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NYSE eyes Brazil with new partner ATG

By Samantha Pearson in São Paulo

NYSE Euronext has become the latest exchange operator to try to break into the fast-growing Brazilian market, teaming up with Rio de Janeiro-based Americas Trading Group to create a new equities platform.

Under the terms of the partnership, the IT services division of the transatlantic exchange group, NYSE Technologies, will form a new company with ATG called ATS Brasil, the companies said in a joint statement on Monday.

ATS Brasil is planning to begin operations in 2013, although it must first gain authorisation from the central bank and CVM, the market regulator.

Brazil's capital markets are dominated by [BM&FBovespa](#), the product of a merger in 2008 of the Bovespa stock exchange and the BM&F futures exchange, which holds a near monopoly on equities and derivatives trading.

While foreign operators such as Direct Edge and BATS Global Markets have also announced plans to enter the Brazilian market, they have been unable to start operations because they have no viable way of clearing their trades.

CVM has shown opposition to creating new clearing houses in Brazil for fear of introducing unnecessary systemic risk, while [BM&FBovespa](#) has said it does not plan to let third parties use its technology for at least two years.

Brazil's *O Estado de S. Paulo* newspaper said ATS planned to make an initial investment of \$100m, with the goal of taking over up to 15 per cent of the country's capital markets by the end of 2014.

But Fernando Cohen, ATG's chief executive, said the new company was not created to compete with [BM&FBovespa](#), but rather to complement it by improving liquidity and price formation for Brazilian assets.

"This initiative should stimulate cost reduction by offering efficiency gains for investors and create the real possibility of placing the Brazilian market within international standards," he said in a statement.

Under the proposal, ATS will create an equities matching platform, using what it called the "organised OTC market" model.

NYSE Technologies will become a minority shareholder in ATS and provide the platform's technology, while ATG will maintain the controlling interest and operational management of the new company.

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