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Quod Smart Order Routing (SOR)

In the modern market, executions require an Adaptive Smart Order Router.

The role of the SOR is to successfully execute a chosen strategy, achieving more than just best price. In a highly fragmented and fast/dynamic marketplace, the Adaptive Smart Order Router is a crucial component of each execution. Its role is to successfully execute a chosen strategy, achieving more than just best price. For more details please see Automated Trading and Algorithmic Trading.

Role of the Smart Order Router

This tool enables you to seek liquidity - it is the last interface between your trading and the market. Having selected a strategy (which can be as granular as for a single order) triggered by a client, an algo machine or a trader, the SOR leverages multiple behaviours (Lit/Dark/Systematic Internalisers for liquid and illiquid instruments) and uses up to tens of parameters to fine-tune the execution decision- making and manage execution risk. For more details please see Algorithmic Trading.

Example Variables / Configurations

- Price
- Cost
- Broker /venues preferences (and forbidden venues)
- Hit Ratios
- Volatility
- Probability of execution
- Latencies
- Venue limits (for FX)

- Position (for derivatives)
 - Last Look aware
 - Liquidity hunting (for ghost liquidity)
 - Level of Market Depth
 - Rejection Rates
 - Market Impact
 - Transaction Costs
 - Internalisation (executing simultaneously on internal and public)
-

Best Execution, Compliance & Strategic Execution

Quod Best Execution provides powerful Best Execution reporting to give specific details on every step of the execution decision process. This includes market conditions at the time of the event, a decision-by-decision breakdown and an attached benchmark to measure execution performance. This provides essential tools for regulatory compliance as well as crucial information to clients and traders.

For execution performance and profitability, it is the data and the intelligence to continuously review your execution strategies, using in-depth analysis such as the venues performance, or the cost of trading (or spread capture). The same data is reused by the algorithms in order to continuously improve performance.

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Modern and Exceptional Algo Platform

- Multi-asset SOR: Equities, Derivatives and FX, with asset-class specific implementation to manage liquidity, order/quoting types, and phase management (auction to continuous trading).
- Orders are held away from the markets and can be placed or modified without revealing any strategies or patterns to individual venues. Different rounds of liquidity seeking (e.g. Aggressive phase followed by passive phase).
- Fast decisions ensure the best possible outcomes.[Combines strategies together (including Quod Algos or Broker Algos) to evolve execution during the lifecycle of an order.
- Provides a supervision front-end to manage exceptions (i.e. Rejects, abnormal orders etc); a self-administration front-end to manage the SOR algorithms, and immediate availability to the SOR algorithm.
- Prevents over-executions and run-away algorithms: offers different levels of risk management to prevent over-fills, as well as multi-level and global Kill switch and Circuit breakers to manage run-away algorithms (as increasingly demanded by regulators).

- Internalises client order flow through internal market making and seeks out non-transparent liquidity.

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