

LA VESTIBILITÀ PERFETTA (A PERFECT FIT)

Vincenzo Tedeschi, CEO of Directa Sim



Adding to an already impressive list of top-tier players that have connected to our venue, Directa SIM ("Directa"), one of the world's leading online brokers, has just joined Spectrum Markets. We asked **Vincenzo Tedeschi, CEO of Directa**, why Directa chose to join Spectrum Markets and what his expectations are for this partnership.

Directa is a well-known institution in Italy, but could you introduce yourselves for those who may not be so familiar with your name?

We're a leading Italian online broker, and I'm proud to say that being founded in Turin in 1995 we are one of the longest-established ones, and the first one to have allowed people to invest from home. At the time we launched there were few, if any, opportunities for retail investors to trade securities directly through a broker. Until then, the usual way to trade securities was indirectly via a bank advisor with the relevant bank acting as a broker. Directa created a unique system to connect home PCs with the exchange before internet was in place. Later, with the use of the internet becoming the norm in private households, in 1998 the rapid expansion of online brokerage began. Our stable and easy-to-use trading platform has earned us a solid reputation among our clientele of active traders. It allows clients to trade online on the Milan Stock Exchange, NYSE, NASDAQ, AMEX, CME, Eurex, LIFFE, XETRA, BATS Chi-X Europe, LMAX, and now on Spectrum Markets, too. This means product access to stocks, bonds, ETFs, ETCs, ETNs, options, CFDs, futures, certificates and warrants.

What was the motivation behind your early retail focus, and on very active traders in particular?

Clearly, the internet radically changed the access of retail clients to a variety of goods and services, including trading securities. However, in order to provide brokerage services to clients via the internet you don't just need to facilitate the buying and selling of securities online. Besides this core service there has to be custody account management, pricing information and other market data services as well as settlement services. It's obvious that those institutions that could build upon both their existing client relations and existing infrastructures for a range of these services would have an enormous starting advantage. At the other end of the trade, the execution, there were stock exchanges with no retail-targeted services and with high transaction fees. As a third component, the majority of retail investors were not too familiar with the concepts of trading and investing. However, the experience of trading from home and trading on your own was so overwhelming that retail investors did not care so much about where or how their orders got executed. If they were prepared to open a securities account outside their principal bank relationship, when comparing different brokers many retail clients were looking at transaction and custody fees. This was a mass market in its infancy, and it was very clear to us that it would take years of market consolidation, and maybe technical and regulatory developments as well, until this would change. Hence, despite being Italy's first online broker, we've focused on self-directed investors traders from the very beginning, since we were convinced that providing innovative, resilient and easy to handle environments for advanced traders is a service worth paying for. And we were convinced that the fees of many different providers for very heterogeneous services would come more and more under pressure.

Do you feel vindicated by the emergence of zero commission brokers?

Neobrokers may have further stimulated competition, but pressure on commissions is not a new development. Since this is a technology-driven market segment which is also highly regulated, one can expect consolidation to be a persistent phenomenon. What we have seen is that a broader retail investor base has become much more sophisticated over recent years. That doesn't necessarily mean that the overall risk appetite has changed. However, not only has retail investors' ability to self-assess their individual profiles advanced: with progressing technology access to markets has become even easier and investors' demand for tailor-made solutions has increased, too. More importantly, younger generations in particular don't feel an emotional barrier to using technology and they're also more conscious about their increased self-responsibility for their financial wellbeing.

Is there a typical Directa trader profile, and how did your approach change over time?

There is no one standard Directa trader profile, but what our clients have in common is the level of self-determination. Rather than encouraging each individual to get engaged in a specific asset class in an undifferentiated manner, we've always aimed at providing state-of-the-art interfaces, modern and flexible trading features and connections to trading environments that facilitate fair and transparent execution. Of course, with technology advancing and new players emerging we are able to continuously expand our offering while our mission remains unchanged: offering everyone the freedom to invest independently through user-friendly technology.

What were the reasons for you to connect to Spectrum Markets and what are your expectations for this partnership?

Our partnership with Spectrum Markets is consistent with our goal of continuously expanding our offering but with a selective focus. We assess this by asking ourselves whether a cooperation underpins our strategy of keeping access to markets easy and cost-efficient and whether it will complement our offering effectively, or if it will dilute it by adding unmanageable and distorting numbers of products that don't necessarily help investors to navigate their target markets. This partnership ticks all the boxes and, what's more, Spectrum Markets' innovative approach is perfectly in line with the flexibility our investors seek. Through connecting to Spectrum Markets, we're able to offer our clients the option to trade securitised derivatives on a 24/5 basis within the protective and transparent framework of a regulated trading platform. And a highly liquid and transparent trading environment is what Directa traders expect and appreciate. Via our proprietary trading interfaces, we provide direct access to the Spectrum Markets trading venue without the involvement of further intermediaries as we'll also act as settlement agent. We believe that the chance to trade securitised derivatives on a 24/5 basis will be welcomed by our investors, both in terms of how this matches our service concept and in terms of being suitable for their active trading approach.

Thank you very much!

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today to discuss how the seamless market access that our venue provides, can help to grow your retail client business.

Please don't hesitate to get in touch if you wish to receive further detail.

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