Warsaw Stock Exchange and Aquis Exchange

Q&As

Transaction details:

1. **Why did the Warsaw Stock Exchange (WSE) decide to invest in a start up through buying a stake in Aquis Exchange Limited? How did it come about?**

   With a constantly changing environment in the capital markets, a diversification of business at an international level is a must for a successful company looking for stable growth. Acquisition of organized commodity markets in Poland and the investment in Aquis Exchange Limited (Aquis) are examples of the well thought-out and long-term strategy of WSE. The purchase of an equity stake in Aquis fits the strategy of diversifying the sources of WSE Group revenues and strengthening its international position. The investment in Aquis will increase WSE's competitive advantages as a number of major exchanges either own or are shareholders of MTFs. The investment also enables the CEOs, Mr Haynes and Mr Maciejewski, to work more closely together. They share many common views on the EU trading landscape and have grasped the opportunity to form an alliance. Aquis identified WSE as an industry player with a compatible, entrepreneurial, progressive outlook and WSE had a similar view on the Aquis team.

2. **What is the size of the WSE investment?**

   The total transaction value is GBP 5 m and will be covered by WSE's own financial reserves. WSE will aquire shares representing 30% of the total votes at the Aquis Exchange General Meeting and the same share of the company's profits. WSE and Aquis will co-operate on business opportunities but operate independently.

3. **Did WSE pay a premium to other shareholders at this round of fund raising?**

   There was no premium, at this round of fund raising all investors have invested at the same price.

4. **Will WSE have any seats on the Aquis board?**

   Yes, WSE executives will have 2 seats on the Aquis Board of Directors as non-executive directors.

5. **Will WSE have a direct role in the development of Aquis' business?**

   WSE will not have any daily involvement and there are no plans to merge operations or technologies; however the two parties will work closely together on strategic business issues in the future.

6. **Is this a technology deal?**

   No, WSE and Aquis each have their own proprietary technology but they may co-operate in the future. WSE installed UTP technology earlier this year.

7. **Will Aquis trade Polish stocks?**

   No, Aquis is not going to compete with WSE.

8. **Where does your alliance leave the potential transaction with CEE Stock Exchange Group ?**

   The alliance between Aquis and WSE does not preclude cooperation between WSE and CEESEG. The two deals are complementary rather than mutually exclusive.

9. **When is Aquis planning to launch?**

   Launch is planned for 4Q2013.

10. **Who are the rest of the shareholders?**

    The other shareholders are a broad range of high net worth individuals, several of whom have considerable financial services experience. The management and staff of Aquis hold 25% of the stock.

11. **Does Aquis need further funding?**

    No.

12. **Is Aquis looking for other shareholders?**

    No, except those that have already been in negotiations.

13. Does Aquis have any Members signed up?

Aquis is unable to sign up members until it has regulatory approval from its UK regulator, the FCA; however it is in discussions with over 60 major European equity market participants and has started a user acceptance testing (UAT) process.

14. How is WSE funding this acquisition?

Through its own capital.

15. When does WSE expect to profit from the investment?

For WSE, it is interesting capital investment and opportunity to develop business beyond current area of activity. Aquis is looking to build a significant pan-European market share over a five year period.

16. What are the benefits for Polish investors and the Polish brokerage house community?

Aquis and WSE are in the process of preparing a special offer for Polish brokers which will include attractive pricing solutions.

About Aquis Exchange:

1. Is Aquis an exchange or a Multilateral Trading Facility (MTF)?

Aquis intends to operate a pan-European MTF, subject to UK regulatory approval.

2. What is Aquis's business model?

Aquis has been established with the intention of launching a pan-European equities exchange (multilateral trading facility/MTF), subject to regulatory approval by the UK FCA. Aquis will operate a hybrid market with order-driven and quote-driven books, trading in all securities from 14 European countries and introduce a revolutionary subscription pricing model based on the telecoms industry. This type of model, which can allow unlimited usage, has shown exponential growth in other industries and it is the first time it has been introduced to the financial services industry. The company will offer central European market participants the opportunity to expand their capabilities internationally, providing comprehensive access to western European markets.

3. About Alasdair Haynes, Aquis CEO.

Aquis was founded by Alasdair Haynes, who has more than 30 years of experience in the financial markets. Most recently, Alasdair was CEO of Chi-X Europe, leading the business into the position of largest equity trading venue in Europe and into profitability before its acquisition by American company in late 2011. Prior to that, Alasdair spent 11 years heading up ITG's international business, pioneering the introduction of electronic trading, dark pools and crossing into the European and Asian marketplaces.

4. What are the competitive advantages of technology developed and offered by Aquis?

Speed, new functionalities and low operating costs.

5. How does the Aquis pricing model work?

The Aquis approach to pricing is similar to that of the telecoms industry. Customers will be charged according to the message traffic that they generate, rather than a percentage of the value of each stock that they trade.

6. What stocks can be traded on Aquis?

Aquis intends to offer all securities from 14 key European markets.

7. Will Aquis have a dark pool?

Aquis Exchange does not currently intend to operate a dark pool. However, iceberg orders and hidden orders will be offered within the lit order book.

8. What does 'all you can eat' pricing actually mean?

Transactions in excess of the highest commitment level are effectively free, creating enormous cost savings to Aquis users and allowing for substantial market growth.

9. Is subscription pricing the only revenue stream for Aquis?

Aquis will be charging subscription fees at launch. Market data will be free of charge to Aquis members for the first two years. Aquis has already licensed its technology to a 3rd party and will continue to offer software services.

About market environment/MTFs:

1. What are MTFs? Why are they different from traditional exchanges?

The European cash equity stock exchange business has significantly changed since the introduction of new regulation (MiFID) in 2007, promoting competition in financial services. The creation of a new category of trading platform, multilateral trading facility (MTF), which only provides execution services and does not offer listings or other traditional exchange services, has significantly promoted new competition. Since 2007 MTFs have taken considerable market share from the national incumbent stock exchanges. The London Stock Exchange now only trades around half of the FTSE100 turnover on its own platform. The regulatory standards set for an MTF are of equal standing to those of a recognised investment exchange, RIE, (the regulatory status of a listings / national exchange).

2. During the last five years a number of new entrants have tried to build a sustainable market share. What are Aquis' competitive advantages?

As a result of recent consolidation in the MTF arena, in excess of 90% of all equity trading in western Europe is transacted on the national exchange or on BATS Chi-X Europe. Aquis believes that an effective duopoly has been created and the market needs further competition. Aquis Exchange's competitive advantages are amongst others, innovative subscription pricing model, high-performance transaction system, new order types, and experienced team of professionals and founders.