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## TradeTech: Progress Software Predicts Increased Transparency in Capital Markets

### Progress Cites Technology and Responsibility Shift for a More Open Environment

LONDON, Apr 21, 2010 (MARKETWIRE via COMTEX News Network) -- TradeTech -- Progress Software Corporation (NASDAQ: PRGS), a leading independent enterprise software provider that enables companies to be operationally responsive, predicts that greater access to key technologies and a shift in attitudes to corporate responsibility will create a more transparent trading environment, changing the face of capital markets as we know it.

Based on feedback from customers, as well as its own research and development, Progress Software has identified five key trends that will shake up market monitoring and surveillance throughout 2010.

1. High frequency trading for all in 2010 onwards - investment in technologies such as co-location and hosted services will drive down costs and therefore make high frequency trading available to far more market participants. Volumes traded via high frequency trading will increase, although at a much slower pace than 2009, and at the same time the emotive debates about high frequency trading creating a two-tier system and an unfair market will die down. Banks, exchanges and regulators see that it has not become the Frankenstein they feared.
2. Barriers to entry for new hedge funds will fall - irrespective of future regulatory constraints on hedge funds, the barrier to entry has become lower from a cost and time-to-market perspective. Two or three traders can now set themselves up with a desktop computer and, with very little outlay, can carry out complicated algorithmic/high frequency strategies as well as manage and monitor their P&L, risk and back office functions. This has been made possible by technology, specifically hosted services and cloud computing. This means that rather than having to invest a lot of money in technology to start trading, hedge funds can access ready-made algorithms, which they can also customize.
3. Regulators will require banks to implement stronger pre-trade risk mechanisms - regulators, such as the FSA & SEC, will ultimately bring in new rules to mitigate against 'fat finger' trades, or the risk of algorithms 'going mad.' The latter is exemplified by Credit Suisse, which was fined \$150,000 by the NYSE earlier this year for "failing to adequately supervise development, deployment and operation of proprietary algorithms, including failure to implement procedures to monitor certain modifications made to algorithms." Exchanges will similarly introduce requirements of institutions, in order to prevent being flooded with erroneous orders. It will of course take time for regulators and exchanges to develop and implement the new rules. In the meantime, we predict that within the next year banks and brokers themselves will increasingly adopt advanced risk mitigation technology to protect themselves and the markets against such events.
4. Post MiFID market monitoring - greater responsibility for compliance will be extended from exchanges to the banks themselves. Banks and brokers will soon be mandated to implement more trade monitoring and surveillance technology. It seems perverse that individuals can set themselves up as a hedge fund tomorrow and get real time information from exchanges all over the world, but regulators in Europe share information on a T+1 or T+2 basis, i.e. one or two days after the fact. In the absence of any European super-regulator, national regulators such as the FSA will develop a framework to exchange information and also force other market participants such as banks and brokers to do the same.

5. Dark pools will be forced to change - there will not be any leeway on this. Dark pools will be mandated to show they have adequate surveillance processes and technology in place and will have to expose more pricing information to the market and regulators. The SEC's proposals will most likely be harmonised with European initiatives.

Dr. Giles Nelson, Deputy CTO at Progress Software, commented on the predictions: "2010 will see a definite shift to an increasingly transparent -- and therefore improved -- working environment within capital markets. The ongoing development of technologies and changes in attitudes to compliance will drive this forward, creating a more open and fairer market place for all."

About Progress Software Corporation Progress Software Corporation (NASDAQ: PRGS) provides application infrastructure software for the development, deployment, integration and management of business applications. Our goal is to maximize the benefits of information technology while minimizing its complexity and total cost of ownership. Progress can be reached at [www.progress.com](http://www.progress.com) or +1-781-280-4000.

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