

## Actionable Ideas for the Power to Trade Smarter

Can the Right Overlay Improve Decision Making?

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Mr. Zovich: You have to make multiple, quick decisions when managing an order. Automating some decisions by using an overlay strategy frees up your time and can help you execute more consistently. Any time you act inconsistently, you can add risk to your trading process.

Take limit prices, for example. Let's say you set a limit price and the order is no longer marketable. After two minutes of not working, you decide to manually change it, creating another workflow. Next, after five minutes of not being marketable, you change it again. Making modifications inconsistently like this can create variance and noise, and it can become harder to measure the success of your actions. A limit manager overlay allows you to decide in advance how you want short-term local limits to be set.

For example, you could set the limit price over the next five minutes at the 99th percentile expected move of the stock. By setting a methodology, you're making your behavior more consistent and easier to measure. We'll analyze the information to see how well the overlay is working for you, and whether adjustments are required. This is just one of many overlay strategies offered that may help optimize your trading.

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