

Actionable Ideas for the Power to Optimize Your Trades

Tip 13: How Can Active Traders Find Liquidity?

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Mr. Maher: Compressed volumes, low volatility and the shift from active to passive management have created a tough environment for active traders. Recently we launched a new strategy called Capture to solve for some of these challenges. It is a dynamic, highly customizable execution framework for liquidity-seeking traders.

It can adapt to market conditions, using real-time market drivers to determine trading behavior and allocate orders to three underlying micro-strategies: Opportunistic, Passive and Blockseeker.

- Opportunistic is focused on when and how to optimally cross the spread.

- Passive aims to maximize liquidity and spread capture across multiple price points, while maintaining queue priority.

- Blockseeker looks to source larger executions by efficient use of higher minimum execution quantities on firm and conditional orders across multiple ATSs

To see how an example of the Blockseeker micro strategy works, let's look at an order to buy 10,000 shares. Capture leverages the bank's liquidity signal, which determines optimal distribution across non-displayed venues by measuring size and frequency of executions across the bank's franchise. Venues are prioritized based on execution likelihood. Firm orders with sizeable MEQ or minimal execution quantities are then placed to venues with the strongest liquidity signals.

At the same time, the Blockseeker micro strategy will represent the same 10,000 share order across multiple conditional venues, seeking to maximize block liquidity.

For other actionable insights to help your decision-making across asset classes, check out the rest of our Trader Insights video series or contact your sales rep.