



## **For Immediate Release**

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### **Susquehanna Outperforms QSG Universe in Algo Trading Study**

New York, NY, March 7, 2006—Quantitative Services Group (QSG) has confirmed that the algorithmic strategies of Susquehanna Financial Group (SFG) exceeded the performance of its competitors in the QSG universe – a peer group of major brokerages – by a total of 18.5 basis points in terms of total execution cost which is benchmarked to arrival price. According to QSG’s report, the SFG’s strong performance is attributable to minimization of trading impact, and optimization of positive execution timing.

According to QSG’s results, impact cost of an execution can be measured by two factors: Liquidity cost and Timing cost. In this study, the Liquidity cost of SFG’s algorithmic executions was approximately 10bps better than the QSG universe, while Timing cost was approximately 8bps better than the QSG universe.

“Being an independent provider of trading cost research, QSG is uniquely positioned to provide this analysis to Susquehanna”, said John Wightkin, QSG’s Managing Partner. Our insights into the quality of an execution strategy finally give the market place the insights and performance measures they have been searching for. QSG is excited to help the industry better understand and evaluate these algorithmic trading strategies.”

Susquehanna’s Head of Program & Algorithmic Sales, David Margulies, said the results from the study validates the way in which he believes investors must evaluate the costs of algorithmic trading programs in a highly competitive environment. “We feel that as far as commissions are concerned, the intensely competitive algo business has completely leveled the playing field. Therefore, what should matter most to investors is execution.” Mr. Margulies said the QSG study demonstrates that execution quality can clearly be stated in terms of execution cost, and when this is done, investors have a more reliable metric for evaluating the true cost of algorithmic trading platforms.

#### **QSG Study Methodology**

QSG’s analysis of Susquehanna’s algorithmic trading strategies was an independently commissioned study. Mr. Margulies said that, “Above all, we were interested in unbiased results from a credible third party which would provide comfort not only to our customers, but also internally, as we sought to make improvements and changes based on what the results told us.” To achieve this, he said that Susquehanna Financial Group provided Quantitative Services Group execution data on algorithmic trading activity covering hundreds of millions of shares. QSG ran this execution data through its T-Cost Pro model, which has a proprietary (patent pending) method of calculating the execution ‘footprint’ created from a series of executions in a stock. Using this approach, QSG was able to measure the costs of an execution as well as the quality of the execution. According to QSG, this methodology is the only effective method of analyzing algorithmic trading performance.