. We can choose from among the widest range of service providers and networks—all just a cross connect away. In all these areas, Equinix offers a community of providers who compete to win our business and serve our client base.”

“When we launched with Equinix, the rollout was unbelievably quick. We had 23 participants and 95% of the top trading companies in the Australian market place in terms of trading operations and trading volumes. Most secondary markets launch with around six or seven participants, but due to Equinix’s existing financial services customer base, it was an easy decision for many participants, as they just had to cross connect,” Aikins added.

“It’s a symbiotic relationship between Equinix and Chi-X Australia. Equinix has a rich ecosystem of partners we needed to connect with, and Chi-X Australia has brought new participants that have been drawn to Equinix to connect with us. It’s a true partnership.”

Why Equinix?

Chi-X Australia chose Equinix for its dense financial services ecosystem, plus its world-class service levels, reliability and security. “In one way, simply by noting we’re at Equinix, is akin to saying to our customers, ‘we understand what’s critical to your business.’”

“From the start, Equinix clearly understood that we were trying to be low-impact, low-friction and cost-competitive,” said Aikins. “Equinix’s strengths are not only its partners, connectivity and ability to work with us in a very flexible manner, but also the strength of the sales team to understand our requirements and map this to the overall needs of the financial services industry.”

“A core part of our DNA is to be extremely customer-focused; if a participant sends us a query, we’ll get back to them within four minutes instead of four days. It’s another reason why we felt there was compatibility between us and Equinix,” Aikins added. “We wanted this really strong customer service ethos that was just implicit in everything we do.”

Future Plans

Chi-X Australia is geared up not only to grow their market share to 20% in the markets they’re presently involved with, but looking to expand into other markets as well. Since its launch in October 2011, Chi-X Australia has reached daily high figures of 17% market share and more than A\$1 billion in trading value. “We have the capacity and the resources to run the entire Australian market if needed. We’ve specifically designed our infrastructure to have this capacity, because our goal is to be a major player in this market place,” said Aikins.

Chi-X Australia is looking to expand their product offering and trade in areas that are still currently under monopolistic control. In many of these areas, Chi-X Australia plans to bring down prices so that participants reap the benefits in a similar way to what they have in other markets.

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About Chi-X Australia

Chi-X Australia offers a valuable alternative to trading on ASX using its low latency, high performance, proven trading system. Chi-X Australia will provide innovative new order types, the potential for lower costs and a more efficient way to trade.

Learn more at www.chi-x.com.

About Equinix

Equinix, Inc. (Nasdaq: EQIX), connects more than 4,000 companies directly to their customers and partners inside the world’s most networked data centers. Today, enterprise, cloud, networking, digital media and financial services companies leverage the Equinix interconnection platform in 31 strategic markets across the Americas, EMEA and Asia-Pacific. By connecting directly to their strategic partners and end users, customers are forming dynamic ecosystems inside Equinix. These interconnected ecosystems enable companies to optimize the performance of their content and applications and protect their vital digital assets.

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