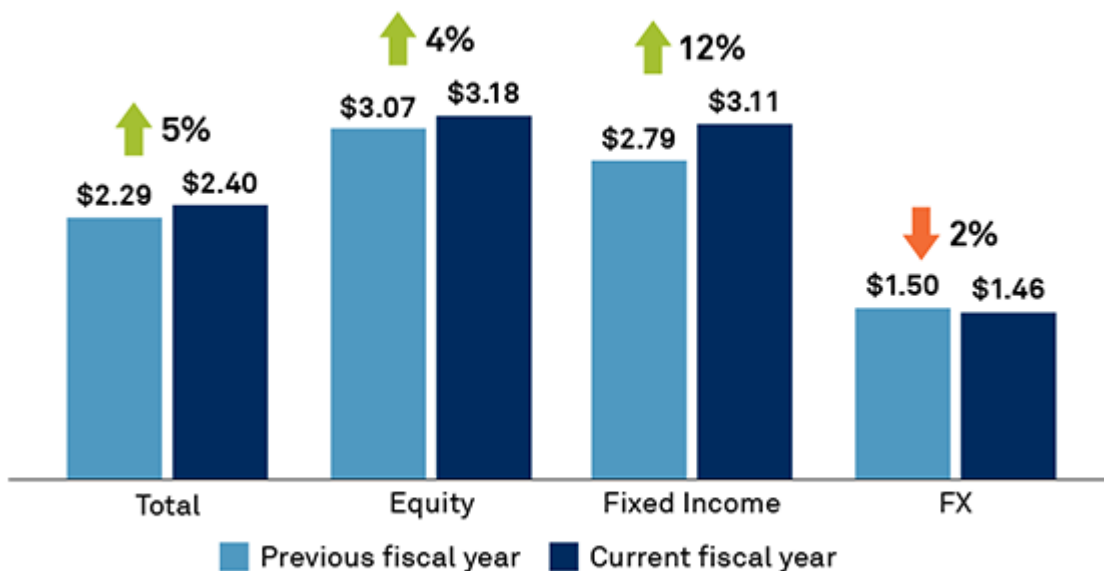


Tales of a Recovering Sales Trader

September 13, 2022

With summer firmly in the rearview mirror, we're only weeks away from autumn and the beginning of year-end planning. 2023 resource allocation, budgeting tech spends, headcount hires, and broker lists are just around the corner. For the average buy-side equity trading desk, [that means around \\$3.2 million to be spent in 2023, with roughly 60% on talent and 40% on technology](#). Sell-side equity desks are conversely dealing with headcount declines of 4% since 2019 (according to Coalition Greenwich data), on the back of a continued reduction in commission spending.

Trading Desk Budgets by Asset Class \$ Millions



Note: Based on 50 respondents.

Source: Coalition Greenwich 2021 Market Structure & Trading Technology Study

Regardless of where you sit, it's important to check in now, assess what your goals really are, and build a solid, actionable plan to proceed. For instance,

- What are your targets and benchmarks for 2023?
- Are your systems, processes, workflows, and values aligned to achieve these?
- Do you need to hire front-office staff or consider leveraging an outsourced trading desk?
- Is it time to revisit your OMS or TCA provider?
- Have you been asked by investors how ESG is incorporated into your investment strategy?
- What's most important to you and your firm as you set yourself up for success over the next 12 months?
- Where do you need to invest versus scale back?

- Are you tracking in the right direction or is it time to reassess and possibly change course?

How I Got Here

The importance of checking in, assessing your goals and building an actionable plan to proceed isn't only for trading desks. I'm a career sell-side equity electronic sales trader with an endless interest in market structure. I started my career what feels like a thousand years ago, when algos were still called rules-based trading, commissions were 3-5 cps (remember listed vs. OTC rates?) and Reg NMS was but a twinkle in the SEC's eyes.

Checking in for me meant taking a step sideways after an almost two-decade trading desk career for something new and exciting. My time on the sell side was fantastic and taught me everything I know from some of the best minds on the street. Now as a market structure analyst, I'm excited to share that knowledge and experience helping others in a new way at Coalition Greenwich.

The Fall of Market Structure (pun intended)?

Over the coming months, we'll focus our continuing buy-side market structure outreach on gathering insights into their top priorities, views and concerns. We'll continue to dive deeper into the nitty gritty of what really matters in the equity market structure ecosystem: regulatory agendas, industry initiatives, algo usage, smart order routing, broker and venue selection, office vs. WFH, OMS/EMS connectivity, desk budgets, transaction cost analysis (TCA), outsourced trading, and commission management services.

We'll get even more granular in areas such as what buy-side traders really mean when they say "ease of use" is one of the most important aspects of an algo, what "low-touch service" really means, and what really drives their relationships with their most favored sell-side coverage. The SEC's agenda is guaranteed to remain front and center this fall, new ATSS continue to innovate, all while ESG scores and AI impact market behaviors in ways we never would have thought of only a few years ago.

But let's face it, as my friends and family constantly remind me, this stuff can get very mundane and (believe it or not) even boring to some people. But not me. I'm a loud and proud market structure nerd. I live for this stuff.

So have an honest conversation with yourself in the weeks ahead:

- Do you lay awake at night thinking about routing tables?
- Do you read TCA reports like love stories?
- Do you have an irrationally strong opinion about the OPR?

If you smiled and thought, "well yes, who doesn't" to any of the above, then this will be the place for you. We don't have to make market structure cool again. We already know it is.

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