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A Deeper Analysis of Data around Speed is becoming Critical to Efficient Market Participation, Says TABB Group

NEW YORK & LONDON, September 15, 2016 – The importance placed on speed is universal throughout capital markets. On one side, firms are investing in speed to provide liquidity, capture opportunity and manage risk, while on the other side, platforms are investing in speed bumps and new order types to normalize speed advantages. According to TABB Group research, "[Speed II: Have We Reached a Tipping Point?](#)" both camps are also boosting their investment in analytics to aggregate, normalize, and analyze opportunities and execution efficiency, making information about speed increasingly more important than speed itself.

TABB's study reviews the concept of speed, latency, and time to provide fresh insight into how to think about trading in an increasingly speed and time/latency-dependent world. New market models and shifting structures are making this data more complicated, interrelated and crucial for market participants to understand. As report author and TABB CEO [Larry Tabb](#) details, the impact of speed on our financial markets is constant given that the increasing price for performance of technology means that data can be analyzed more quickly, prices can be managed more closely and hedging strategies can be implemented more accurately.

The research explains that as speed differs depending on the product, technology, market, connectivity and message volume, nothing is universally consistent and everything must be continually measured. This opens up the door to what Tabb calls "Speed II," which revolves around understanding the dynamics, timeliness, measurability, auditability and transparency of speed and latency.

"Speed, or the lack of it, is a competitive weapon," says Tabb. "The leveraging of speed changes the nature of the market maker, pricing, size, and liquidity traded on a platform. Firms need to be able to understand the nature of each trading venue and its value proposition – is it fast or slow, intentional or unintentional – to gear their liquidity sourcing strategies appropriately."

TABB illustrates that speed is not only relevant to traders. Investors and regulators will also need to keep pace as it becomes not only important to be fast, but also to understand and have transparency into all of the aspects of where speed is essential to your business. Though a number of initiatives have been proposed to reduce the impact of speed, such as speedbumps, time-delayed order times and auction models, TABB believes that unless all markets synchronize around one model, it will be necessary to have knowledge about all of these various initiatives.

"Regardless of new order types and speedbump models, speed will only continue to rise in importance in trading as available data and devices creating new data will grow. The ability to capture and convert this data into actionable trading information will be key for profitable investment and trading strategies," concludes Tabb.

The 18-page, 9-exhibit report is now available for download by TABB financial technology clients, as well as pre-qualified media at <https://research.tabbgroup.com/search/grid>. For more information or to purchase the report, contact info@tabbgroup.com.

About TABB Group

TABB Group is the international research and consulting firm focused exclusively on capital markets, founded on the interview-based research methodology developed by Larry Tabb. Since 2003, TABB Group has been helping business leaders gain a truer understanding of financial markets issues to develop actionable roadmaps and approaches to future growth. By accurately assessing their customer base, competition, and key market opportunities, TABB Group works with senior industry leaders to make critical decisions about their business. For more information, visit www.tabbgroup.com.

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