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FLEXTRADER GIVES SYSTEIA CAPITAL MANAGEMENT TRADING CONFIDENTIALITY

Hedge Fund Manager Uses FlexTRADER™s Algorithms to Disguise Firm™s Trading Strategies

LONDON/GREAT NECK, NY (USA), 31 August 2004 – FlexTrade Systems today announced that the Statistical Arbitrage Fund Desk at Systeia Capital Management, a Paris-based hedge fund manager, is live on FlexTRADER. “Systeia is a relatively new user of FlexTRADER,” said FlexTrade Systems President Vijay Kedia “yet, as we understand, the firm™s arbitrage desk trades 40 million euros on a daily basis, 60% of which is handled through our system. This speaks directly to the performance capabilities of FlexTRADER.”

A quantitatively enriched, equity trading and order management system, FlexTRADER is unique in the marketplace for its organically developed and integrated end-to-end functionality including pre-trade cost estimation, listed and OTC smart order routing, execution strategies, real time access to full depth of books and transaction quality management for portfolio and block trading. FlexTrade has a global client base of institutional users on the buy-side and sell-side, including hedge funds, investment managers and broker-dealers.

“We like the flexibility of rules found in FlexTRADER and the system™s overall performance,” said Systeia Capital Management Senior Trader, Alexandre Drabowicz. “We utilise random slicing and random quantities in ways that allow us to work several orders within a given timeframe so that our strategies go undetected by other systems in the marketplace.” Drabowicz explained that Systeia is utilising several algorithms within FlexTRADER, such as volume weighted average pricing, to minimise market impact, though he pointed out that the firm does not benchmark its executions to the VWAP. “As a momentum fund, we look for the pure impact a strategy had on the market, so we compare the execution to the price it was supposed to execute at.”

FlexTRADER is a fully customizable system, with pre-defined trading strategies and tactics for lists as well as single stocks. The ability to easily write and revise customised analytics and quantitative trading strategies within the system makes FlexTRADER a preferred choice among those engaged in agency trading, index arbitrage and other proprietary and standard strategies such as VWAP, transition trading, pairs and long/short trading. This flexibility, for example, gives Statistical Arbitrage and program traders the ability to act swiftly and with ease in mercurial market conditions, particularly as they look to minimise market impact, transaction costs and risk exposure when trading large, multi-sided portfolios.

“Systeia has achieved a complete straight-through processing chain with the integration of FlexTRADER to our front-office tools, middle-office and back-office trade reconciliation,” said Drabowicz. The Systeia Statistical Arbitrage Fund Desk trades all European equities.

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FlexTRADER complements a firm's straight-through processing (STP) requirements, as buy- and sell-side firms have the ability to receive orders and send back executions electronically via FIX. Both sides can trade orders instantaneously, within the confines of a pre-determined, rules-based setting. From a single, neutral platform, orders are routed automatically to various points of execution including approximately 50 broker-dealers, all leading ECNs and primary exchanges. FlexTRADER's open architecture is configurable for multiple traders over a network, and runs on Sun Solaris, Linux and Windows NT operating systems.

About Systeia Capital Management

Founded in December 2000 by Jean-Louis Juchault and David Obert, Systeia Capital Management is a hedge fund manager with AUM of \$1.77 billion (as of June 30th, 2004). The firm's clients include institutional investors, fund of funds, corporations and private banks. Systeia offers a range of products covering the main strategies within alternative investments including futures, event driven, statistical pairs trading, convertible bonds and weather and insurance derivatives. For more information, visit www.systeia.com.

About FlexTrade Systems, Inc.

Founded in 1996, privately held FlexTrade Systems Inc. has a global client base of approximately 75 buy- and sell-side firms, including many large program trading desks at major investment banks, hedge funds and investment management firms. Headquartered in Great Neck, NY (U.S.A.), FlexTrade also operates an office in London. Clients include Barclays Global Investors, Jefferies & Company, Inc., JP Morgan Chase, HSBC Investment Bank, Rosenblatt Securities Inc., Systeia Capital Management and Sanford C. Bernstein & Co., LLC. For more information, visit FlexTrade Systems at www.flextrade.com.

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