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Plato Partnership and LiquidMetrix Research to co-operate to assess block trade performance

Plato Partnership Limited (“Plato Partnership”), a not-for-profit company bringing creative solutions and efficiencies to today’s equity marketplace, today announces its intention to enter into a cooperation agreement with LiquidMetrix, the best execution specialists and an operating division of Strategic Insight (SI). Under this new partnership, the two companies will research, design and implement a stronger methodology for assessing block trade performance

Through this cooperation, Plato will work with the LiquidMetrix research & development team to jointly design and implement a consistent framework for assessing block trade performance. This will enable firms to assess the execution quality achieved by block trading both in absolute and relative terms between different block venues versus other execution options.

MiFID II will have a significant impact on many aspects of trading in Europe. Limits on dark pool trading and the disappearance of current BCN models are likely to drive innovations in how and where trades are executed. RTS 28 requirements on sell sides and buy sides will focus attention on how effective firms are in sourcing liquidity and achieving best execution for their clients in this new landscape.

Mike Bellaro, Plato Partnership Co-Chair, commented:

“If block trading is to become more widely adopted we need a comprehensive and universally accepted framework for measuring block execution quality. This is exactly what we are looking to develop with LiquidMetrix. To date, traditional Transaction Cost Analysis has not done a good job in allowing such relative comparisons to be made. Block trading analysis requires careful risk adjusted measurement of performance to allow fair comparisons with algo trading. TCA often focusses mainly on what is completed, ignoring or side stepping opportunity costs.

“We are delighted to be working with Strategic Insight’s LiquidMetrix team to bring a solution to the market. This cooperation again demonstrates our commercial focus and ensuring that we are delivering significant utility for our members and the market as a whole.”

Nej Djelal, Plato Partnership Co-Chair, commented:

“An industry standard form of Transaction Cost Analysis has long been recognised as a key opportunity for the industry, but to date has been challenging to achieve. Plato Partnership’s unique positioning as a body that brings together the intelligence and guidance of both buy and sell sides, underpinned by our not-for-profit ethos, means we are well placed to spearhead the move towards TCA standardisation.

“In anticipation of the market’s likely shift towards trading in larger sizes following the implementation of MiFID II, the logical first step is to focus on block trading TCA. This exciting development will enable objective performance analysis of block trading versus alternative approaches, as well as lay the foundation for further TCA standardization.”

Paul Squires, Plato Partnership Member, commented:

“There are a number of areas - including increased standardisation for reporting optimisation - where we want to see significant benefits brought to the market in delivering the regulatory expectations of MiFID II. Ensuring we get ahead of the curve to provide the market with solutions that will drive genuine utility is absolutely central to Plato Partnership’s values, and this cooperation is another example of this strategic approach.”

Sabine Toulson, LiquidMetrix Co-founder, Strategic Insight, commented:

“The LiquidMetrix mission is to provide leading edge analytics for all of the financial services industry including the buy-side, sell-side and trading venues. As regulatory and technological innovations continue to drive changes in market structure, the financial community must continue to adapt in order to provide meaningful best execution reporting.

“Block trading appears to be re-emerging as an increasingly viable trading option. At the same time, MiFID II requirements specify the need to justify the different execution strategies and policies used by a firm. There is a clear need for a new generation of meaningful block trading metrics that demonstrate execution quality for the industry. Strategic Insight is pleased to have the privilege of collaborating with the Plato Partnership, and in using LiquidMetrix experts to develop a modern platform that the entire industry can use for effective measurement of block execution quality.”

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Notes to Editors

About Plato Partnership Limited

Plato Partnership Limited (“Plato Partnership”), a not-for-profit company representing the buy and sell-side, has come together with a vision of bringing creative solutions and efficiencies to today’s equity marketplace. The group’s key aims are to reduce trading costs, simplify market structure, and to act as a champion for end investors.

Central to this vision is Plato Partnership’s Market Innovator (MI3); a research fund which will sponsor academic research and analysis that will identify ever better ways of executing trades, as well as lowering the cost and improving the quality of the broad range of processes required to support the execution lifecycle.

Plato Partnership will work with industry partners to achieve its goals and objectives, and put its research findings into practice.

Members of Plato Partnership include Axa Investment Managers, Ballie Gifford, BlackRock, Deutsche Asset Management, Fidelity International, Franklin Templeton Investments, J.P. Morgan, Norges Bank Investment Management, Union Investment, Barclays, Bank of America Merrill Lynch, Citi, Deutsche Bank, Goldman Sachs, Morgan Stanley, and UBS.

Plato Partners include BBVA Asset Management, Capital International Ltd, part of the Capital Group, Commerzbank AG, Instinet Europe Ltd, Jefferies, Legal & General Investment Management, Macquarie Group, RBC Capital Markets, Rosenblatt Securities, Standard Life Investments Limited, and T. Rowe Price.

For more information, please visit www.platopartnership.com or @PlatoMarkets.

About Strategic Insight and LiquidMetrix

The LiquidMetrix solution from Strategic Insight delivers trade execution, quality analysis and market abuse detection services to Tier 1 banks, brokers, asset managers, exchanges and trading venues. The LiquidMetrix suite of services offers trading firms an independent assessment of best execution, transaction cost analysis and pre-trade cost prediction across fragmented global securities markets. Combined with a surveillance service to detect market abuse and a counterparty profitability measure

to identify toxic flow on the other side of a trade, LiquidMetrix provides sell-side and buy-side clients with actionable intelligence to measure and improve trading performance.

For more information, please go to www.liquidmetrix.com

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