

Timeframe Trading Algorithms

Student Name: A.L. Gillies

Supervisor Name: M. R. Gadouleau

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LITERARY REVIEW

Books

Electronic and Algorithmic Trading Technology - The Complete Guide

By Kendall Kim

Started Reading - 30/09/2017

Finished Reading - 11/10/2017

- This book was found in Durham library using the search term "algorithmic trading".
- The first chapter is a fairly outdated history of algorithmic trading and goes through the terms that will be used in the book. It also goes through how algorithmic trading was used in the late 2000s, namely to break up large buy or sell orders so as to reduce the effect that this has on the valuation of the stock.
- The second chapter comes from the point of view of a manager that covers all aspects of a trade. Pre-trade, the trade itself, and post trade. The signing of contracts and other such requirements. There is also discussion of data speed. This chapter is more around the theory and execution of the environment around the algorithms, it also touches on the shift of usage of brokers from over the phone to more through online.
- Chapter three covers the adoption and growth of algorithmic trading. Hedge funds especially have pushed this forwards.
- Chapter four, the repeal of Rule 390 and the consolidation of stock exchanges is discussed. The consolidation has a basis in speeding up technology and business development. With the repeal of rule 390 being a key factor in the acceleration of this.
- Chapter five, very useful in real life, we only implemented paper portfolio logic. TWAP and AWAP are considered.
- Chapter six, goes through offloading shares using an algorithm, very little black box trading is mentioned besides newsflow algorithms which have developed significantly since this book was written.
- Chapter seven, details about the move from broker controlled markets to direct market access, nothing useful besides history.
- Chapter eight, details data management, the idea that a peak will be reached where data cannot be accessed faster and then accuracy will become the main focus.
- Chapter nine, execution costs, how to minimise them, how to measure them and algorithms to minimise them.
- Chapter ten, what companies are doing to reduce transaction cost. Not applicable
- Chapter eleven, where algorithms would be most effective "currently" and a few types of systems that are used. May be useful later.

- Chapter twelve, a lot of talk about regulation.
- Chapter thirteen, should a company buy or build algorithms to access the market? Arguments for both sides. Not applicable.
- Chapter fourteen, structure of hedge funds and what a prime brokerage market would result in.
- The rest of the book is an outdated look at the current solutions that are available and the benefits and drawbacks of all of them. As well as a definition list, might be useful at some point.

Statistical Arbitrage - Algorithmic Trading Insights and Techniques

By Andrew Pole

Started Reading - 11/10/2017

Finished Reading - /10/2017

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Papers