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Electronic Trading

SmartTrade Adds LiquidityDistributor to Trading Platform

ORDER ROUTING SPECIALIST SmartTrade Technologies has added LiquidityDistributor to its Liquidity Management System (LMS), a fifth element of the platform that allows users to create custom distribution strategies for market data, price spreading and trading limits management.

LiquidityDistributor was developed by smartTrade together with a large, European foreign exchange client and follows the evolution of the company's LMS since its inception in 1999.



David Vincent, CTO and Co-Founder

According to smartTrade co-founder and chief technology officer David Vincent, "We started with the idea that financial organisations are in themselves pools of liquidity and then moved on to build the platform."

The first element of LMS was LiquidityCrosser, a scalable matching engine that can be used internally or for crossing orders. This was followed by LiquidityAggregator, which combines liquidity from internal and external sources within a single order book, LiquidityOrchestrator, which allows traders to define rules for smart order routing, aggregation and matching, and LiquidityConnect, which provides connectivity to various liquidity sources.

"LiquidityDistributor is a natural extension to the smartTrade platform," says Harry Gozlan, founder and CEO of smartTrade. "Customers can create very complex patterns for their quotes, liquidity stacks, spreads and limits to fan out to their clients over any mes-

saging infrastructure, delivering a higher level of client servicing at a very low level of latency."

Addressing the issues posed by different types of client groups – predominantly retail, corporate and institutional – each with different requirements, he adds: "SmartTrade customers have the ability to choose the combination of how they want their market data distributed, including full market data, incremental and conflated snapshots. LiquidityDistributor is a proven solution for individual asset classes including FX, fixed income and equities, and is a natural solution for a cross-asset trading infrastructure."

SmartTrade says it is straightforward to integrate LiquidityDistributor with the LMS trading platform and notes that multiple software modules can be plugged together to support data distribution to an unlimited number of users.

As well as the FX trader client involved in the initial development, a Tier 1 fixed income client in the US is using the software on beta test before it becomes widely available towards the end of June.

The company expects all of its 17 clients – including CA Cheuvreux, HSBC, Dexia Group, Caisse National des Caisses d'Epargne and Daiwa Capital Markets, a recent and first addition in Asia – to implement LiquidityDistributor over time, although they do not all use the company's complete product set, with most deploying individual ele-



Harry Gozlan, CEO and Founder

ments of the trading system. "Customers are showing great interest. The distribution element provides great value add for the platform," says Vincent.

While smartTrade declares no direct vendor competition and perceives most market interest in its software coming from organisations that have traditionally built in-house, it does claim to be unique in its provision of a 'state aware' platform and in its approach to intellectual property rights (IPR).

Margaret Bailey, vice president of business development, says: "Our 'state-aware' platform means users know the state of order at all times, for example, whether they are filled, partially filled, what venue they are on and whether a venue is up or down. This is important as users have a better chance of filling their orders or sending flow to another venue if they know the exact state of the orders. Other vendor platforms emulate state awareness, but have not been designed to be state aware at the core."

In terms of IPR, smartTrade has designed LMS components to enable clients to use their IPR by programming in their own rules, perhaps defining matching engine or smart order router rules at a granular level. "Offering clients the ability to keep IPR private plus the 'state aware' design of our platform is a powerful value proposition," says Bailey.



Margaret Bailey, VP Business Development

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