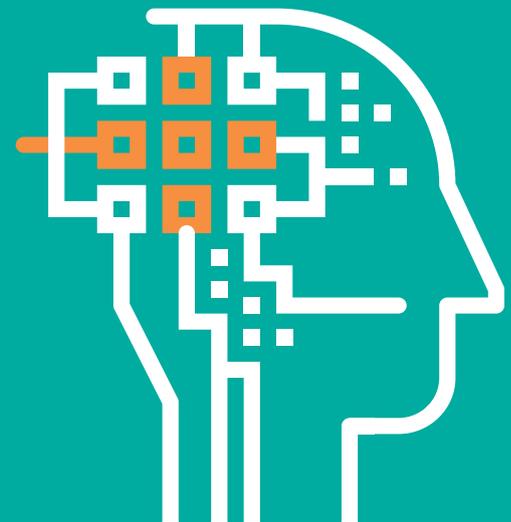# TORA
Newsletter

AI's Expanding Role in Trading

As the buy-side grapples with higher costs, fee compression and ever-increasing regulation, many industry participants are turning to Artificial Intelligence (AI) and machine learning technology in a bid to gain efficiencies in their trading processes. Building these new processes in-house or outsourcing to technology providers is increasingly common.

AI and machine learning have been used by the sell-side for a long time to automate menial tasks performed by sales traders, but now industry participants are starting to use these technologies to create new processes for price, liquidity discovery and execution algos, AI and machine learning technologies help to improve transaction cost analysis (TCA) at a time when asset managers are legally obliged to show regulators that "all sufficient steps" have been taken to achieve best execution.

Equity AI TCA

Equity-specific TCA tools that enable the buy-side to analyse performance on a pre-trade and intra-trade basis are already on the market. These take into account myriads of real-time data points to help traders determine if they are garnering best execution for their orders by monitoring costs along the lifecycle of the trade. In 2017, TORA launched a pre-trade equity TCA solution that uses machine learning to examine the core attributes of an equities trade, including spread, volatility and volume consumption. This has the power to estimate market impact before the trader enters the market.

AlgoWheels, or broker selection processes, have grabbed the attention of the buy-side. TORA's AlgoWheel, uses AI to help firms identify the best broker algorithm for an order via an analysis of both historical and real-time price and volume time series. Coupled with historical equity trade execution details from orders with similar market capitalisation, sector and volume consumption. The process has significantly enhanced transparency and trading within the market.
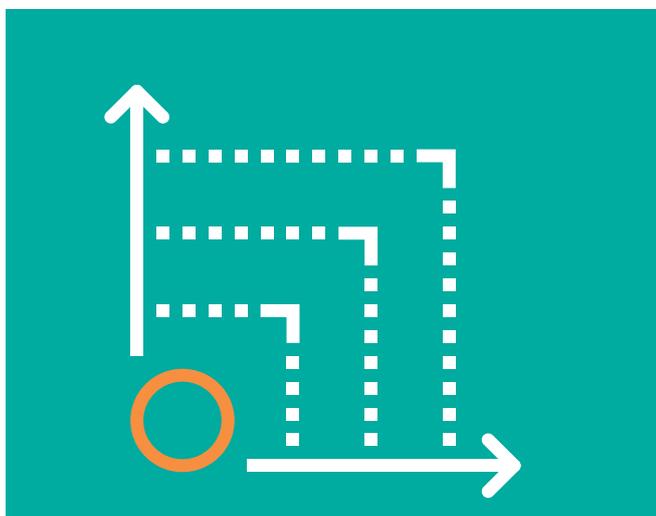
Non-Equity AI TCA

With MiFID II extending best execution requirements into other asset classes and requiring more transparency and post-trade reporting in fixed income for the first time, there has been great interest in how AI and machine learning may be able to benefit other non-equity asset classes. According to a 2019 report from Greenwich Associates, 88 percent of equity trading desks now use TCA, but only 60 percent of FX and 38 percent of fixed Income desks have it as part of their investment processes. For non-equities, AI and machine learning is increasingly being looked at from the perspective of transaction cost analysis rather than for the algorithms themselves. While increased regulatory scrutiny has created interest in using AI and machine learning for TCA across all asset classes, according to an Aite report there is still some way to go until its use case for alpha generation has been fully realized. In the future, the use of AI and machine learning in the non-equity analytics process has the potential to be a game-changer, as it has implications beyond equities and can actually provide the trader with actionable information regarding how to execute a trade based on changing market conditions.

TORA's TCA Solution

TORA's TCA product uses AI techniques to accurately estimate price slippage for trades before they enter the market. Utilizing an extensive library of historical global market data, this TCA solution deep dives into the main elements of your order. Examining volume, volitility, spread consumption, while simultaneously estimating the market impact of using any broker and algo combination to help traders determine the optimal place to send their orders.

Integrated into the TORA OEMS, this TCA solution enables traders to monitor costs across the lifecycle of a trade and take advantage of new insights to help improve investment decision making.

Infini Capital Management selects TORA's OEMS for multi-asset pairs trading

Infini Capital Management Ltd has selected TORA's OEMS for its pairs trading solution. The Hong Kong-based multi-strategy hedge fund chose the TORA OEMS due to its easily configurable functionality and on-the-ground support.

The functionality of TORA's multi-asset, multi-region and broker-neutral pairs application was another deciding factor according to Tony Chin, Infini Capital CEO and CIO.

"The pairs trading tools within the TORA OEMS will enable us to trade more efficiently, and will ensure high execution completion, even during volatile market conditions," he added.

TORA's pairs trading application provides a high degree of control over execution via a series of parameters such as slicing and concurrency. There is full support for bulk uploads and capacity to trade thousands of pairs concurrently. Within the application, there is also an alert management platform highlighting both price volatility and hung legs. Clients are able to specify the broker on a per leg basis.

TORA makes key US sales appointment

In June TORA announced the appointment of Thomas Mullooly as its new Head of Sales, North America. He has oversight for all sales efforts throughout North America, prioritizing the further adoption of TORA's OEMS in this key market.

Reporting to TORA managing director Chris Jenkins, Mr. Mullooly brings more than 15 years of trading technology sales experience to his new role and joins TORA from TradingScreen where he was FX Sales Director. He also spent time at BidFX, EBS BrokerTec and foreign exchange aggregator FXall which is now part of Refinitiv.

"I am excited to be joining TORA which as an independent company can respond quickly to client needs. My goal is to make sure the North American market is aware of the value that TORA offers, and to ensure we are part of every meaningful conversation people are having about adopting an institutional trading workflow solution," Mr. Mullooly said.

State of the art new dashboard

Users of the TORA OEMS now have access to a new enhanced dashboard. The enhancement allows the system to support an array of third-party analytical widgets including economic calendars, forecasts, earnings, news and research.

This systems will allow users, for example, to view research and trade on a particular stock in one simple and unified view. When the user switches between orders, the dashboard tab is then automatically updated with the relevant information correlated to that order.

Additionally, TORA OEMS users now have access to call time and sales data in their main trading view showing a detailed account of trading activity for a particular security. This will enhance the user's ability to conduct real time technical analysis on their orders and ultimately improve trade decisions.

Enhanced access to pricing information

Traders looking for easier access to information for the purposes of guiding best-value order destinations during the trading process, will be happy to read about a new update to the TORA OEMS platform. With the introduction of a trades blotter inline order execution chart, our clients now have a birds-eye view over execution data across multiple venues. This tool clearly shows what percentage of an order was executed across each liquidity venue, along with the performance of the execution, giving users the power to make more informed decisions. For equities, these trading venues can include algo strategies or broker dark pools. Being able to see prices in dark pools for example, allows traders to direct more or less volume into these pools, depending on price.

While this information was available previously on the TORA OEMS, users no longer need to drill down or double-click, and instead use the trades blotter inline order execution chart for a quick view on the quality of their execution.

Robert Dykes
Chief Executive Officer

Gerritt Van Wingerden
Managing Director

Chris Jenkins
Managing Director

For more information, contact us at **info@tora.com**