U.S. Equities: Venue Analysis Drives Next Generation TCA

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Executive Summary:

As the complexity of U.S. equity trading continues to escalate, institutional investors leveraging transaction cost analysis (TCA) for post-trade analysis and compliance reporting are now looking at performance at the venue level.

Research shows that 78% of equity traders indicate they use TCA as part of their investment process and 45% who use venue-specific TCA have made changes to their order-handling practices.

Buy-side traders understand that the quality of their execution is heavily influenced by the venues to which their orders are routed. With the challenge of controlling all aspects of order placement across the 40 or so brokers that the buy side uses on average, venue-level TCA is a relatively new trend that is quickly gaining traction.

Methodology:

Between August and September 2015, Greenwich Associates interviewed 258 buy-side traders across the globe working on equity, fixed-income or foreign exchange trading desks to learn about trading desk budget allocations, trader staffing levels, OMS/EMS/TCA platform usage, and ATS satisfaction levels.

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