

PLUS Markets Group plc - successful implementation of trading platform & operational update

Key highlights

- Successful launch of PLUS's new technology quote trading platform;
- Trading performance now in line with strategic objectives as previously outlined - costs at £5 million level from 2011;
- Appointment of Non-executive Director with derivatives and interest rates expertise;
- Appointment of Managing Director for the PLUS Derivatives Exchange; and
- Trading in FTSE MTIRS (Medium Term Interest Rate Swap) Index Series to go live in H1 2011.

Cyril Théret, Chief Executive Officer, commented: "I am pleased to confirm that over the last nine months we have successfully laid the foundation for London's next generation of stock exchange. PLUS is now able to offer cash trading, listing, derivatives and technology services including product innovation, through a competitive, low cost base Recognised Investment Exchange. Over the next three to six months, we are concentrating on the delivery of our new product lines, with the launch of our short to medium term interest rates-related product set to go live in the first half of next year."

Technology roadmap

PLUS has completed the construction and implementation of a new in-house built quote and trade reporting platform (known as "PLUS1"), built in under five months and launched on 6 December 2010. PLUS has also installed a new market surveillance application, Apama, provided by Progress Software Corporation, a global provider of application infrastructure software.

This change in core technology is central to PLUS achieving a lower cost base for 2011, reducing the Company's technology infrastructure costs by 75%. The new trading functionality supports market making in PLUS's growth stocks and retail order flow trade reporting, and will also support over-the-counter ("OTC") trading of the FTSE MTIRS Index Series. The Company intends to build out from this offering in 2011, adding request-for-quote and lit book services.

Financials

PLUS will report on its financial performance for the year to 31 December 2010 in March 2011. Trading performance remains in line with internal expectations and the Company confirms today that it has completed its cost reduction programme following the successful technology migration on 6 December 2010. Costs have been reduced by 40% to an annual level of £5 million from 2011 and it is anticipated that additional revenue streams from the launch of new services will commence in the first half of 2011. Existing cash resources will support PLUS as it closes the gap to profitability, anticipated in 2012.

Board composition

PLUS continues to review the shape and composition of its Board to meet new challenges and opportunities. On 29 November 2010, PLUS announced the appointment of Malcom Basing to the Board of PLUS Markets Group plc as an independent Non-Executive Director. Mr Basing brings over thirty years of senior management and board experience in investment banking and financial markets, including at UBS AG and as a former Director and Chairman of the International Swaps and Derivatives Association.

Group composition

The structure of the Group is also evolving to support its new initiatives. PLUS Markets Group plc is the holding company for its operating subsidiary, PLUS Markets plc, which is to be renamed the PLUS Stock Exchange ("PLUS-SX"), providing cash trading and listing services. PLUS-SX provides UK and international companies with access to capital through a range of fully listed and growth markets, and also supports the execution of retail flow across a wide range of UK and European securities.

The Group has now created a second subsidiary, the PLUS Derivatives Exchange ("PLUS-DX"), to promote its derivatives-related services, such as the FTSE MTIRS Index Series.

PLUS is still seeking to fund, via a special purpose vehicle, the launch of a lit book to support execution services for both PLUS-SX and PLUS-DX. The near to zero latency matching engine is to be provided by Algo Technologies Ltd, who have already supplied the Group with its AlgoData and AlgoSpan products in support of the PLUS1 platform.

PLUS Derivatives Exchange

In order to drive forward the PLUS-DX initiative, we are pleased to confirm that Clive Connors has been appointed Managing Director of PLUS-DX, with effect from 4 January 2011. Mr Connors is founder of Pipeline Capital Inc and has over 25 years' trading experience in derivatives and fixed income with inter-dealer brokers. He joins PLUS from Kepler Capital Markets where he set up and manages the central OTC market place for the USD FTSE MTIRS index.

PLUS-DX will provide innovative product trading services and plans to offer short to medium term interest rate related products. PLUS-DX's services are designed to address the changing regulatory and commercial landscape.

Conclusion

2010 has been a year of rapid transition for PLUS, during which the foundations have been laid for London's next generation of stock exchange. PLUS is now able to offer cash trading, listing, derivatives and technology services including product innovation, through a competitive, low cost base Recognised Investment Exchange.

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