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Instinet Launches Wizard Arrival Price Algorithm

New Algo Employs More Sophisticated Approach to Arrival Price Strategy, Providing Traders with an Intelligent Trading Schedule Based on Northfield Information Services' Risk Model

NEW YORK, October 9, 2006 – Instinet, a global agency broker, today launched Wizard, a new arrival price algorithm that sets its trading schedule by balancing a stock's historical and option-implied volatility risk with the estimated market impact and the trader's short-term alpha estimate. Wizard relies on the well-known U.S. Short-term Equity Risk Model from Northfield Information Services, one of Wall Street's most respected providers of risk forecasting models.

"While basic arrival price algorithms are certainly helpful in minimizing market impact, their execution is often overly aggressive and can consequently result in deceptive performance," said Michael Plunkett, President, North America, Instinet. "Wizard uses a 20-factor risk model to set the trading schedule, thereby moving traders beyond an 'execute now' scenario to one which the stock is allowed to potentially move in the trader's favor."

Wizard, which is available immediately through Instinet's Newport™ and Instinet Trading Portal® front-ends, allows traders to set limit prices and start and end times for trades, as well as choose among three styles—aggressive, passive and normal—depending on the desired execution timeframe. Additionally, by utilizing Northfield's 20-factor risk model, the algorithm develops a customized trading schedule for each stock by taking into account its historical and option-implied volatility, which is a measure of the likely impact of future events like mergers and acquisitions, Federal Reserve behaviors and geo-political news.

Wizard becomes the tenth algorithm in Instinet's suite of global trading strategies. These include scheduling algorithms, such as Global VWAP or Percentage of Volume; investment strategy-specific algorithms for pairs trading and risk arbitrage; and intelligent access algorithms, such as BlockPeg℠, Cobra and Nighthawk℠.

About Instinet®

Instinet®, a global agency-broker, provides the trading expertise and advanced technology necessary to successfully interact with more than 50 worldwide securities markets. Acting solely as an agent for its customers, which include international mutual funds, insurance companies, pension funds and hedge funds, Instinet seeks to improve institutional investment performance and lower overall trading costs through its various front end trading systems, securities crossing networks, algorithms and investment research products. The company, which is majority owned by Silver Lake Partners, is headquartered in New York and maintains offices in North America, Europe and the Asia Pacific region. For more information, please visit www.instinet.com.