Trading Strategies

Ambush (AMB)

The Ambush algorithm is best used for orders where both time and information leakage are critical. Ambush utilizes sophisticated order placement techniques and allows traders to choose their urgency based on aggressive, neutral and passive settings. A high percentage of interval volume is to be expected.
Click here for a demo of the Ambush algorithm.

Order Staging Model (OSM) Strategy

Executes difficult orders in an efficient manner by accessing liquidity intelligently.

The Order Staging Model (OSM) strategy manages and controls the trading of an order when liquidity may be difficult to predict. The OSM strategy is especially attractive for shorter duration trades. This strategy introduces the notion of an opportunistic target completion rate that is recalculated at each market tick for the given security. In order to determine this rate, a security-specific "liquidity bow" (illustrated in the graph) is calculated that governs the discretion that may be exercised by the strategy. In the example to the right, the bow represents the maximum distance as a completion percentage that the strategy may deviate from a constant target completion rate. This enables the strategy to better act on 'perceived' opportunities. Security A demands a significant percentage of daily volume while Security B demands a moderate percentage. The OSM balances market opportunities to accelerate completion rates. Additionally, employment of the OSM strategy may reduce the demand for liquidity nearing the end of the trade.

Volume Weighted Average Price (VWAP) Strategy

Reduces deviation to the Volume Weighted Average Price benchmark with customizable constraints.

A VWAP strategy is most often employed for longer duration trades. These trades will be more active in the market when levels of higher liquidity are predicted by analysis of the volume profile. The Volume Weighted Average Price (VWAP) strategy allows you to achieve an average execution price for a security in line with the actual VWAP benchmark without adversely impacting the price. Sophisticated modeling techniques are used to calculate an expected volume profile for a security, which is then used as a predictor by the strategy. The orders generated by the strategy will vary in size and frequency throughout the duration of the trade. The graph represents a typical cumulative volume profile for a security and indicates that more volume is traded near the market open and market close than during the middle of the trading day. It is important to note that each security will have its own unique "fingerprint."

Time Weighted Average Price (TWAP) / Sensitivity (SENS) Strategies

Distributes orders in a linear manner, balancing adverse selection and slippage in real-time.

The Time Weighted Average Price (TWAP) strategy employs an order generation technique that maintains a constant target completion rate for the duration of the trade. This strategy is best utilized in situations where there are little or no liquidity concerns and the trade's executions can be evenly spread throughout the given timeframe. The cumulative volume profile for a TWAP trade is linear with a positive constant slope of one. In addition, orders generated by this strategy tend to be small in size and occur with relatively frequency. The Sensitivity (SENS) strategy provides a means to introduce an urgent or patient component into the Time Weighted Average Price (TWAP) model. This strategy is best used when there are little or no liquidity concerns and there is a desire to modify the constant target completion rate of TWAP to either a front- or back-loaded completion curve. The graph depicts an aggressive and passive completion curve overlaid upon a standard TWAP curve.

Arrival Price (AP) Strategy

Reduces variance to the Implementation Shortfall benchmark.

The Arrival Price Strategy is designed to manage the time efficient trade execution in uncertain market conditions. The Arrival Price Strategy (AP) modifies its behavior based on the difference between the current market price of the security and the midpoint of the bid-offer spread at the time the order was received. For each order, there is a baseline participation rate calculated as a function of liquidity and time of day. At market prices advantageous to this midpoint strike, the strategy provides more liquidity in a scaled manner, essentially increasing the participation rate. At market prices disadvantageous to the strike, the strategy scales back and reduces the participation rate.

Target Volume (TVOL) Strategy

Participates at a targeted percentage of market volume, trading all available price.

The Target Volume (TVOL) strategy may be used to trade an order as a specified constant percent of the actual market volume, regardless of price. The key feature of this strategy is that the duration of the trade is determined by actual market conditions (i.e. the actual volume of a security) as opposed to being specified as a timeframe. The TVOL strategy anticipates volume based on market conditions and generates orders in such a way as to provide liquidity, minimizing payment of the bid/offer spread.

All EASE™ strategies utilize the Limit Order Model that valuates liquidity measures, volume profiles, volatility measures, and an order feedback loop to help segment the order.