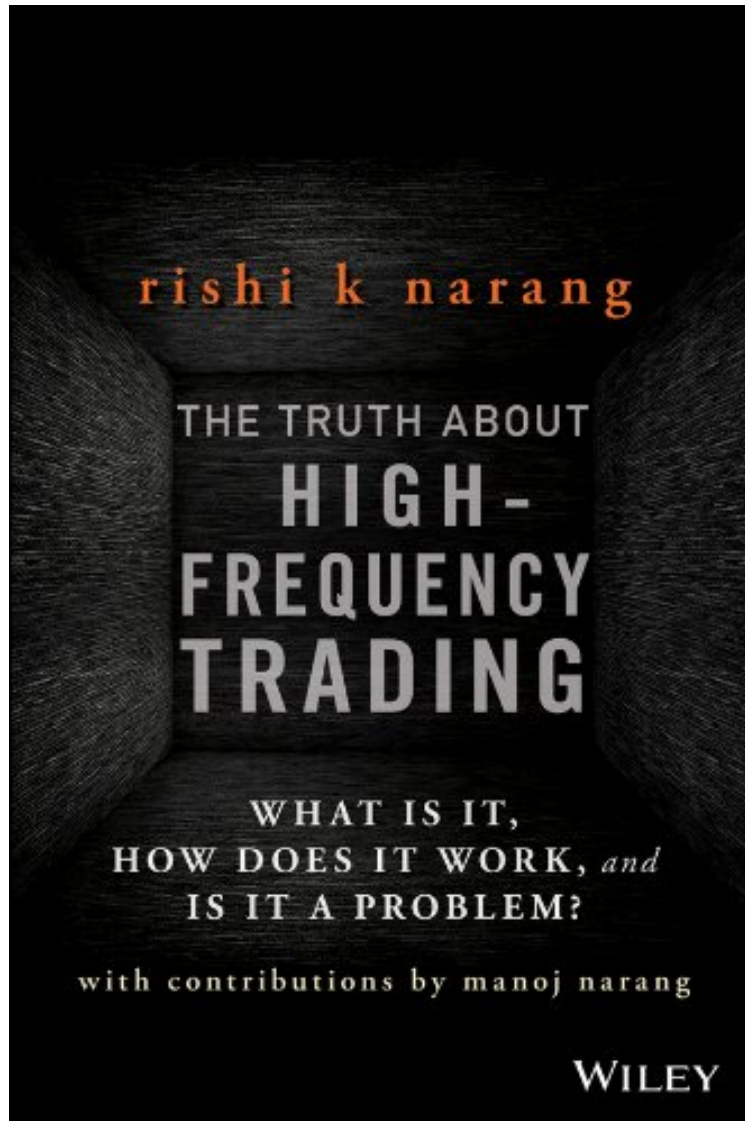


(Free) The Truth About High-Frequency Trading: What Is It, How Does It Work, and Is It a Problem?

The Truth About High-Frequency Trading: What Is It, How Does It Work, and Is It a Problem?

Rishi K. Narang

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Rishi K. Narang : The Truth About High-Frequency Trading: What Is It, How Does It Work, and Is It a Problem? before purchasing it in order to gage whether or not it would be worth my time, and all praised The Truth About High-Frequency Trading: What Is It, How Does It Work, and Is It a Problem?:

1 of 1 people found the following review helpful. Excellent and to the point explanationBy Karel VlokExcellent and to the point explanation. It certainly, if not changed, softened my opinion about HFT's and other new fangled market participants. Not that my opinion counts though.4 of 5 people found the following review helpful. Black Box) so was

glad to see a new title By C. Gray I'm a big fan of Narang's previous book (...Black Box) so was glad to see a new title. I went into this with expectations it would be not much more than a rant about the fallacies of Lewis' Flash Boys (which I enjoyed and found generally well researched). I was very impressed by the first 2/3rds of this title, which present a good primer on HFT and various market participants. I learned several things I did not know about order internalization (and I have a good base of knowledge). Well worth the read just for that. On the last 1/3, however, it met my expectations as a somewhat defensive rant. Maybe less defensive sounding than William O'Brien's tantrum on CNBC, but still defensive and weakly reasoned. For instance, he asserts that, because direct feeds can never see orders *before they occur* (that's a true statement...) that therefore it's not possible to front-run orders. He later discusses locked markets and Reg NMS but glosses past the basic problem that other market participants use consolidated SIP, including exchanges complying with best execution requirements. As a result it's possible to front-run everyone else. As an analogy, imagine you're watching the academy awards on 7 second delay and wagering with someone who has access to a feed with 3 second delay. They win every bet because they know info before you do, even if they can't see events before they happen. But I digress. Basically, read the book for an informative insider's view at the mechanics of HFT and, if you're looking for a defense of the industry, read the back 1/3. You should also read Haim Bodek (sp?) for a much more detailed presentation of facts that support a very different point of view.

The debate about high frequency trading (HFT) has been raging since around the beginning of 2010, after a couple of years of record profits in 2008 and 2009 were reported upon by the press with a generally negative tone. But, it was manageable. Regulators were making careful, but mostly correct moves to fix what needed fixing. Until it all came crashing down. With the release of Michael Lewis's latest best-seller, Flash Boys, potential progress was dramatically and possibly irrevocably set back. This e-only book will provide a close look at the topic of high frequency trading in its various aspects: what it is, how it's done, why it matters, and whether we should have concerns.