

## **ATG to file for Brazil clearing house in March; The initiative complements the firm's plans to launch a new stock exchange through Americas Trading System Brasil, a joint venture with NYSE Euronext**

By Anna Irrera  
4 February 2014

Americas Trading Group expects to file its application to operate a Brazilian clearing house by March, marking a major step in bringing competition to the country's trading landscape.

The clearing house would support a proposed stock exchange by Americas Trading System Brasil, a joint venture by Rio de Janeiro-based ATG and NYSE Euronext, which is now owned by the IntercontinentalExchange.

If the plans are successful, the ATS Brasil trading venue and the ATG-backed clearer would become the first competitors to Brazil's sole stock exchange and clearinghouse operator BM&F Bovespa.

ATS Brasil filed to become an exchange with the Brazilian securities regulator Comissão de Valores Mobiliários in June and expects to receive approval in May 2014, according to Alan Gandelman, chief executive of ATS Brasil.

ATG, the electronic trading technology provider which connects traders to Latin American exchanges and brokers, has a 80% stake in ATS Brasil.

ATS Brasil had initially expected to kick off operations in the first quarter of 2014, but after a series of delays is now aiming for a fourth quarter launch.

Hurdles have included lack of access to central counterparty clearing, an issue that has been inhibiting other exchange groups from entering the Brazilian market.

The upstart had initially planned to clear through BM&F Bovespa, which is in the process of opening up its post-trade services to rivals. Yet after several delays, in August the incumbent exchange group said it only expects to start offering clearing to third parties from 2015.

To avoid further delays and to seek more competitive rates, in September ATG announced its intentions to launch a new clearing house. The platform will remain separate from ATS Brasil but will support its operations.

Both the ATS exchange and the ATG clearing house should be fully operational by the beginning of 2015, Gandelman said.

The launch of a new clearing house would mark a significant step in opening up the Brazilian equities trading market to competition, as it would give new entrants greater access to post-trade services.

Gandelman added: "Brazil has developed so much in the last years as a country and deserves to have a more efficient market that will evolve with the arriving of competition."

A number of alternative exchange operators have been eyeing Brazil, by far the largest equities market in Latin America. ATS Brasil has been the only company to file for approval with the CVM so far.

Kansas-based exchange operator BATS Global Markets, for instance, has been vocal about its plans to explore opportunities in Brazil. In 2011, US-based electronic stock exchange operator Direct Edge announced plans to open a Direct Edge Brazil, a new exchange in the world's seventh largest economy. Last Friday, the Securities and Exchange Commission approved the merger of BATS Global Markets and Direct Edge.

ATG plans to announce the consortium of backers for the clearing house project soon, Gandelman said. It will include Brazilian risk-management company RiskOffice, as well as a large Brazilian bank and a clearing house operator.

Gandelman said: "There has been a lot of interest from different players to be part of that structure."