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HFT FOCUS DAY

Cancel the noise!

US buy-side body calls for "meaningful" cancellation fees

Markets have moved too far from original purpose – Saluzzi

A "healthy deterrent" is needed to discourage high-frequency trading firms from cluttering the market with thousands of orders that are never executed, Investment Company Institute's Ari Burstein told TradeTech's HFT Focus Day yesterday.

Burstein, the US buy-side trade body's senior counsel for capital markets, called on regulators to introduce cancellation fees as traders who cancelled up to 99% of their orders created noise in the marketplace.

"Large amounts of small orders that are being cancelled almost immediately in the second they are put in don't necessarily help us get our large orders done," he said.

"It's a lot of volume that is being put in to the marketplace, not necessarily a lot of liquidity. It's very confusing as to what the true bids and offers are."

Burstein wouldn't speculate on what the cancellation ratio should be for the fee – 80, 90 or 95% – but said it shouldn't be upwards of 99% as some US exchanges had tried to implement in the past.

"When I talk about fees, I'm talking about a truly meaningful fee and deterrent to cancel orders," Burstein said.

"The regulators do need to step in and take a role in market structure."

Ari Burstein, senior counsel, Investment Company Institute

Abusive practices

Exchange operators Direct Edge and Nasdaq OMX introduced a small fee in May 2012. Nasdaq's penalised firms at least half a penny if they submitted 100,000 orders or more a day, but only executed less than one per cent. While Direct Edge cut paybacks by one per cent per 100 shares traded to firms that sent excessive quotes. Both Nasdaq and Direct Edge's initiative failed to deter large order cancellations.

Burstein said HFT firms have argued that they are the new market makers, and cancellations were in fact updated quotes, but that didn't stick. "I think our response would be that some of these firms are not regulated as market makers," he said. "If you are regulated and registered as a market maker, then you should be able to do your job, which means updating your quotes."

Burstein has suggested a possible market maker exemption if regulators do introduce a cancellation penalty.

He said the buy-side was also worried about manipulative and abusive practices. Regulators haven't been able to keep up with the technological advancements of the marketplace, and there was certainly concern about their lack of understanding, Burstein said. "The regulators need to have access to accurate, timely and detailed information. They need to have

continues page 2 ▶

TRADING VENUES

Ready for the next revolution?

Exchanges still coming to terms with competition

New breed of venues promise more choice

By any measure, the past decade has witnessed significant evolution in Europe's trading landscape, with change perhaps most marked by alternative trading venues challenging the monopoly of national incumbent exchanges in the cash equities space. But are we on the cusp of still greater change to market structure or are we entering a period of consolidation – or even reaction?

Two sessions on the opening morning of TradeTech 2013 London will consider the business models and survival prospects not only of the existing challengers to national exchanges but also the new second wave of venues that believe current competitors still insufficient choice and value.

The pan-European equity trading model facilitated by MiFID in 2007 was seized on by a new breed of new multilateral trading facilities (MTFs), but only one remains a successful, independent challenger to the status quo. BATS Chi-X Europe, formed from two rival MTFs, now boasts a reported 22.5% market share of all equities trading in Europe. "We took on some of the structural issues in Europe that needed to be addressed," says Mark Hemsley, CEO of BATS Chi-X Europe. He also points to the impact MTFs have had in the post-trade space by fostering multilateral interoperability in the clearing environment to give firms a choice of pan-European clearers. "We've made advances both in the trade and post-trade space."

Via a combination of high service levels and low costs, BATS Chi-X Europe

continues page 6 ▶

CONTENTS

HFT FOCUS DAY

PREVIEWS

◄ *continued from page 1*

Cancel the noise!

a smart reporting regime and the ability to analyse order books."

Market mayhem

The increased prominence of HFT in recent years has ignited debate about the risks of using of sophisticated algorithms to trade in microseconds, particularly as volumes were reported to have exceeded 70% in the US equity market.

Although levels have slipped back, critics are still concerned about risk, as quick, sharp movements in the market could lead to another glitch, similar to the US flash crash in May 2010.

Joseph Saluzzi, co-founder of US agency broker Themis Trading and co-author of 'Broken Markets', a book that highlights the weaknesses in current US market structure, told the HFT Focus Day the market had turned upside down. There used to be a buyer, a seller and in between there were intermediaries, which were accountable and adhered to certain rules, Saluzzi reminded delegates. "But what we've done is that the intermediaries have now become the dominant force and the natural buyer and seller are a small force."

Saluzzi said this shift in power explained why the fundamentals of the market were changing, leading to rapid movements or mini-flash crashes.

"I'm not saying we should go back to the floor model, but when you had accountability it was different than now where you have a faceless computer-generated system where no one really knows what's going on anymore."

Saluzzi argued that the primary purpose of stock exchanges was now to cater for high-frequency traders, citing the New York Stock Exchange's US$5 million fine for passing on trading data to certain customers ahead of others. "Do you think there is a problem in the system when someone can buy information sooner than others?" Saluzzi said he would get rid of the 'maker-taker' model of exchange pricing, which allowed traders to buy and sell stocks at the same price but still make money. "It creates all sorts of conflict of interest," he said. "If I'm an algorithm, I'm not going to route to the most expensive venue – I'm going to route to the cheapest … but is that necessarily good for the client?"

"Do you think there is a problem in the system when someone can buy information sooner than others?"

Joseph Saluzzi, co-founder, Themis Trading

Taking responsibility

As to whether a major market restructure was realistic, Burstein said it was necessary despite not being too favourable for some. "But it's not in the best of interest of all. The regulators do need to step in and take a role in market structure." He said it wasn't sufficient for investors to leave matters of market structure to the sell-side and regulators – the buy-side also had to take responsibility for their orders. "I think you can already see that. The buy-side is trading smarter. They are embracing the technology, using the tools and asking tougher questions of order routing execution."

Overall, Burstein said ICI was encouraged by the benefits and advancements that the current market structure has brought. "In general, we believe that investors are better off than they were even just a fewer years ago," he said. "You have lower cost, you have more technology at our fingertips and more trading tools that we can use."

RISK MANAGEMENT

"Basic questions have gone unanswered."

Financial markets and high-frequency trading (HFT) would benefit from answering basic risk questions other industries hold as bedrock, according to a safety and security academic with experience in nuclear power.

Robin Bloomfield, professor of software and system dependability at City University, London, believes market participants and regulators alike must ask exactly what risks HFT poses and who it might harm.

"One of the strange elements of risk in computer-based trading is that basic questions have gone unanswered," Bloomfield told delegates yesterday.

"There is an enormous amount of work on systemic risk, but questions – such as what is the system, what are the risks, who has the risks and when and are they tolerable – have not been answered," he said.

Using a comparative example of establishing a nuclear reactor in a densely populated area, Bloomfield suggested that systemic risks associated with HFT could be managed in a more straightforward way if these questions were answered.

"Given the apparent certainty that an adverse event may occur, we need to plan for failure. We need resilience strategies because bad things happen and we need to be able to recover," he said.

Bloomfield, who also founded consultancy Adelard, has worked in safety and security for 30 years including time spent as an independent member of the UK Nuclear Safety Advisory Group. He also contributed to a UK Government-backed Foresight Report research publication, titled 'Computer trading and systemic risk: A nuclear perspective'.

Explaining that the discipline of risk was a social, not technical, subject, Bloomfield stressed at its core was the concept of societal tolerance.

"For instance, it's tolerable to have 3,000 deaths on the roads each year, but it's not tolerable to have a plane crash," he said.

"Bad things happen and we need to be able to recover."

Robin Bloomfield, professor of software and system dependability, City University, London

"Markets don't necessarily give us reliant systems and tend to drive out the extra resources and connectivity participants might need to recover quickly," he said.

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First, do no harm

Regulators' biggest contribution to creating a fairer market would be to do as little as possible

Much is wrong with high-frequency trading (HFT) regulation and regulators could fix most of it by leaving well alone. That was the upshot of a presentation from TABB Group CEO Larry Tabb at Tuesday's HFT Focus Day that took in mandatory holding periods, transaction taxes and regulators allegedly unable to decide what they want to achieve through either.

"I'm not sure regulators know what they want to accomplish," he said. "Is it to create a fairer market or to eliminate market manipulation through layering, spoofing, order exploitation and quote-stuffing? Those are very different goals.

"How should they regulate high-frequency trading? What should they be doing? As little as possible."

To date, what regulators have wanted to do is mandate the quote lifespan, tax HFT, restrict co-location (and "manage the speed of light"), and introduce algo supervision ("difficult to do and hard to enforce").

"I'm not sure regulators know what they want to accomplish."

HFT wishlist

Instead, Tabb offered a wishlist that included better detailing of order types, restricting market licences to reduce fragmentation, and market surveillance. "Find the bad guys and treat them harshly," he said. "But the defining issue is how you get machines to trade with other machines more fairly."

According to Tabb, one problem is that regulators have failed to define basic concepts, focusing on proprietary traders as "the bad guys" instead of trying to understand which orders are being sent to the market. "You need to measure things you can identify rather than just pointing to proprietary trading," he said. "Some want to give investors a pass – but how do you define an investor? If you want to introduce a mandatory holding period, how long a holding period is too short?"

He cited a survey his research firm conducted last year that found 78% of European buy-side investors were concerned about the direction of regulation, and 18% were ambivalent. Only 4% of those polled said they had "no issues" with upcoming regulations including MIFID II.

Evidence from regulations already introduced indicated the overall effect had been – unsurprisingly – to introduce a multitude of consequences unintended by those who introduced them. In Canada, restricting dark pools had "cut liquidity by 50% overnight". Meanwhile, in Italy, the introduction of a dark pool transaction tax "really hit liquidity. Once you levy a tax, spreads widen, investors pay more and turnover reduces."

In any case, said Tabb, it's not intermediaries but their clients that typically end up paying taxes mooted or introduced in Europe and Asia. "When it comes down to it, if you're looking at intermediation and trying to match buyers and sellers, you won't wind up paying the tax – you'll pass it on to investors," he said. "France is projected to raise €1.6bn from the transaction tax in 2013 – but that doesn't account for widening spreads and increased costs."

Meanwhile, he suggested a mandatory holding period would effectively undermine the quote structure of the market by creating a market-freezing disincentive. "The problem is that if I want to cancel a message, I can't – not because I'm trying to goad someone into the market but because the price is no longer effective. So if a holding period is mandatory, you need to widen the spread. There's an incentive to scan the market and pick off quotes because these guys are locked into the market. It's a cannibalised market where everyone uses technology to pick off every stupid guy," he said. "I'd rather put up with cancellations."

Although he acknowledged some diversity of opinion on the maker/taker model, he said it at least had the advantage of incentivising quotes. "People get

"The defining issue is how you get machines to trade with other machines more fairly."

paid to quote so they quote, which means greater depth of market," said Tabb.

Necessary, not evil

The good news for high-frequency traders swamped by the regulatory deluge is that the market cannot do without them. Premising his case on the assumption that HFT makes the market work efficiently, Tabb pointed out that high-frequency traders had taken over as intermediaries after banks proved unwilling to take on risk. "The ability to execute order flow on risk is decreasing. Capital has gone away from the market and high-frequency traders are coming in," he said. "That won't change significantly unless banking rules change significantly. If there's no capital in the market, there needs to be intermediation."

The question is how best to make it work. According to a 2012 TABB Group survey, 58% of investors are looking to core brokers to provide them with liquidity, second only to electronic execution (62%).

"Opportunistic traders will read the markets carefully and change their trading behaviour. Investors will realise the opportunities are coming out of their pockets," said Tabb. "They need to complain to brokers – not one investor but a bunch of them. Then with the time and money spent to work this stuff out, it'll start all over again when have to re-regulate the market for some other issue."

In the meantime, he said, regulators should avoid doing anything that could damage the market. "Let the market figure it out," he said.

Foresight's Cliff predicts another precipice for markets

A repeat of 2010's flash crash is 'inevitable' and market participants and regulators should take action now

A large-scale crash in financial markets due to automated trading is inevitable and MiFID's policy-makers are still out of step with how financial markets technology works, a senior academic claimed at TradeTech's HFT focus day on Tuesday.

Dave Cliff, professor of computer science at Bristol University, helped author the comprehensive UK Government-commissioned Foresight report on high-frequency trading (HFT) and said an event like the 6 May 2010 US flash crash will definitely happen again.

An absence of understanding of how technology influences the markets by both market participants engaged in HFT activity and regulators attempting to craft rules were the overarching reasons, according to Cliff.

No surprise

"We can expect something on the scale of the flash crash soon and it will not be a surprise," Cliff told an audience at the De Vere Convention Centre at Canary Wharf, agreeing with predictions made earlier yesterday morning by US market structure expert Joseph Saluzzi, co-founder of Themis Trading.

Professor Cliff added that market participants must ensure their systems were ready for such a disruptive event, as presently regulation was not sufficient to stem behaviour that could act as a trigger.

A major factor cited by Cliff was the process of deviance normalisation that, in his opinion, has occurred alongside the growth of automated trading in financial markets, whereby a fear that a disastrous event will happen is replaced by an expectation it will not take place simply because it has not yet done so.

"This process of normalised deviance is occurring in financial markets as we get used to computers interacting with each other in such a way that you get adverse market events," he said.

During his talk, Cliff compared a potential market crash to the failed launch of US space shuttle Challenger, which crashed minutes after take-off when freezing conditions caused rubber seals to break. Initial fears about this risk had subsided with experience, explained Cliff, and became standard practice over prior launches.

Political interference

Last year's Foresight Report, 'The Future of Computer Trading in Financial Markets', used market data and other evidence to conclude HFT was not itself detrimental to the market, and that draft rules in MiFID II were too far-reaching and would be ineffective in policing poor HFT behaviour.

"The problem with most financial regulation and in particular MiFID II is that it has been done very badly because it is run by politicians. They need to be held to account and educated by people like [the financial services community]," he said.

The Foresight Report, released in October following two years' research, labelled as problematic a number of measures to control HFT included in the European Parliament's version of MiFID II.

Key concerns included a proposed 500-millisecond resting time for all orders and the abolition of maker-taking pricing models for exchanges and multilateral trading facilities. Such a resting time would inhibit arbitrage between markets, which is the core of many HFT strategies, and the efficiency of price discovery would thus be diminished, the report found.

The report also stated that the Parliament's proposed ban of maker-taker pricing would not have the intended effect of reducing HFT and making order routing more transparent. It added that the interconnected nature of markets necessitated coordination of regulation addressing automated trading across exchanges.

A final text on MiFID II is not expected until the end of the year at the earliest, as the European Parliament and Council of the European Union gear up to negotiate a final text in the trialogue stage, which includes input from the Commission. Implementation will likely to occur sometime in 2015.

> "This strikes me as the worst form of tokenistic policy-making by politicians."

Cliff, who stressed he was not talking on behalf of the UK Government or the Foresight project, asserted his comments were made as an academic. His specific concerns on MiFID II related to articles 17(2) and 17(3) of the version agreed upon by Members of the European Parliament last year, which called for market participants using algorithms to report to regulators on how their algos work and to force such participants to act as market makers. Cliff described the measures as "poorly thought out".

"This strikes me as the worst form of tokenistic policy-making by politicians," he said. "Remember, this is a European directive, so it sets the framework for which all member states financial regulation have to comply with – effectively a pan-European law," he said.

Rare, but dangerous

A broader, more measured approach to analysing and preparing for risk in financial markets is needed, argued Cliff, which should be modelled on non-financial areas where systemic risk was central to safe and efficient operations.

"There are other industries that have worried about safety, such as nuclear power and air travel. When there is an air accident, investigators have full power to gather as much data as they need to work out what when wrong to ensure it doesn't happen again," he said.

Despite a large body of detractors, Cliff asserted that evidence and analysis compiled in the Foresight Report showed the benefits of HFT.

"The findings of the Foresight Report were that HFT brings no macro-scale, net problems, other than very rare events. However, those events are sufficiently bad that all market participants must be concerned about them," he said, adding that HFT had improved liquidity, lowered transaction costs and added further efficiency to market price discovery.

"In the longer-term we need coordinated circuit breakers for trading venues, better standards for automated trading, accurate and synchronised time stamps and a consolidated audit trail and proper warehousing of financial data and for it to be made available for analysis," he said.

SELF-REGULATION

A code of trading for HFT?

With no agreement on a definition of high-frequency trading nor on its value to the market, panellists were downbeat on the chances of success for such an initiative

A pre-lunch panel discussion on the HFT Focus Day attempted to get to grips with the question of whether an industry-wide code of trading for HFT was a dream or a reality. If the lack of agreement among the panellists was anything to go by, the answer is neither.

The first question was whether a code of trading implied a preference for self-regulation. Benoît Lallemand, senior research analyst, Finance Watch, a public interest group, suggested that such a code would be akin to the need for civilised behaviour in civilian life: a complement to – rather than replacement for – regulation. "People are expected to be polite drivers, but that doesn't replace the need for a system of red lights," he commented. There are a range of tools that should be available to regulators to monitor and moderate market behaviour and these are evident in MiFID ll, he added.

Lack of consensus

For Niki Beattie, director, The Market Structure Partners, any attempt to address the question is hampered by the lack of a consensus definition of HFT. In any case, she suggested, the same code should apply to all automated trading. She did not see regulation as necessarily helpful in this regard, citing approvingly an earlier comment by moderator Professor Dave Cliff of Bristol University's computer science department, that MiFID ll was "a bit of a dog's breakfast", in terms of its approach to regulating HFT.

"People are expected to be polite drivers, but that doesn't replace the need for a system of red lights."

Benoît Lallemand, senior research analyst, Finance Watch

For her part, Beattie suggested that rather than creating an ecosystem where the same strictures apply to all participants, certain trading privileges should be available for those consistently providing liquidity. "Let's have a discussion of what's good for Europe at a blueprint level before arguing about the detail," she commented.

With Beattie and Lallemand appearing to take diverging positions on the value of existing regulations in containing HFT behaviour, Tobias Preis, founder and CEO, Artemis Capital Asset Management, confirmed the need for regulatory effort, but suggested that, however systems were improved, problems would still occur. He also suggested that the interconnectedness of systems was being overlooked in limiting discussion to HFT. "The network aspects of risk are underestimated," he said.

The greatest divergence of view, appeared to be between Manoj Narang, founder and CEO, Tradeworx, a US financial technology company, and Joseph Saluzzi, co-founder, Themis Trading. "I strongly feel there is already a code in the US, embodied in Reg NMS, which sets out the rules of the road," said Narang. "The absence of a code is not why the question is being posed. It is that the code does not deliver equal outcomes." But in a capitalist system, said Narang, no one should expect equal outcomes.

Adequate enforcement

Asked by Cliff if there was "an enforcement issue" with Reg NMS, Narang contended that there is adequate enforcement. It was simply that, "algorithms are less susceptible to mischievous behaviour than humans as they don't have families to feed." It is also unlikely he suggested, that any malevolent individual would be stupid enough to code their intentions in a system with a clear audit trail.

As far as the lack of a definition of HFT is concerned, Narang described as a travesty the fact that five years after the topic entered the public consciousness, an industry-wide definition was still lacking. He pointed out that Tradeworx had its own clear definition, available on its website, that he invited delegates to consult.

Saluzzi was having none of it. He was adamant that the industry cannot self-police when the primary obligation of for-profit exchanges, for example, is to provide a return to their shareholders. He supported a question from the floor from Martin Ekers of Northern Trust as to why in an order-driven market, market makers were needed at all. "Old-style market makers could not front run their clients as they were dependent on customer flow," said Saluzzi, suggesting that, as prop traders, HFT shops were able to circumvent that constraint. Narang challenged his opponents to publish evidence of abuse by high-frequency traders. He had found none.

"Algorithms are less susceptible to mischievous behaviour than humans as they don't have families to feed."

Manoj Narang, founder and CEO, Tradeworx

With the discussion heating up, moderator Cliff suggested it was time to break for lunch. A question to Beattie seemed to sum up the general lack of consensus in the room. "Is there a way that the industry in US and Europe could work together on a code of contact?" asked one hopeful questioner. "Fat chance!" she replied.

TRADING & EXECUTION

Transaction cost action

Traders have responded to complexity by digging deeper into the data, but do the ends justify the cost of the means?

Trading has never been easy. However there once was a time when it was at least relatively straightforward. Most liquidity was concentrated in a single venue, and if a trade was too big for that, then the trader could work it himself, give it to a broker to work over time or, if execution certainty was critical, give it to the broker's upstairs desk who would commit capital to 'get it done'.

Recent developments in technology and competition have destroyed this simple environment. Today, we have high-frequency traders as well as market makers; trading venues, dark and lit, owned by dealers, exchanges and independents each with its own membership and rulebook; and a raft of 'black box' smart order routers designed to help piece it all together. Market data has grown exponentially as have the number of executed child orders for any given trade and new forms of information dissemination including social media are impacting trading. Meanwhile regulators keep reminding buy-side traders of the need to obtain best execution, without bothering to properly define what that might mean. Trading now is not merely hard, it is highly complex as well.

A dark art

The sessions comprising today's Trading and Execution stream are designed to help traders navigate this new environment, guided by industry veteran Marcus Hooper, managing director, Market Acumen; and the focus will be on action.

Next Neil Smith, senior equity dealer on the European equity dealing desk of State Street Global Advisors, will kick off with a case study around how to evaluate and compare different dark pools. Different managers and brokers may use different dark pools for different reasons. However, everyone needs a strategy and a tactical plan built around what they are trying to achieve. The aim of the plan is to allow traders to at least determine whether there are dark pools that they should logically avoid as unsuitable and conversely which are delivering the best results. Once they know this, they can take action to instruct their brokers accordingly; and brokers too need to know how best to respond and complete their own analysis.

Peter van Kleef, principal, Lakeview Capital Market Services: Should most fund managers and brokers be fired?

Making such decisions in ways that are straightforward to justify is not necessarily easy and the second panel discussion in this stream will look at ways that transaction cost analysis (TCA) is evolving to help in the process. The challenge is not so much in the direct costs of TCA, though these are affected particularly by market data acquisition costs. Rather the challenge is how to assimilate the ever-increasing amount of data concerning every trade, and to keep it at the necessarily high level of quality. From a trader's perspective, a key problem is the sheer commitment of time rigorous analysis make take; and being able to justify the cost of that time. Panellists from some of the largest buy-side firms globally will help explain how they go about squaring that particular circle.

The frustrations and difficulties of conducting detailed analyses are justified when they positively impact trading results. Achievement of such actionable analytical outcomes is increasingly the demand placed on providers of transaction cost analysis services; a contrast from an historic focus that often centred on confirming compliance rather than changing behaviour. In some cases, TCA providers are looking to provide analysis in real-time, as trades are taking place, and using that to guide changes to levels of aggressiveness or re-routing of orders to different venues. Others remain more concerned about post-trade analysis, learning lessons from previous activity and using that to guide future trading.

Back to data

What both these approaches demand brings the Trading and Execution stream back to data. The focus of the second individual presentation is specifically access to and the ability to analyse 'big data'. Tobias Preis, founder and chief executive officer, Artemis Capital Asset Management, will explain how new approaches may help in this process. This includes insights gained from his work looking at complex social and economic systems by exploiting large volumes of data.

The next panel discussion will focus on data, including the data coming from social media and its affect on trading activity. With US firms now allowed to disseminate price-sensitive information through Twitter and other social media, traders face a new challenge and may need new technology to meet it. At the same time, the techniques used to analyse 'big data' are becoming increasingly relevant in the trading environment. Arguments around benefits and problems associated with the data explosion promise a wide-ranging debate.

In a final session Peter van Kleef, principal, Lakeview Capital Market Services, promises a lively dialogue, built on the premise that buy-side traders and brokers are really not as good as they think they are. It will be interesting to see whether any of the audience agrees with his views.

However, given the challenges they confront and with friends like that, many may feel a need to repair quickly to the nearest bar; or alternatively make a point of attending the Day Two session on outsourcing trading.

"Regulators keep reminding buy-side traders of the need to obtain best execution, without bothering to properly define what that might mean."

TO LEARN MORE …

Trading in the dark: new ideas for avoiding toxic flow and ensuring that you are not moving the price

17 April – 14:00-14:40

Panel: TCA – new ideas, new tools, new goals and new results

17 April –14:40-15:20

Evolution of the markets and how massive amounts of financial and non-financial data change our trading strategies and behaviour

17 April –15:50-16:20

Panel Discussion: Evolution of the markets and how massive amounts of financial and non-financial data change our trading strategies and behaviour

17 April – 16:20-16:50

Why most fund managers and brokers should be fired?

17 April –16:50-17:45

◄ continued from page 1

Ready for the next revolution?

has thrived in the current EU regulatory environment at the expense of the incumbent exchanges. The London Stock Exchange-owned Turquoise MTF has also built market share across Europe. Business models that continually emphasise high quality of service, innovation and technology on a low cost base will continue to thrive in the future regulatory landscape, says Hemsley. "I don't think our business model will have to change markedly. We are quite flexible. We have got two trading books, two dark books and we can experiment with different pricing models and levels. We can move quickly. Exchanges, however, will have to change more than us as there is an awful lot of pressure on their existing cash equities business."

The realities of the new competitive trading landscape mean incumbent exchanges are being forced to diversify their business models. Hemsley – a member of a panel that will debate the value and future landscape of trading venues – says a number of traditional exchanges are de-emphasising equities and moving more into areas such as derivatives, clearing and stock indices.

"We can move quickly. Exchanges will have to change more than us."

Mark Hemsley, CEO, BATS Chi-X Europe

More of the same?

Stephen McGoldrick, director of market structure at Deutsche Bank, says incumbent exchanges will continue to struggle in the new competitive landscape if they insist on more of the same. Instead of competing head-on with their challengers, thereby improving overall market efficiency and winning business, McGoldrick says incumbent exchanges want to simply force trades onto their platforms. He points to the debate under MiFID II around the future of the reference price waiver, currently used by dark pools, including those operated by MTFs, to forego the publication of pre-trade quotes as long as stock prices are derived from a reliable reference market.

"The presumption is that if you run an order book it will be transparent, but that can be waived in one of four circumstances," he notes. MiFID II may constrain the reference price pre-trade transparency waiver as to make it redundant, which would disadvantage MTFs that operate dark pools and the investors whose orders they execute. McGoldrick believes incumbent exchanges are using the debate to try and ban or devalue alternative forms of execution rather than addressing their own failings.

Although many advances have been made by MTFs in terms of providing investors with lower-cost execution of trades, Hemsley says there are still some areas that incumbent exchanges monopolise such as opening auctions. "There is a lot of frustration with auction pricing," he says. Exchanges also monopolise the market data space, says Hemsley, adding that BATS Chi-X would like to further develop its own market data offerings.

There may also be a lingering perception in some market segments that MTFs are inferior to incumbent exchanges when it comes to risk management. However, Hemsley says any perceived doubts about the quality of BATS Chi-X Europe's compliance and surveillance environment should be put to rest by the fact that it is in the process of transitioning to Recognised Investment Exchange status. McGoldrick maintains that the difference in regulatory status does not correlate with the value delivered by a venue, as competition between MTFs and incumbent exchanges has always been about the lowest-cost provider and complacency versus innovation and responsiveness.

"We're changing the structure of the market, which should be priced like a utility, and we will apply that across asset classes."

Alasdair Haynes, CEO, Aquis Exchange

All you can eat

On the issue of cost, some believe there is room for further competition or new business models to add greater value to market participants. Alasdair Haynes, CEO of Aquis Exchange, a new cash equities trading platform that will offer subscription-based pricing, says its model is very different from what exists in the market today. "Managing an exchange involves managing messaging traffic and we will charge people on that basis," says Haynes, who served as CEO of Chi-X Europe before the MTF was acquired by BATS Global Markets. "If you give people an all-you-can-eat model within the top band, you will see an increase in overall equity volumes in the market. This will radically change the cost base of the industry."

Instead of a pyramid fee structure, which means a lower cost of doing business for larger brokers, and higher costs for medium-sized brokers, Haynes says Aquis will only charge firms for what they use within bands, much like mobile phone packages sold by telecom companies. This new model is likely to impact the market in a number of ways, says Haynes. In particular, he asserts it will provide an alternative to the 'duopoly' that currently exists in cash equities trading across Europe – formed by the incumbent national exchange and BATS Chi-X Europe.

"We're changing the structure of the market, which should be priced like a utility, and we will apply that across asset classes," says Haynes, who speaks this morning as a member of a panel looking at the new breed of trading venues. "Our model is very simple. We believe it is supported by the regulators." The panel will also feature representatives from other new trading platforms, including Christopher Gregory, CEO of Squawker, an 'algorithm-free' block trading venue that matches orders from sell-side counterparts based on price, display, quantity and time priority, and Tony Mackay, founder of MarketBourse – an 'exchange in a box' due to launch this year that will use social networking principles to trade multiple asset classes – and previously launch CEO of Chi-X Europe.

Impetus for change

Hemsley says he welcomes new competition since it provides impetus to further reform the European equities landscape. But – with trading volumes not yet rising in line with index values –not all of these new trading venues are likely to succeed, and the expectation is that there will be a shake-out much like there was with MTFs post-MiFID. Ultimately, the market will decide which platforms will be successful, says Haynes. But in light of the changes already wrought by MTFs in the cash equities markets and the new business models that are emerging, are institutional investors any better off? "In terms of technology and reduction in costs they are being well served," says Hemsley, but he adds that there has been very little progress on the issue of a consolidated tape, which would provide investors with greater visibility across the multitude of trading venues.

With Europe's member states still unable to agree a draft of MiFID II in response to the European Parliament's text, Hemsley says a consolidated tape in Europe is unlikely to happen in the next two to three years. However, Haynes is confident that the success of new venues such as Aquis will support the fight for some sort of consolidated-tape solution in Europe. "We will force that step change in the market," he says. "It is not only about savings on execution costs but also benefits such as lower data costs." ●

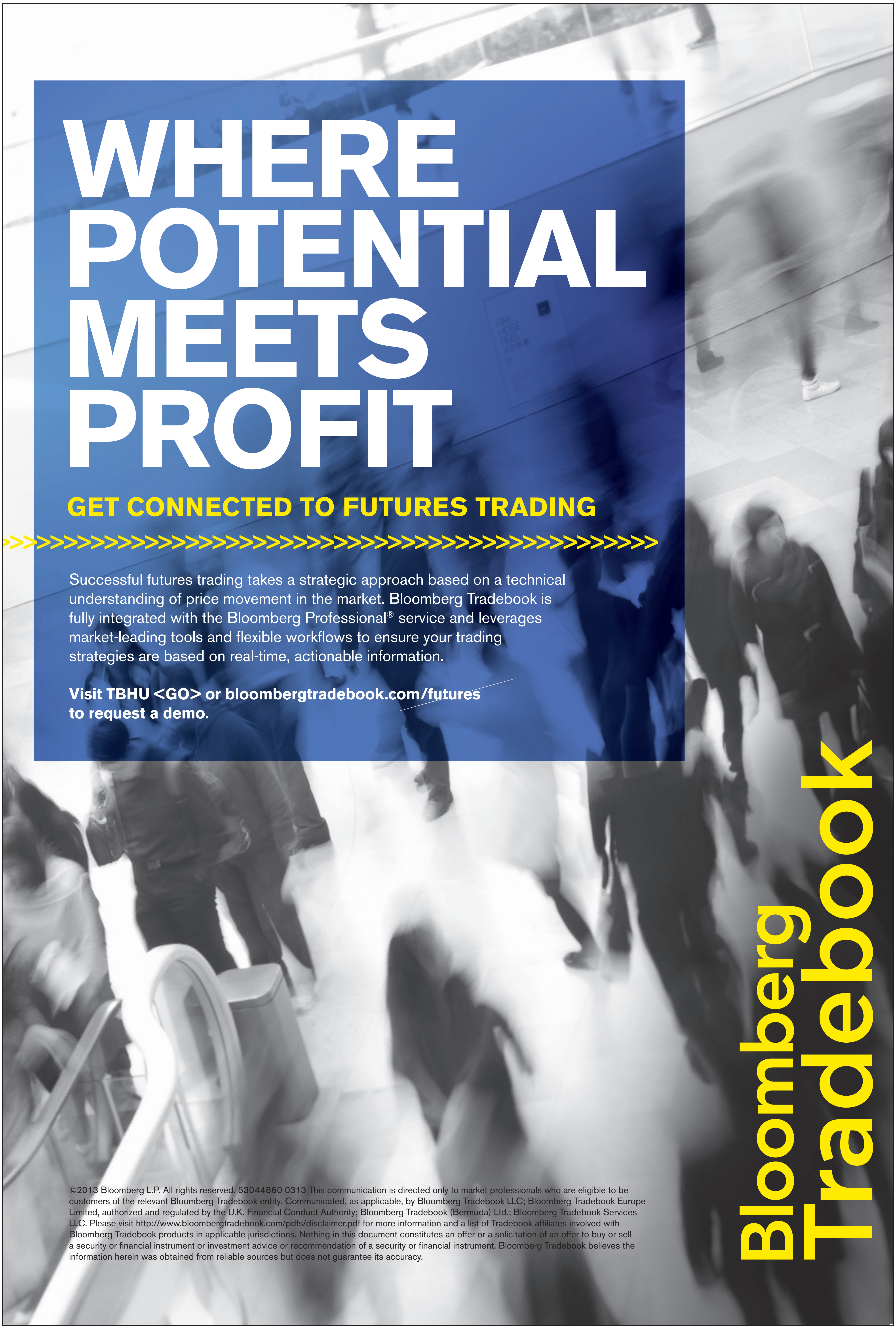
TO LEARN MORE …

Analysing the emergence of the new breed of trading venue – threat or opportunity?

17 April – 10:15-10:45

Discussing the value and future landscape of trading venues – will their business model and proposition have to change and how?

17 April – 11:45-12:15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Bloomberg Tradebook

MiFID's shadow looms large

Macro issues are distracting policy-makers from completing the MiFID review, but its potential implications remain centre of attention for many market participants

As market participants move to adopt the initial requirements of the European markets infrastructure regulation, the focus will inevitably revert to the legislation that dominates Europe's securities markets.

The second iteration of the European Union's Markets in Financial Instruments Directive (MiFID) is not expected to come into force until 2015, as Brussels' policymakers prepare for the final stages of its development, wherein the Parliament and Council agree a final text with input from the Commission. Only then will the European Securities and Markets Authority (ESMA) consult with the market and decide on the nitty-gritty.

Despite the apparent proximity of the end of the MiFID review process, a number of key issues remain and could seriously alter how the market reacts, several of which will be highlighted in today's panel session, 'A word from the regulators'.

Unintended consequences

The role and scope of the proposed organised trading facility (OTF) has of late dominated discussions. In some respects, the new venue category would assume the role of US counterpart the swap execution facility (SEF) to meet OTC derivatives trading requirements agreed upon by G-20 countries. However, EU parliamentarians have rejected the Commission's proposal that OTFs be used to trade equities, a position which would force broker crossing networks to become systematic internalisers.

Ari Burstein, senior counsel for US buy-side trade body Investment Company Institute (ICI) and its international counterpart ICI Global, believes regulators – and market participants petitioning them – must focus on avoiding unintended consequences of the new rules.

Burstein said regardless of what the final OTF definition encompasses, it must be based on the explicit understanding that the effective operation of both lit and dark venues is central to creating an ideal market structure.

"Maintaining execution venue choice is a priority for buy-side firms and regulators need to take this into account when deciding on final rules for OTFs," Burstein said.

"MiFID II must take a measured approach to regulating HFT based on solid economic evidence."

Ruben Lee, CEO, Oxford Finance Group

Reining in HFT

Another dominant strand of MiFID II will introduce rules seeking to stem predatory behaviour of high-frequency trading (HFT) firms. In recent years HFT has become a target for scapegoat-seeking politicians, but the positive effects on liquidity remain key to European markets.

The Parliament's version of the directive's HFT-focused rules include banning the maker-taker pricing model for trading venues, imposing a 500-millisecond minimum resting time for orders (which at least one influential MEP has already signalled will be removed from the final text) and prompting venues to establish and regulate appropriate order-to-trade ratios to limit the harmful effects of cancelled orders. Despite the negative issues surrounding HFT, a critical mass of market participants seems to have come to view the liquidity such firms propagate as vital.

"Since 2008, HFT has come to be seen by many, and falsely in my view, as a highly symbolic part of an industry that caused the financial crisis and lead to great instability," said Ruben Lee, CEO, Oxford Finance Group, a panellist on today's MiFID session.

"As a result, much political attention has had the simplistic goal of restricting such 'speculative', 'destabilising' and 'unnatural' trading. This will not lead to good policy. MiFID II must take a measured approach to regulating HFT based on solid economic evidence," claimed Lee.

Niki Beattie, managing director of consultancy The Market Structure Partners, who recently was appointed chair of soon-to-be launched multilateral trading facility Aquis Exchange, also believes the hype around HFT must be ignored before meaningful policy can be created, and has taken particular opposition to the outlawing of liquidity-rewarding venue pricing structures.

"The maker-taker pricing model shouldn't be abolished because it has been key to creating a competitive element to equities trading in the region. However, I do think that we need to take a good look at all fee models and ensure that we are rewarding the right behaviour," said Beattie.

"We need to take a good look at all fee models and ensure that we are rewarding the right behaviour."

Niki Beattie, managing director, The Market Structure Partners

Long overdue

Another issue garnering the attention of market participants, particularly those on the buy-side, will be the directive's goal of mandating the creation of a consolidated market data tape for Europe's equity markets, which many believe should have been an integral part of the original directive. Until last month, an industry-led solution known as the COBA Project appeared to be gaining traction.

COBA had created a unique way for market data to be compiled in a central system and certain data would be rewarded if it produced meaningful results. The absence both of regulatory clarity and exchanges' willingness to shift to a new way of selling their market data caused the project to cease.

"There has been a long history of trying to obtain a consolidated tape in Europe," believes Oxford Financial's Lee. "The recent failure of the industry-led COBA Project showed that the vested interests of the key constituencies in this project – exchanges, data vendors and financial firms – remain very far apart," he said, adding that this would likely spur greater regulatory intervention.

Too much, too soon?

MiFID II, which brings with it the Markets in Financial Instruments Regulation (MiFIR), not only joins EMIR, but the European Market Abuse Directive, new global capital adequacy standards under Basel III and for many participants new rules in other jurisdictions, particularly Title VII of the US Dodd-Frank Act, as the most far-reaching among many reforms with which to comply.

Markets Structure Partners' Beattie warns that the cost of regulation-driven change will stymie innovation within the industry, which will be compounded if MiFID II is too rigid.

"Maintaining execution venue choice is a priority for buy-side firms"

Ari Burstein, senior counsel, Investment Company Institute

"There is a real danger that including too many prescriptive elements within the MiFID II legislation will limit the flexibility ESMA will have to make necessary adjustments as the market evolves over time," Beattie said.

Her comments were reiterated by her co-panelists, notably Ruben Lee, who cites the Cyprus banking crisis and dampened equity volumes in recent years as evidence that new regulation may be bad timing for the region.

"Political attention in the EU is highly focused on attempting to resolve the regional macro crisis with the euro. This may divert attention away from MiFID II and lead to a delay in agreeing a final text," Lee said.

TO LEARN MORE …

A word from the regulators: The practical realities and future plans for implementing MiFID II across Europe – does regulator drive the industry or vice versa?

17 April – 12:15-13:00

All roads lead from China

Local partners, infrastructure and liquidity dominate the agenda as the focus shifts beyond BRICs

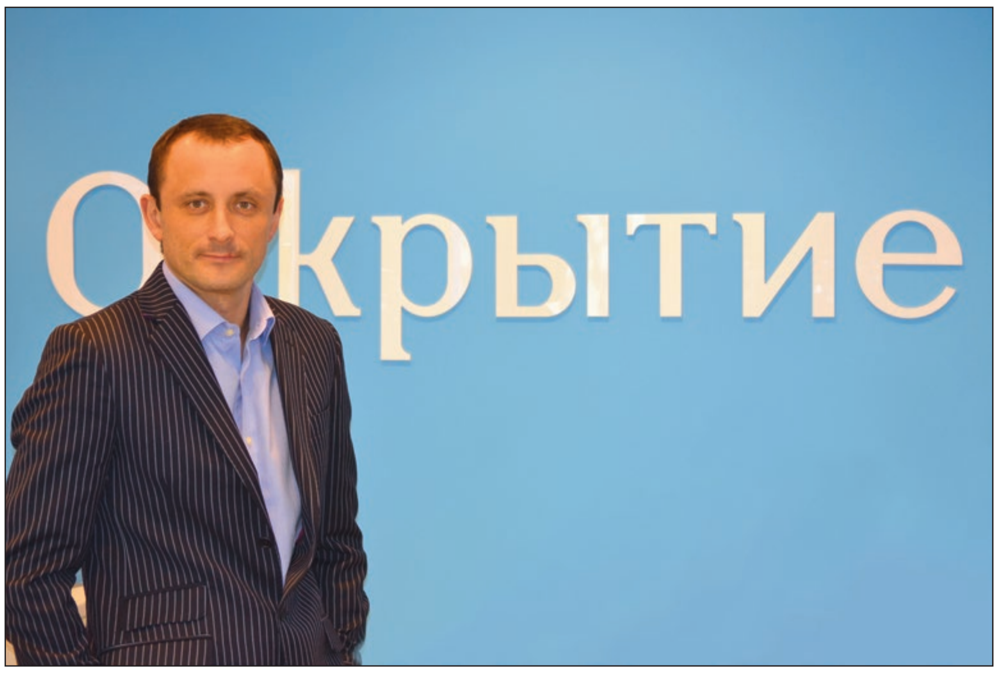
Panellists speaking at this afternoon's Emerging Markets stream won't necessarily agree on which emerging markets to target, but they (largely) agree on the issues preoccupying buy-side traders in them.

Joel Varpasuo, head of trading at Pohjola Asset Management, admits that the diversity of issues faced by investors in different markets means it can be difficult to identify common themes across emerging markets. But for him and the other speaker focused on Russian equities, Otrkitie DMA sales head Sergei Sinkevich, credible local partnerships are the clincher.

"If I'm looking at a new emerging market, I look around my existing counterparties to see who I can have a proper conversation with to get things going, then talk to smaller brokers about liquidity and work out what I can do myself with [direct market access] DMA," says Varpasuo.

Yet the availability of reliable partners could be an issue as larger players pull out of what they see as non-core markets. Specifically, it means the buy-side having to rethink how it gets into smaller markets, with potentially significant cost implications, and how to get out.

"Everyone looks at it in terms of how you make it easier for people to get into the market but it makes it easier for more people to get out, too," says TABB Group CEO Larry Tabb. "That's been one of the problems with electronic trading – it makes it easier for people to get out. Then what happens to those issuers and the people looking for longer relationships? A corporate CEO wants long-term shareholders but the technology makes it easier to get in and out."



"It's a question of how we manage liquidity in the next few years as we see shifts from London to Moscow."

Sergei Sinkevich, head of DMA sales, Otrkitie

"Second wave emerging markets will steal share from China."

Alex Fleiss, chairman and CEO, Rebellion Research Partners

"The right steps"

Technology – more specifically, infrastructure – is perhaps less of an issue for bourses in emerging markets than it has been. Both Brazil and Mexico, for example, have invested over the past few years in upgrading their platforms. Brazil recently migrated equity trading to a new platform but "there's always more than can be done", says Aite Group analyst Danielle Tierney.

At least in Latin American markets, she says it would be a mistake to discount smaller exchanges despite the regional dominance of Brazil and Mexico. "We haven't seen a growth in trading volumes to speak of but they've taken the right steps," she says, pointing to an almost ubiquitous upgrade to FIX 4.4.

Sinkevich points to recent technical and regulatory changes to the Moscow Exchange such as improvements in the settlement infrastructure and the introduction of a central securities depository. More changes are likely to take place in next few years, including changes to laws governing securities lending and investor protection.

"It's a question of how we manage liquidity in the next few years as we see shifts from London to Moscow," says Sinkevich.

No single solution

In fact, the ability to access liquidity comes a close second to local partnerships in the list of trading priorities, at least for Varpasuo. "From my perspective, I sit on a trading desk, trading mainly European and Russian equities, and it depends on my needs, volumes and the specific markets," he says. "No one solution fits all of them. It depends whether I'm trading big volumes every day or a few here and there. If I'm doing trades here and there, the cost will be in relation to the volume.

"But it also depends on the market's liquidity. If I'm trading one ticket here and there, who cares? But if I'm trading a lot, I want to have a DMA. But depending on local rules, infrastructure and liquidity, it may be that I can't use it. Emerging markets are all a bit different – there are always local aspects. But what you want is for them to be as open as possible, with no hidden agenda," he adds.

Inevitably, transaction costs remain high across emerging markets, though they should come down as exchanges come up with more products and find ways of increasing volumes. "There's competition, but that raises a chicken-and-egg question over whether that's what the markets need – and whether the liquidity is sufficient to support it," says Tierney.

"Smaller Latin American markets have taken the right steps."

Danielle Tierney, analyst, Aite Group

Blowing hot and cold

Even given credible local partners, sophisticated infrastructure and sufficient liquidity, the difficulty will be getting a handle on either risks or opportunities in emerging markets amid what some panellists see as shift away from last year's "hot" markets. BRICS are now, it seems, hot potatoes. For Alex Fleiss, chairman and CEO of Rebellion Research Partners, the macro scenario doesn't look good for China, beset by higher labour costs and exponential energy demand, nor for markets such as Brazil dependent on exports to that market. Meanwhile, India faces high labour costs in a few sectors, such as IT, but overall these are lower than China's.

"There's more potential growth in India than in China – at least if India can fix its energy problem," he says. Meanwhile, "second wave" emerging markets such as Mongolia and Vietnam "will steal share from China". ●

TO LEARN MORE …

Opening speaker: Forecasting the future role of emerging markets in the global economy
17 April – 14:00-14:30

Panel: Working with new partners and finding new liquidity in the emerging markets
17 April – 14:30-15:00

How to reduce dropped trades and latency in emerging markets and increase revenue
17 April – 15:30-16:00

Special regional focus panel: Russia & Eastern European markets
17 April – 16:00-16:30

Panel: Focus Latin America
17 April – 16:30-17:00

The wild east

Speaking today on China and Emerging Asia, Kent Rossiter, head of Asia Pacific trading at Allianz Global Investors, explains some of the challenges of trading this diverse region

What are the main challenges in capturing or saving alpha in Asia's more illiquid markets?

You have to accept the spreads and patchy trading patterns of some stocks. In many of the ASEAN markets, for example, the difference between the bid and offer can be over 1%, even on blue-chip stocks. Sometimes the stocks can sit there in a tight band for hours, then a flurry of activity can go through as an impatient trader decides he wants to take out the other side, sometimes several spreads in one go. We have to anticipate that and sometimes be the ones to initiate these bold moves, or at other times learn the value of patience.

In which Asian growth markets is it most difficult to access liquidity while avoiding information leakage?

Each of the near dozen major Asian markets has its own idiosyncrasies in sourcing liquidity. Korea, for example, is still designated as an emerging market by index provider. Institutional investors have to be careful about their broker selection, among other factors, because there's a substantial retail presence which relies on readily available real-time information about which brokers are active in every stock. The retail crowd follows closely the activity of foreign brokers, watching their percentage of volume activity and trying to game this to their advantage. Some of Asia's smaller markets like the Philippines and Indonesia have an incredible amount of transparency, to the degree where each print is tagged with the buying and selling executing brokers. There's plenty of concern in some other markets about leakage of information from sales traders or the brokers' systems so unless you've got a lot of trust in your broker it may not make sense to show your full hand.

"Unless you've got a lot of trust in your broker it may not make sense to show your full hand."

How do you balance the search for liquidity via sales trading and more automated channels?

Many desks differentiate along the spectrum of orders, from the very trickiest to the easiest to execute. Depending on this, they choose the appropriate execution technology. Naturally, in Asia active managers often have liquidity issues that just don't exist to the same extent in other regions. This fact means it's important for us to build and maintain strong relationships with the high-touch sales traders. The best relationships we've got on the Street are with those firms who know what our larger positions and more frequently traded stocks are. When they get an order in some of these names, we'll often be among the first calls. All in all, we execute a larger proportion of our orders with these specialist sales traders but do find in some niche instances that making use of algo and DMA makes sense.

How integrated with Allianz Global Investors' other trading operations is the Asian trading desk and how do you get the right balance between local flexibility and global standardisation?

Our trading desk in Hong Kong is very integrated to the two other global desks in Germany and the United States. Each of our offices run globally invested money so we've got portfolio managers in the other regions who are taking the best of our global ideas and investing in Asian stocks. We're all on the same system globally so it's as easy to see the trades from one office as it is another. Consolidated holdings or historical trades can be called up in seconds. This is a far cry from the manual processes that we had to bear with when we first started order exchange between the regions in the 1990s. For the most part our processes are global but there are little pockets which are kept the same where they make sense. Though we may coordinate and exchange information on broker votes at the global level, the actual votes are done on a regional basis so we can keep the strong relationships between investment professionals and the brokers serving us.

"Discussions about trading links and alliances are still in the infancy stage in Asia."

What are the main challenges in trading and technology across Asia?

Unlike Europe, where many of the European exchanges operate under uniform hours, use the same currency and have multiple pan-European MTFs allowing trading using the same technology, this isn't the case in Asia at all. All these factors are unique in Asia and though there are discussions about trading links and alliances these are still in the infancy stage.

Are there any big differences to the way brokers approach your account across Asia?

In Southeast Asia, the remisier model is quite popular among some local brokerages, while in the more liquid North Asian markets it's not as prevalent. Bulge bracket firms have a better understanding of how to service institutional clients like Allianz Global Investors and they take a team approach to client coverage. On the other hand, some of the regional brokers are using remisier models, which mean each stockbroker gets a split of the commissions they bring in. Such firms are generally more successful with retail clients and some corporates, but also try to get business from institutional clients. This 'eat what you kill' model can be messy for asset managers with central trading desks since those stockbrokers are effectively competing internally within their firms for commission. The question of whose effort brought the trade in may not be so cut and dried. For the most part, we favor a coordinated team approach to coverage and wouldn't deal with such firms if they weren't such an important part of the market, controlling flow in certain stocks we'd like to trade.

With the exception of the big global brokers and a few key domestic players, a lot of the research and staff English language skills are somewhat limited in markets like Korea, Japan, and mainland China.

TO LEARN MORE …

Panel focus: China and Growth Asian economies

17 April – 17:00-17:45

New tool helps buy-side with collateral efficiency

Omgeo clients can now create algorithms to asses quality and importance of assets

Post-trade solutions provider Omgeo is offering a new tool that lets firms maximise their existing asset inventory for collateral when trading, ahead of new OTC derivatives rules.

Omgeo's ProtoColl is an automated collateral and margin management tool and has been upgraded to allow users to create "sophisticated rules-based algorithms".

Asset managers would be able to define preferences and rules to assess the quality and importance of various assets to be used for collateral.

ProtoColl will then recommend which assets to use, and prioritise them based on the preset rules.

"Increasing collateral and margin requirements, coupled with a shorter list of eligible collateral instruments, will likely result in a collateral shortage," Ted Leveroni, executive director of derivatives strategy and external relations at Omgeo, said.

"Many buy-side firms face an overriding need to be able to optimise their use of existing collateral, before even considering the transformation process."

The new tool would allow firms to optimise what they have and make sure they are making the best use of their resources, he said.

Both the US Dodd-Frank Act and the European market infrastructure regulation (EMIR) have introduced central clearing rules for swaps, including increased collateral requirements.

The new rules means the buy-side is forced to pay initial margin against swaps exposures for the first time and have processes in place to post variation margin on an intraday basis.

The mandatory clearing deadline under EMIR is expected to fall in mid-2014, although reporting requirements would begin from September.

In the US, central clearing of swaps started on March 11 for 'major swaps participants'. Swaps traded between 'swaps dealers', and 'major participants' will be subject to mandatory clearing from June 10, which will include a large portion of buy-side firms. One 9 September, all market participants engaged in swaps trading will be forced to centrally clear the instruments.

Omgeo's upgraded ProtoColl also includes a browser-based dashboard, giving users a real-time view of collateral management activities, such as collateral dispute status and counterparty risk positions.

Other changes include support for the Legal Entity Identifier, the CFTC Interim Complaint Identifier (CICI), and functionality for maintaining existing agreements with counterparties.

"Many buy-side firms face an overriding need to be able to optimise their use of existing collateral, before even considering the transformation process."

Ted Leveroni, executive director of derivatives strategy and external relations, Omgeo

Otkritie offers automatic ruble-dollar conversion

Russian firm joins forces with SunGard for new DMA service

Russian firm Otkritie Capital is launching a new service that allows automatic real-time currency conversions from the Russian ruble to US dollar.

Otkritie has partnered with trading technology vendor SunGard to launch a direct market access (DMA) service, which will automatically convert ruble-denominated transactions executed on Moscow Exchange's MICEX order books.

The new service is aimed at allowing clients to remain currency-neutral and avoid the complexities of ruble clearing and holding.

It is available on SunGard's Valdi and FIX-enabled trading applications, and to the SunGard Global Network community.

Clients will also have access to Russian trading venues through integrated access to an algorithmic trading service.

"Partnering with SunGard to offer this new conversion and algorithmic offering will enable our clients to leverage Otkritie's renowned expertise on Russian capital markets, and ultimately benefit from and facilitate new trading in Russia," Serge Alexandre, sales director of International Electronic Trading Services at Otkritie, said.

Otkritie plans to use SunGard to integrate its suite of algorithmic trading strategies and other strategies.

Can't live without your smartphone?

IPC runs polls to learn which devices and apps staff can live with and without

Trading solutions provider IPC Systems is today conducting surveys of TradeTech attendees, looking at which new technologies are making jobs easier or harder for staff.

The "opinion poll" surveys will focus on one of three areas, depending on the job function.

"This year our surveys are looking at the new technologies that are being introduced onto the trading floor – be that devices, software or applications – and how they affect the different participants in the trade workflow: traders, compliance staff, and IT staff," Simon Jones, director of product marketing at IPC, said.

"As trades become more complicated and the demands of the regulators continue to evolve we know that these groups of people are working closer together and more collaboratively."

The surveys will have seven to eight questions, including how people use applications and Bring Your Own Device (BYOD). It will also ask how often traders use smartphones and other gadgets during their workday.

Jones said he hoped the surveys would highlight any potential issues that new technologies brought, and show whether there was demand for a particular device.

"We're expecting some really interesting results," he said.

The survey is to be made available in the lobby at TradeTech.

Interactive Data expands its real-time services

Real-time fixed income evaluations available every 15 seconds on data feed

Trading solutions firm Interactive Data Corporation is expanding its real-time fixed income pricing services to include evaluations.

Interactive Data, which already delivers end-of-day fixed income evaluations, will now also provide real-time data every 15 seconds.

"The fixed income markets are changing, and we see growing opportunity to provide independent real-time evaluated fixed income pricing to the front office to support pre-trade transparency and investment analysis," Mark Hepsworth, president of its pricing and reference data business, said.

"We also see benefits for our clients' post-trade operations, as they look to adopt more intraday processes to get ahead of the pricing window."

Interactive Data also planned to add real time pricing to Vantage, its fixed income transparency display application.

FlexTrade improves flagship EMS platform

OneTick technology will be available to FlexTRADER users

FlexTrade Systems has integrated a tool for complex event processing (CEP) and tick data to its flagship portfolio trading application.

Richard Chmiel, senior vice-president, OneMarketData, creator of OneTick

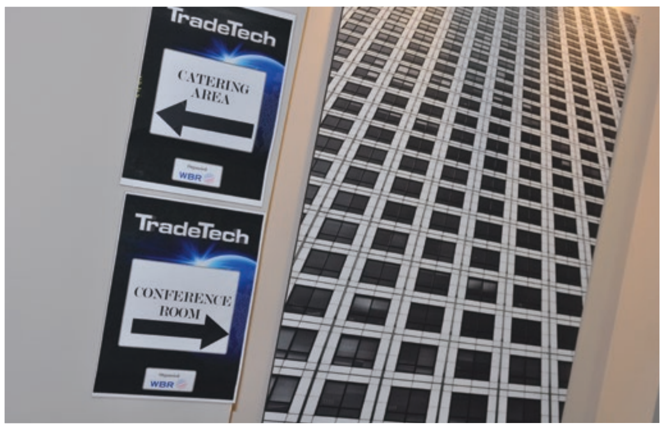
FlexTrade, a provider of order and execution management systems (EMS), will add OneTick – a single solution for CEP and tick data that spans both historical and real-time – to EMS platform FlexTRADER.

"Financial firms today are under increased pressure to develop and execute sophisticated quantitative trading strategies that can quickly discover untapped alpha in these volatile market conditions," Richard Chmiel, senior vice-president at OneMarketData, creator of OneTick, said.

"OneTick's unique ability to draw on both real-time and historical data will give FlexTRADER users the advanced analytics they need to generate the superior trade alerts and signals they need to keep them ahead of the competition."

FlexTRADER will also use OneTick's database to store tick data, trade data and post trade analysis across asset classes, including equities, foreign exchange and derivatives.


How many milliseconds? Shame




I feel like a square head near a round hole

Another pension plan bites the dust


Green shoots in the City?


High-frequency snacking

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www.thetradenews.com
Publisher: John Lee +44 (0) 20 7397 3823 john.lee@thetrade.ltd.uk
Editor: Chris Hall +44 (0) 20 7397 3819 chris.hall@thetrade.ltd.uk
Advertising & Marketing: Françoise César +44 (0) 20 7397 3821 francoise@thetrade.ltd.uk; Marc Carolissen +44 (0) 20 7397 3807 marc.carolissen@thetrade.ltd.uk
Photographers: Robert Aberman, Ross Cooper
Graphic Design: Tina Eldred +44 (0) 7540 972 442 tina@eldreddesign.co.uk
The Trade Ltd, Upper Ground Floor South, 200 Aldersgate Street, London EC1A 4HD