



# Algorithmic Architecture

Performant Architecture in  
Evolving Regulatory Environments

Jamie Allsop

# DSP background with a PhD in **adaptive framework design**

focused on **C++** & standards work



passionate about **agile**



fiddle with python **pypi/cuppa** for Scons



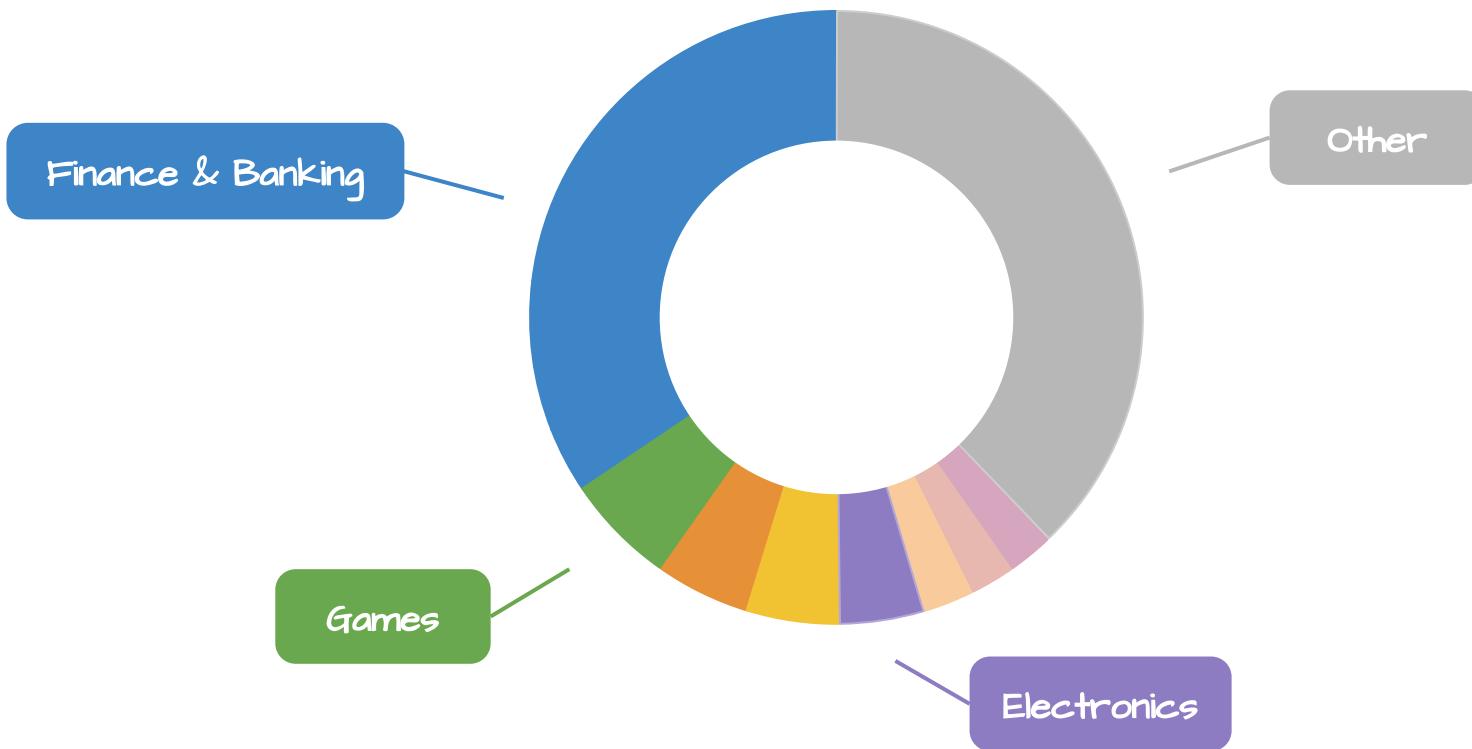
ended up at



now director at

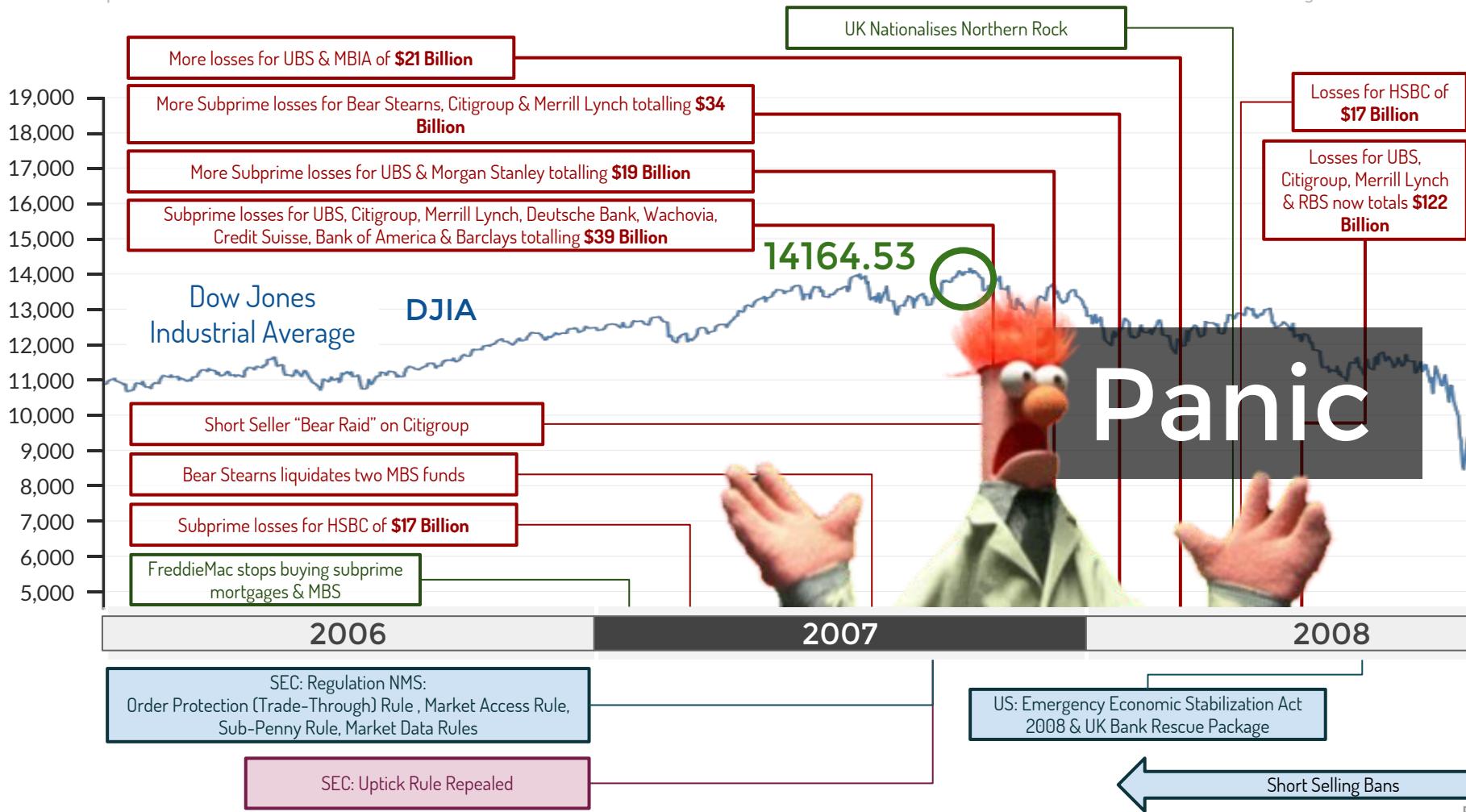


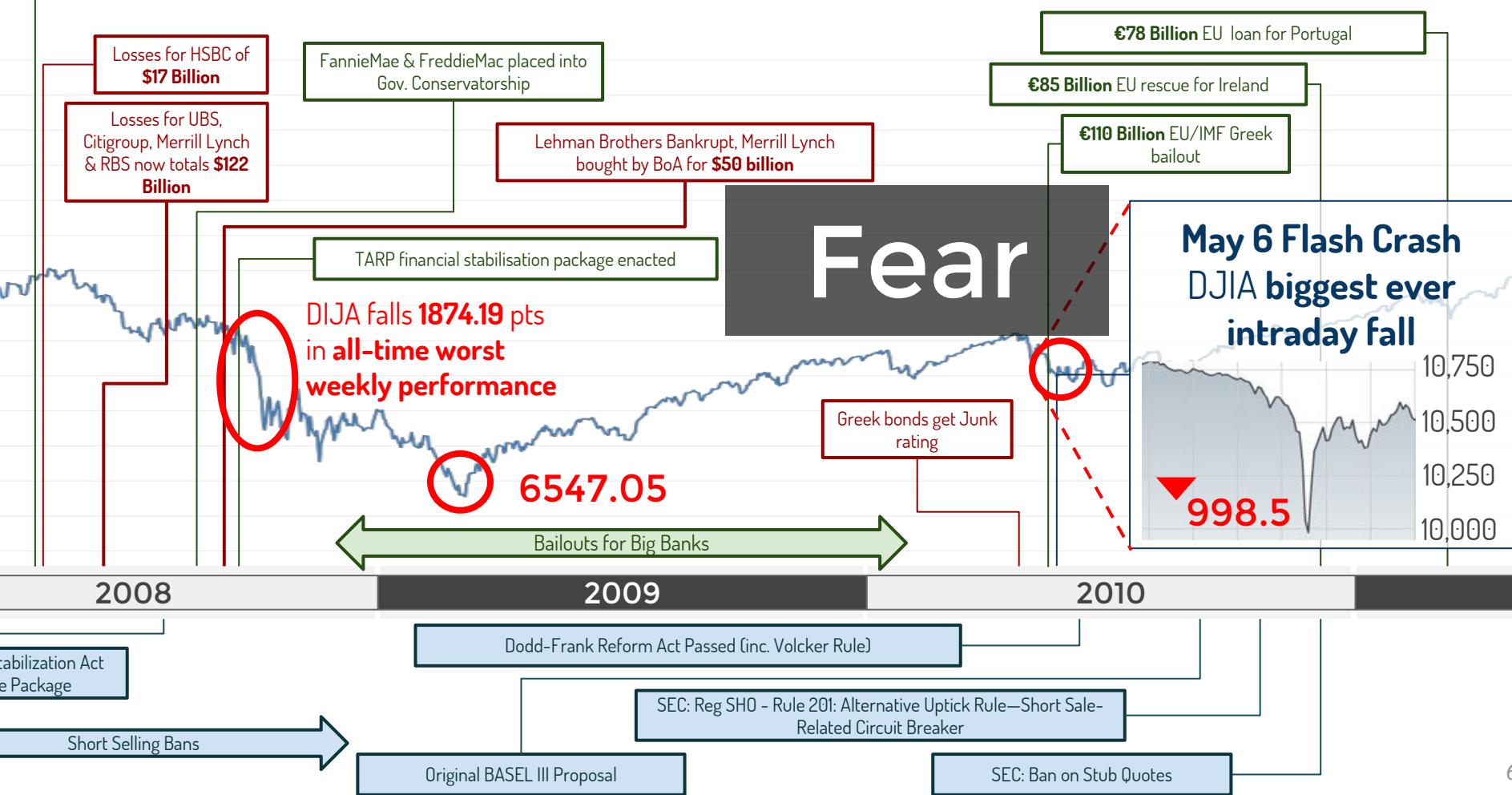
# Context (C++)

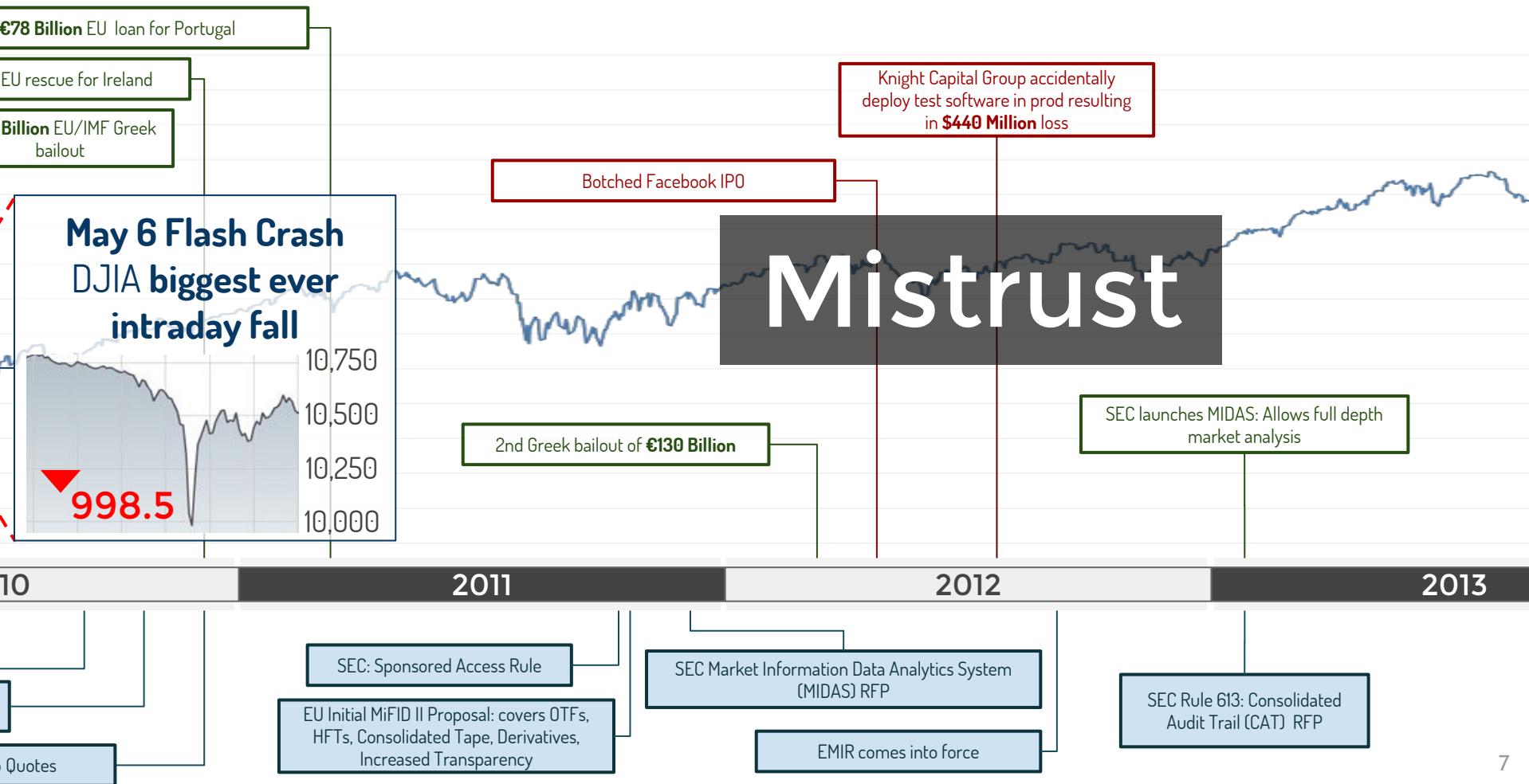


Source: <http://blog.jetbrains.com/clion/2015/09/cpp-annotated-summer-edition/>

- regulations and change
- problems, people and software
- architecture and performance

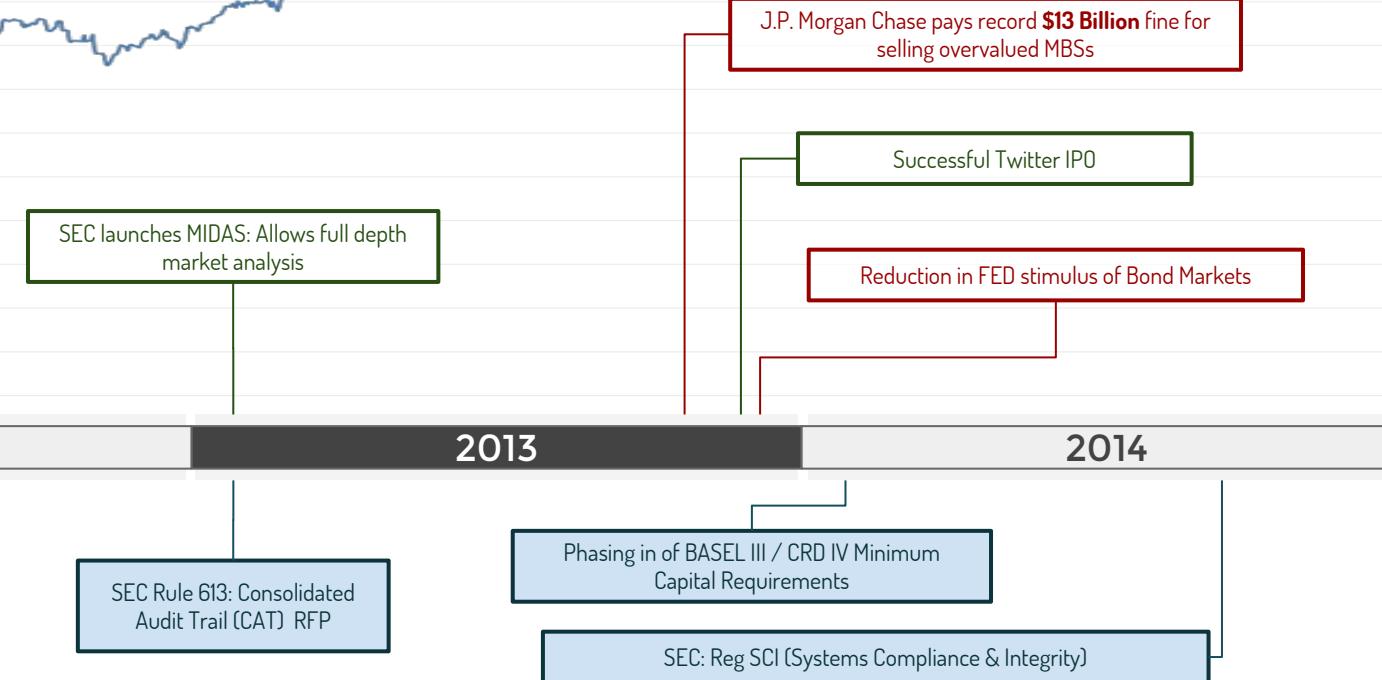






# Uncertainty

dentally  
d resulting  
ss



“Too Big to Fail Banks”

Market Volatility

Insufficient Oversight

Unpopular Gov. Bailouts

Mistrust of Technology

Evolving  
Regulatory  
Landscape

Regulations are currently seen as  
the best way to protect the  
markets and their participants  
from themselves

# But Regulations are a Moving Target



Regulations Change

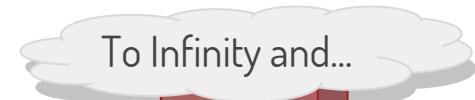
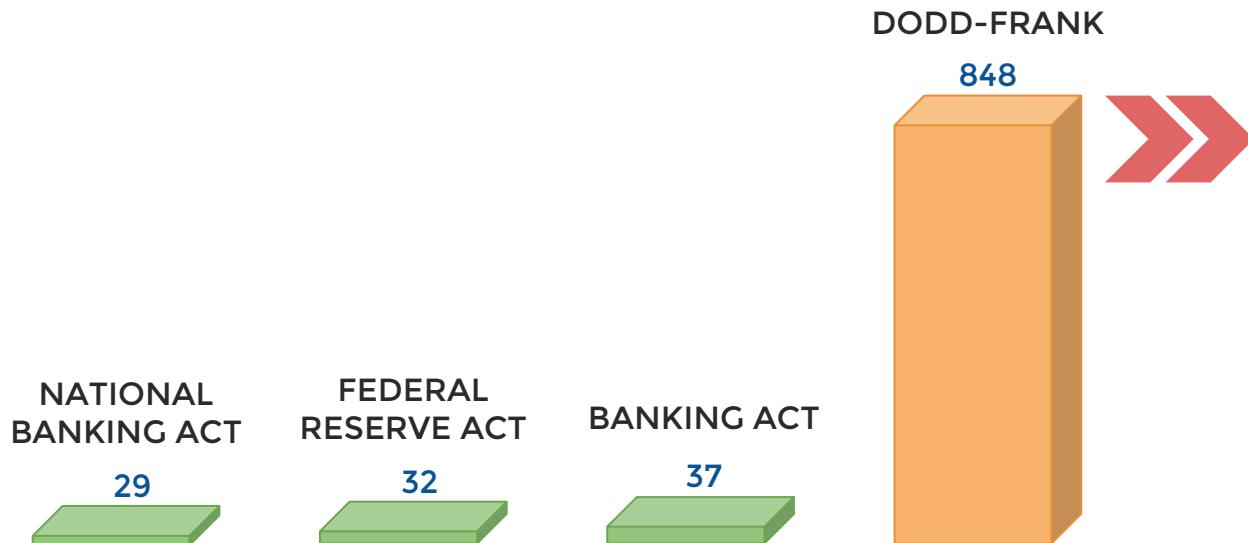
for many reasons but ultimately they change

\*stuff\* happens and regulations are often seen as the answer

regulations create loop-holes that need plugged

regulations create industries that themselves need regulated

# Explosive Growth in Regulatory Burden



# There are often Hard Constraints

minimum throughput?

availability?

disaster recovery?

average latency?



worst case latency?

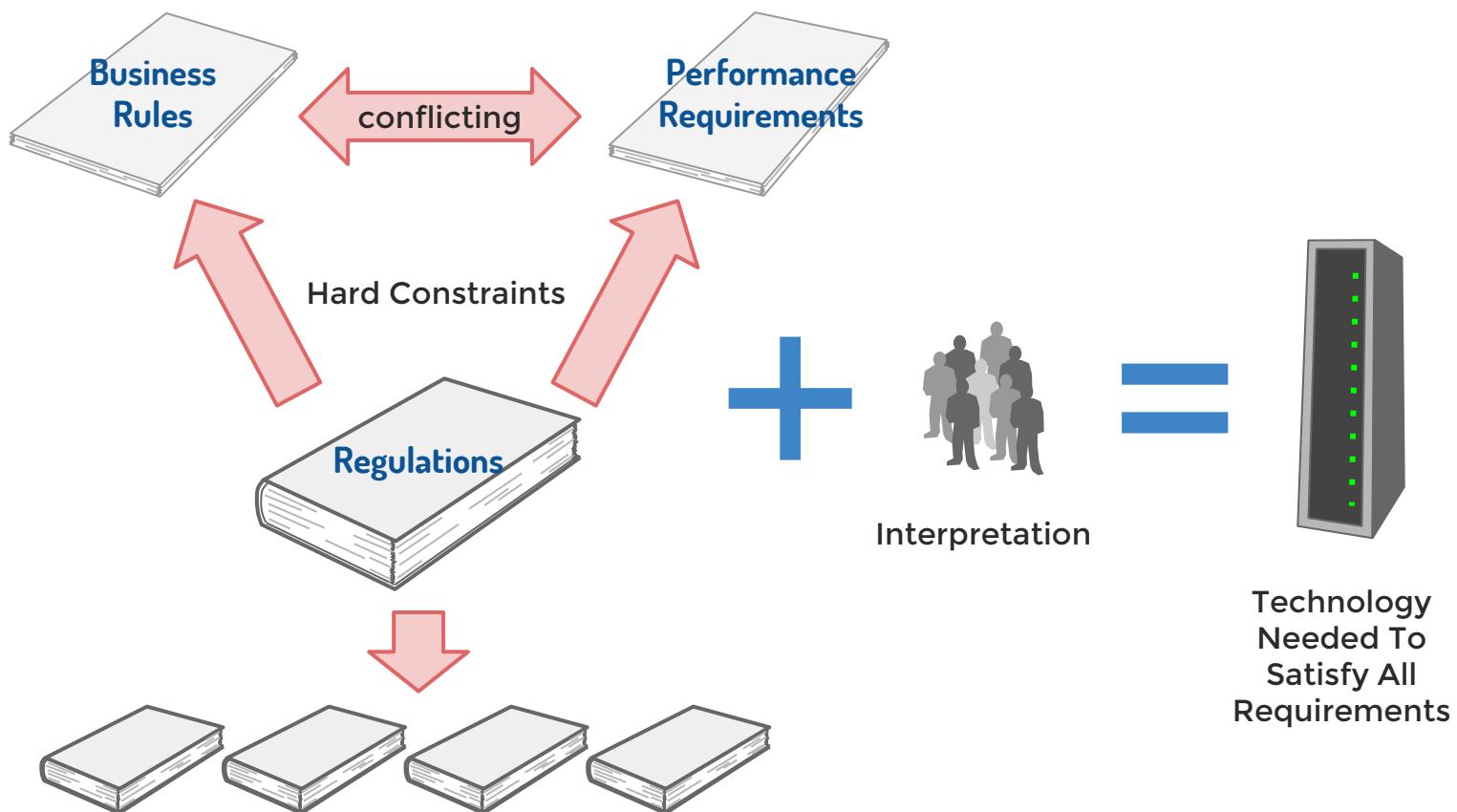
proof of compliance?

audit trails?

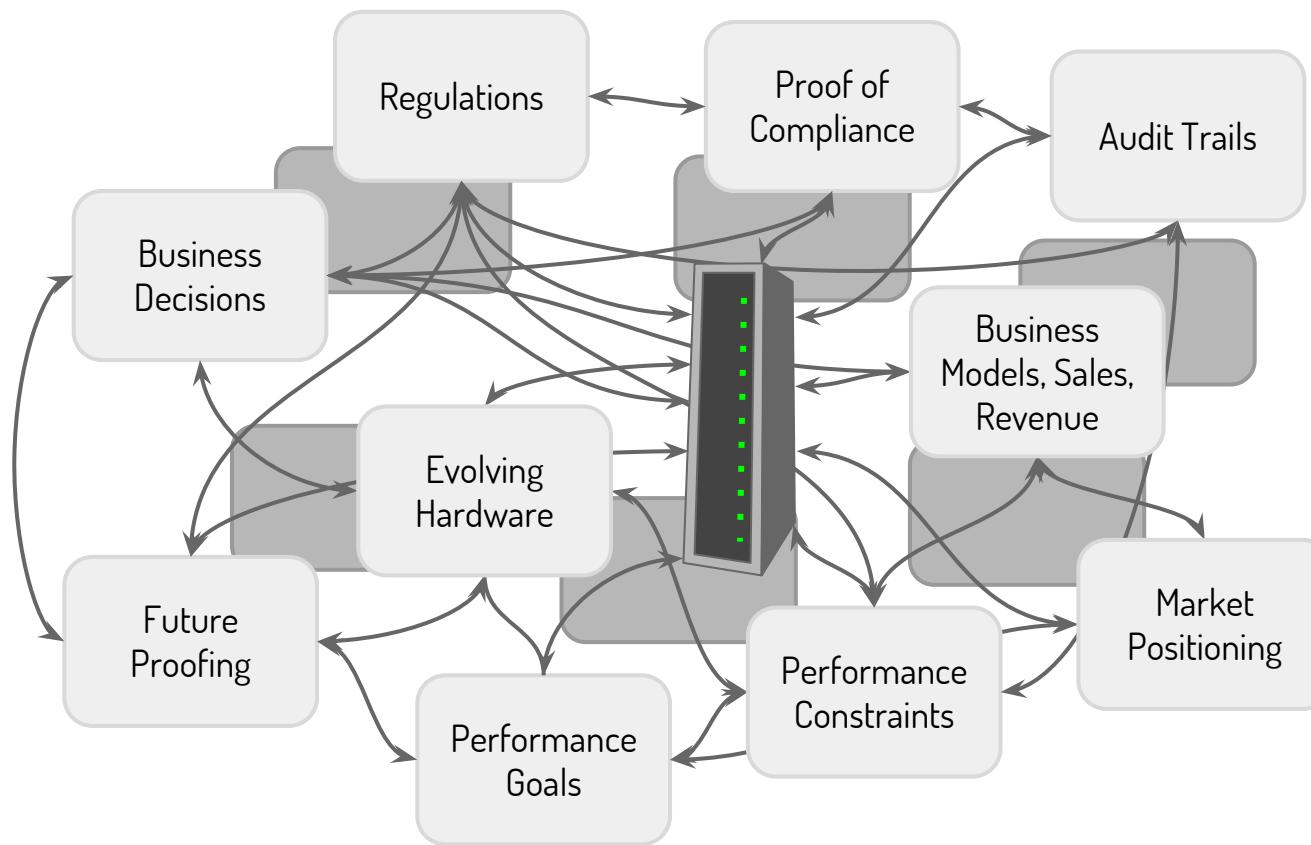
accuracy of data capture?

many constraints driven by regulations

# Let's simplify this...



# Addressing Difficult Problems



*“We fail more often because we solve the wrong problem than because we get the wrong solution to the right problem”*

— Ackoff 1974

## How can we classify problems?

Rittel & Webber 1973, Ackoff 1974, Roth & Senge 1996, Hancock 2004, Ritchey 2013

# Tame Problems

- may be simple or highly complex
- definitive stopping point
- consensus on how to proceed



- can be broken down into parts and solved
- solutions can be determined to be successful ...or not



# Messes

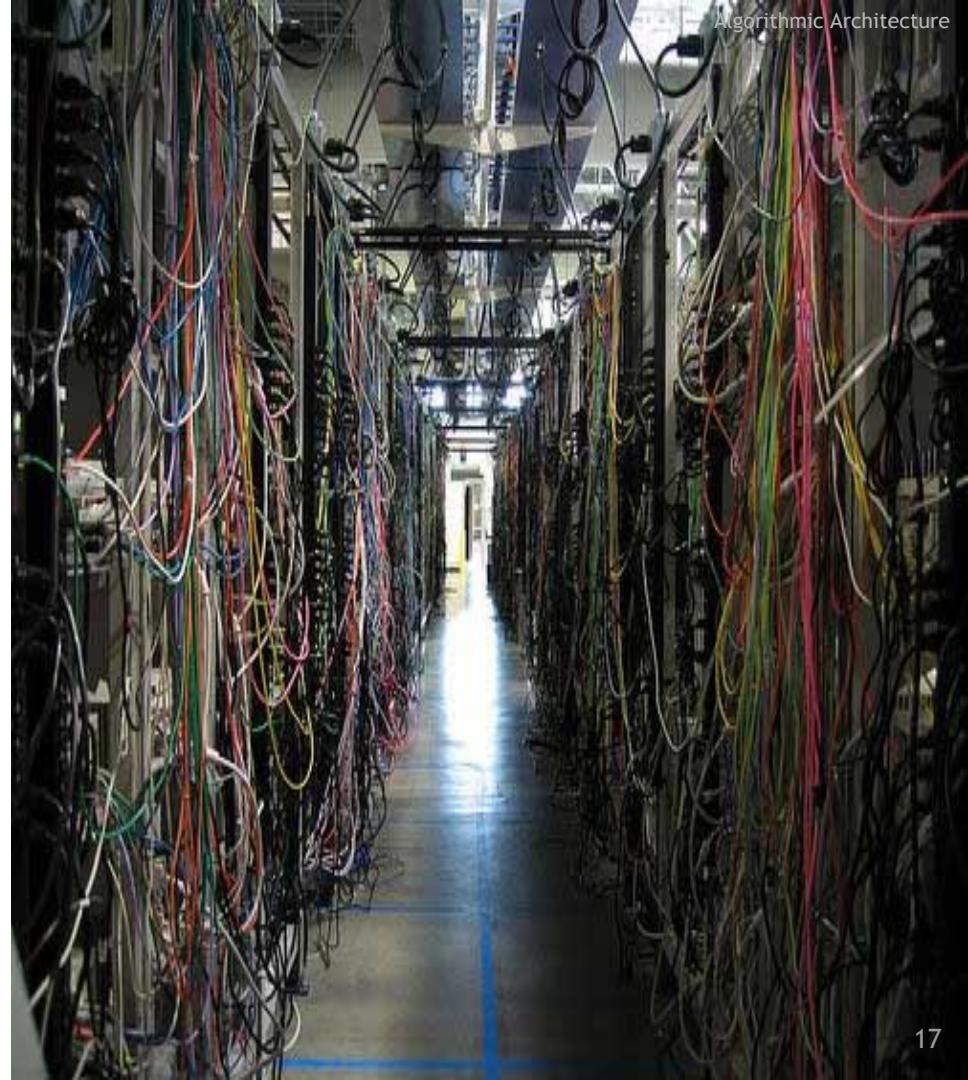
Organised complexity

- clusters of interrelated or interdependent problems

Systems of problems

- problems that cannot be solved in relative isolation from one another

Messes are puzzles – we don't solve them instead we **resolve their complexities**



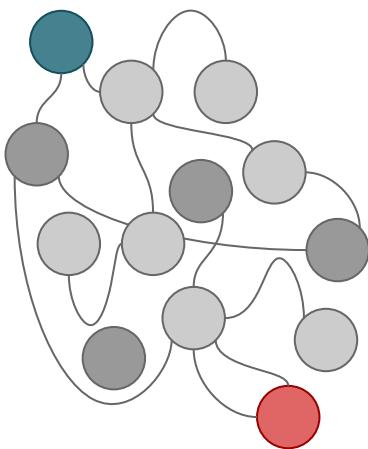
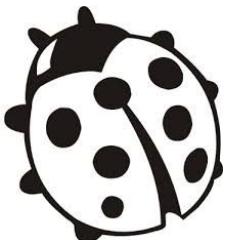
# Messes are... a Mess

- :( not sufficient to just break the system into parts and fix components
- :~ instead look for **patterns** of interactions between parts
- :(! beware of identifying a mess as a tame problem—the evolving mess can be even more difficult to deal with
- :(! **interactive complexity**—what can go wrong?
- :(! **coupling**—the degree to which we cannot stop an impending disaster once it starts

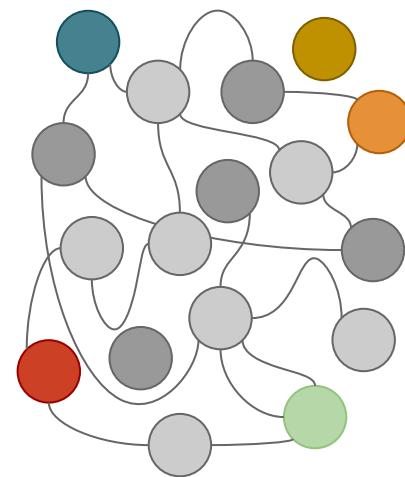


# coupling...

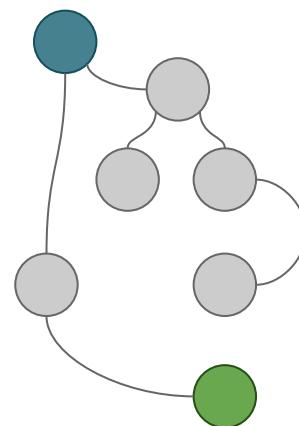




Bugfixing?



Refactoring?



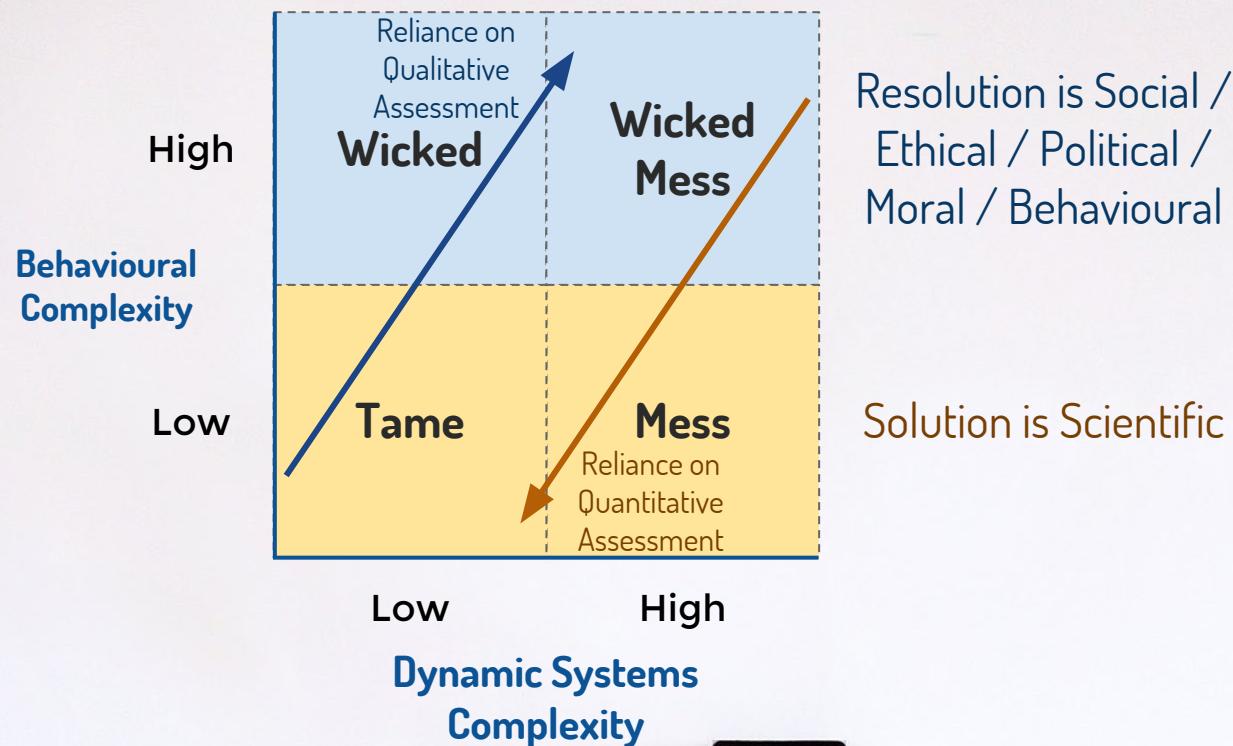
- \* Conflicting **social** ethics and beliefs
- \* Smart, informed people **disagree**
- \* **Divergent** problems with no promise of a solution
- \* **Evolving** set of **Interlocking** Issues and Constraints
- \* Constraints **change over Time**
- \* Many Stakeholders



# Know your demons...

- 刻苦钻研 No definitive Problem == No definitive Solution
- 刻苦钻研 Cannot be solved by a Linear or “Waterfall” process
- 刻苦钻研 **Studying** followed by **Taming** does not work
- 刻苦钻研 No stopping rules
- 刻苦钻研 Finished when we **Exhaust Resources**
- 刻苦钻研 Solutions not Right or Wrong but **Better** or **Worse**
- 刻苦钻研 Poor choices create more Wicked Problems

# How we deal with problem complexity



Let's consider the question  
of Healthy Markets

## The markets involve people



## The markets involve systems



# Lots of People and Lots of Systems

## Characteristics of a Healthy Market?

Volatility?

Transparency?

High  
Behavioural  
Complexity

Data Access?

Liquidity?

What represents “good liquidity”?

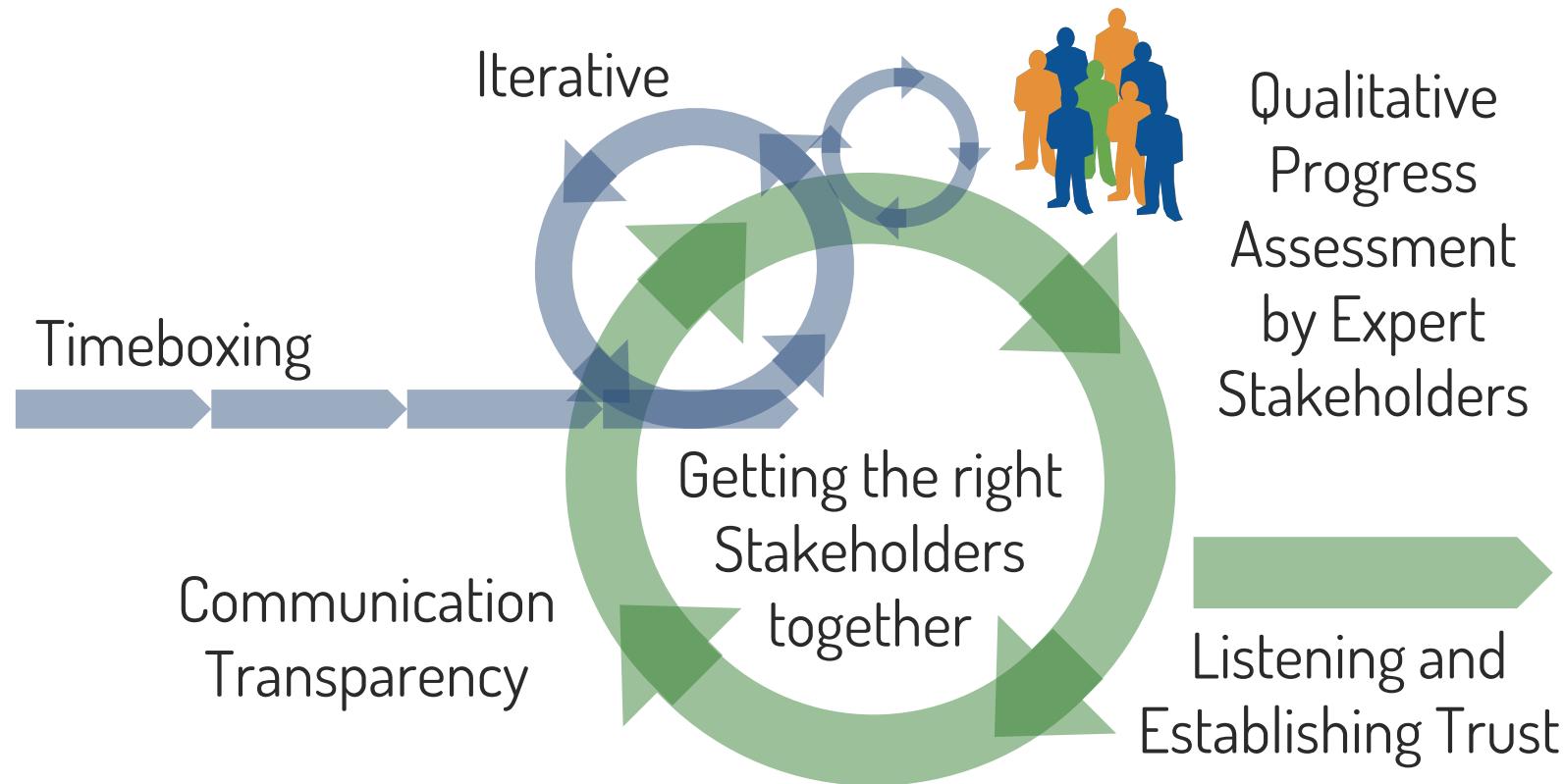
- Tighter Spreads?
- Order Book Depth?
- What about “phantom” Orders?

High  
Dynamic  
System  
Complexity

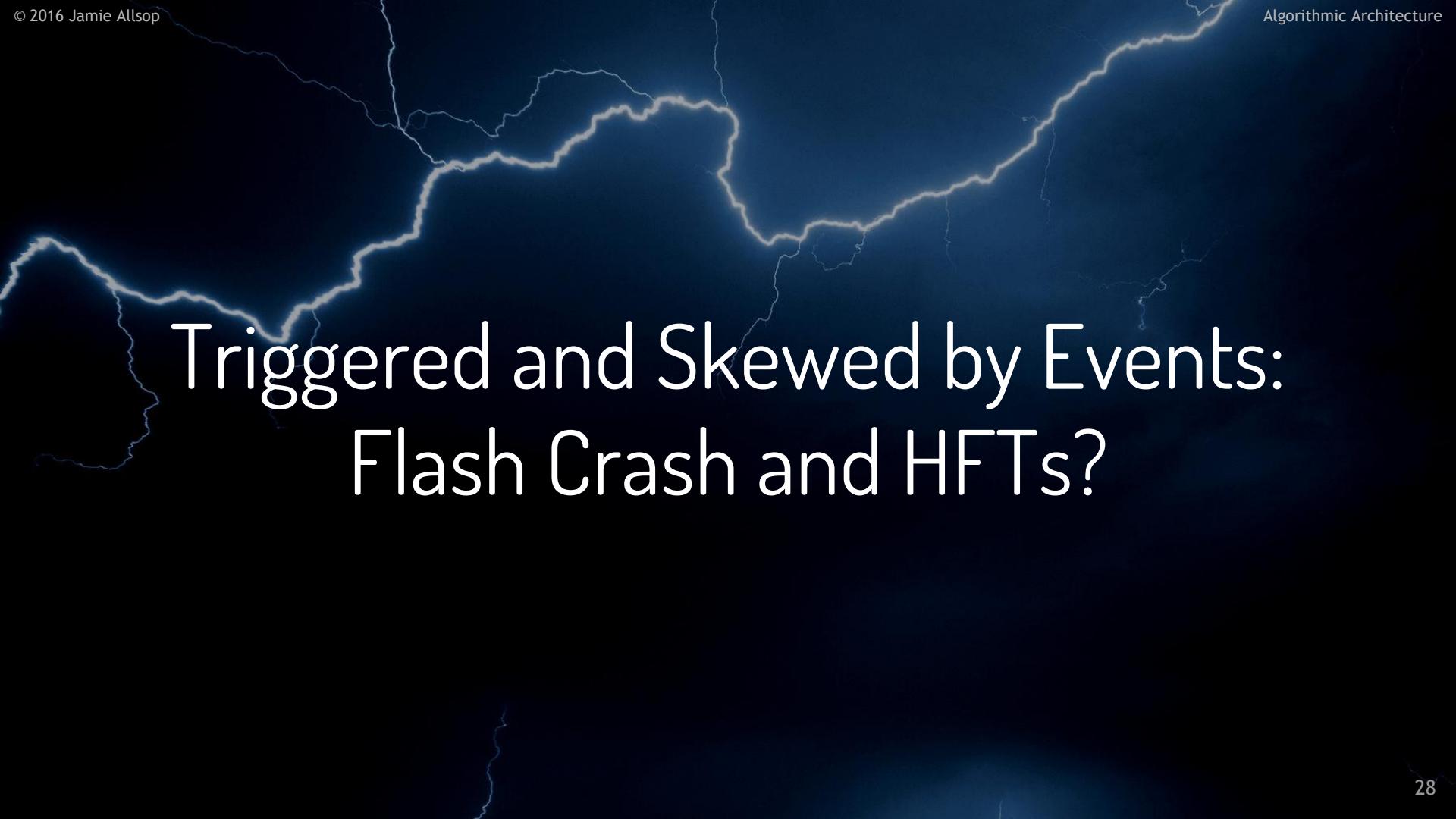
Wicked Mess

Regulations Developed to Promote Healthy Markets

# Approaches to Wicked Problems



**Regulatory Solutions are Too Slow to React Effectively**

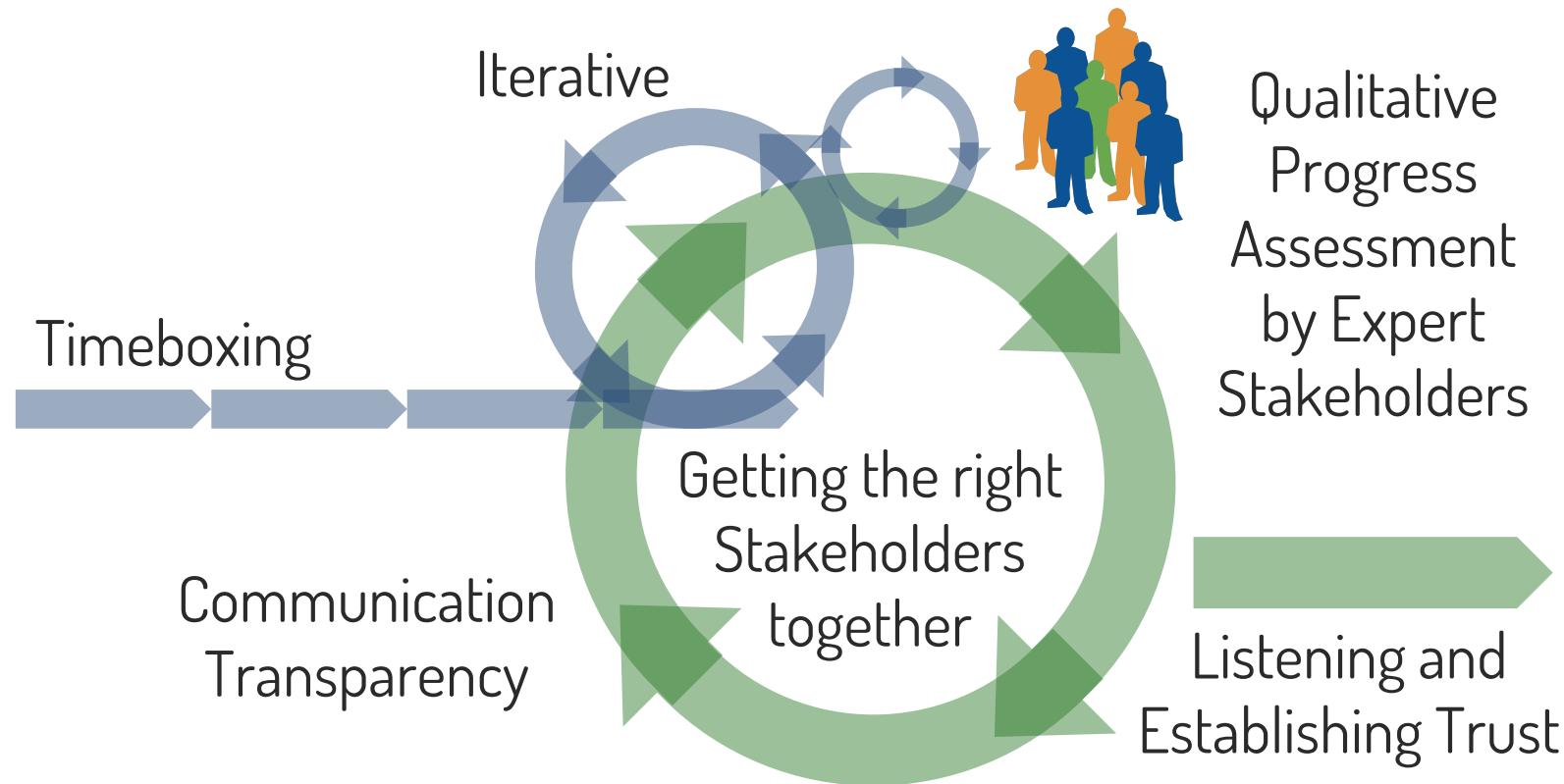


# Triggered and Skewed by Events: Flash Crash and HFTs?

# ACCEPTED WISDOM

## Boundaries for **qualitative assessment** by Expert Stakeholders

# Approaches to Wicked Problems



# Agile and We're Done?

Remember our focus is on  
Architecture in the context  
of Wicked Messes

# What do we mean by Architecture?

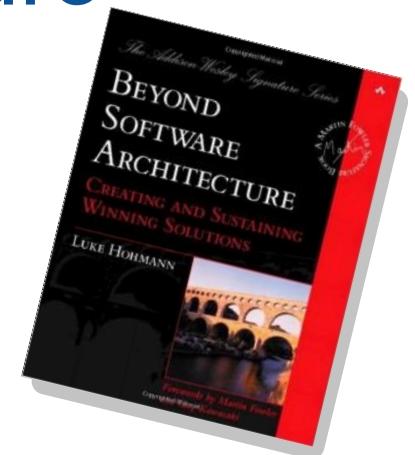
- The product of Design and Implementation - what you see when you step back and look at your system
- Encoded in the Architecture are the choices made and compromises reached



# Another view on Architecture

## Marketecture vs Tarchitecture?

Marketecture: Anything that is concerned with how revenue is generated for a product or how it is marketed as working, or how it is sold



Marketecture **impacts** Tarchitecture

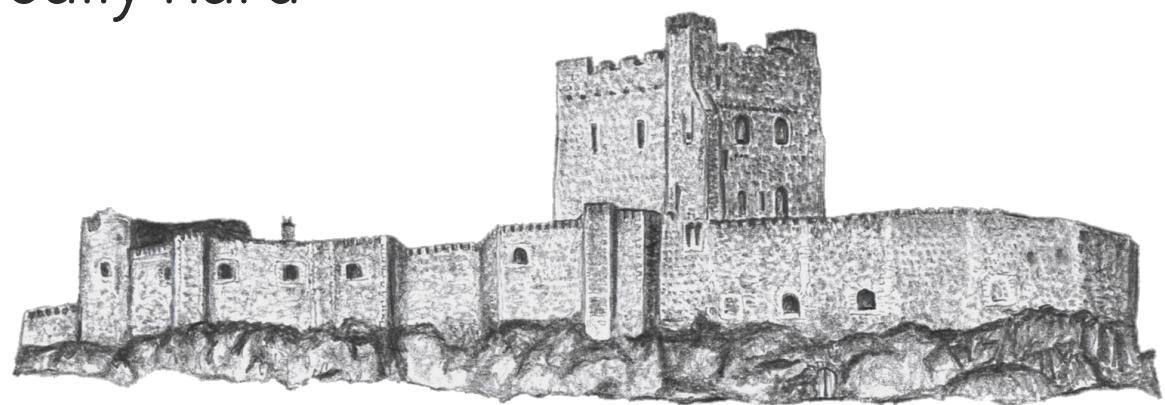
# Dangers in evolution

- :( Marketecture is often driven by decisions that have **no regard for the technical impact**
- :( Stakeholders change
- :( Goal posts move
- :( “Power **without** responsibility”
- :( Poor choices baked in early
- :( What’s most important?



# Architecture General Truths

- Is often an observed **sketch** of the system
- Actual architecture exists based on the **source code**
- Pinpointing which aspects contribute to any characteristic of the system can be difficult
- Changing it is usually hard



# Agile Architecture



Is Fragile  
Architecture?



Evolves to better  
Architecture?

- Hard choices early so later choices are easier
- Evolving to an appropriate architecture
- Deferring choices to last responsible moment
- Natural calcification along the way

Agile Architecture is a good  
starting point—evolving to  
an appropriate architecture  
Can we do better?

Let's look at a  
real world example  
as a starting point

Following the Flash Crash the SEC  
launched an investigation  
into the causes

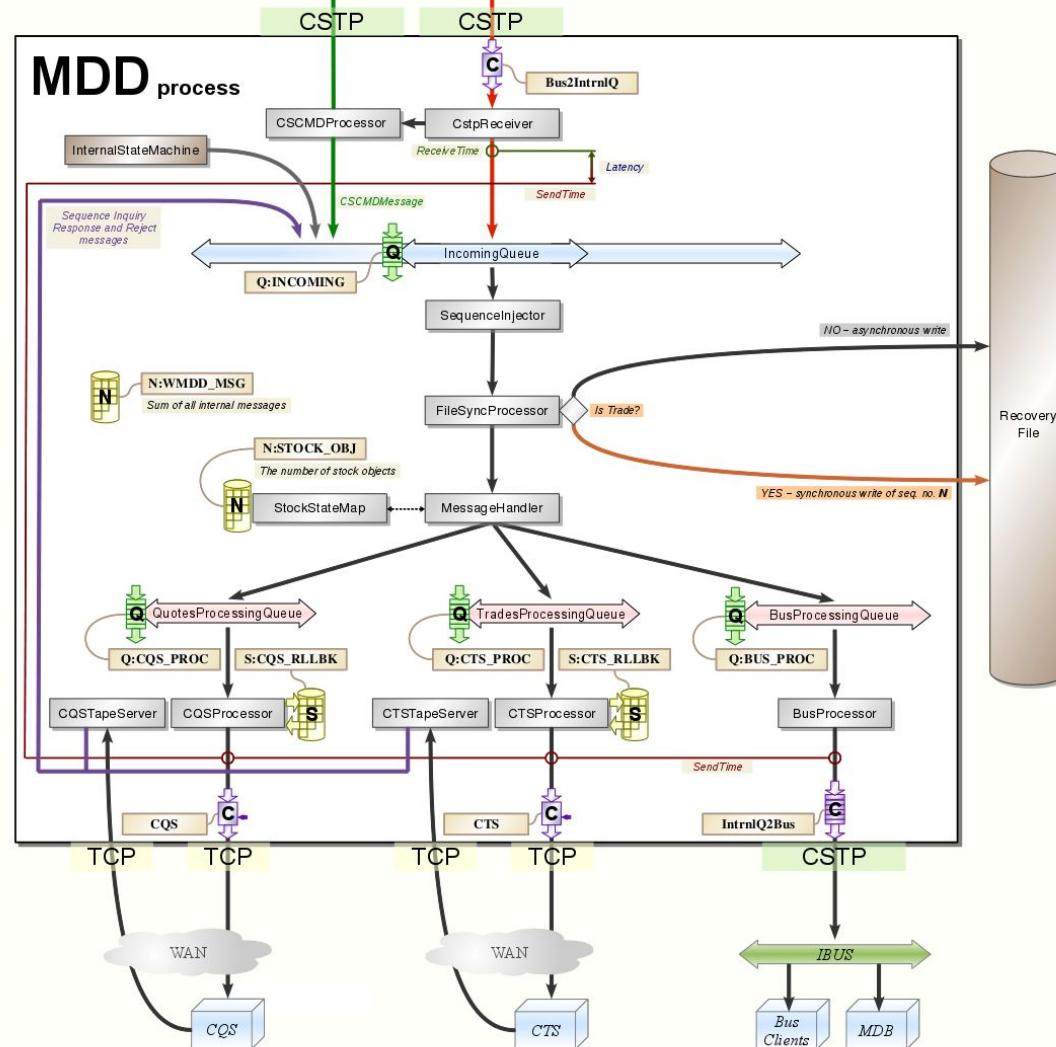


The SEC were presented with architectural  
overviews of how the systems involved  
behaved, and how they were evolved

Their focus was on  
Market Data Publication  
Slow and delayed quoting  
was experienced during the  
Flash Crash

1

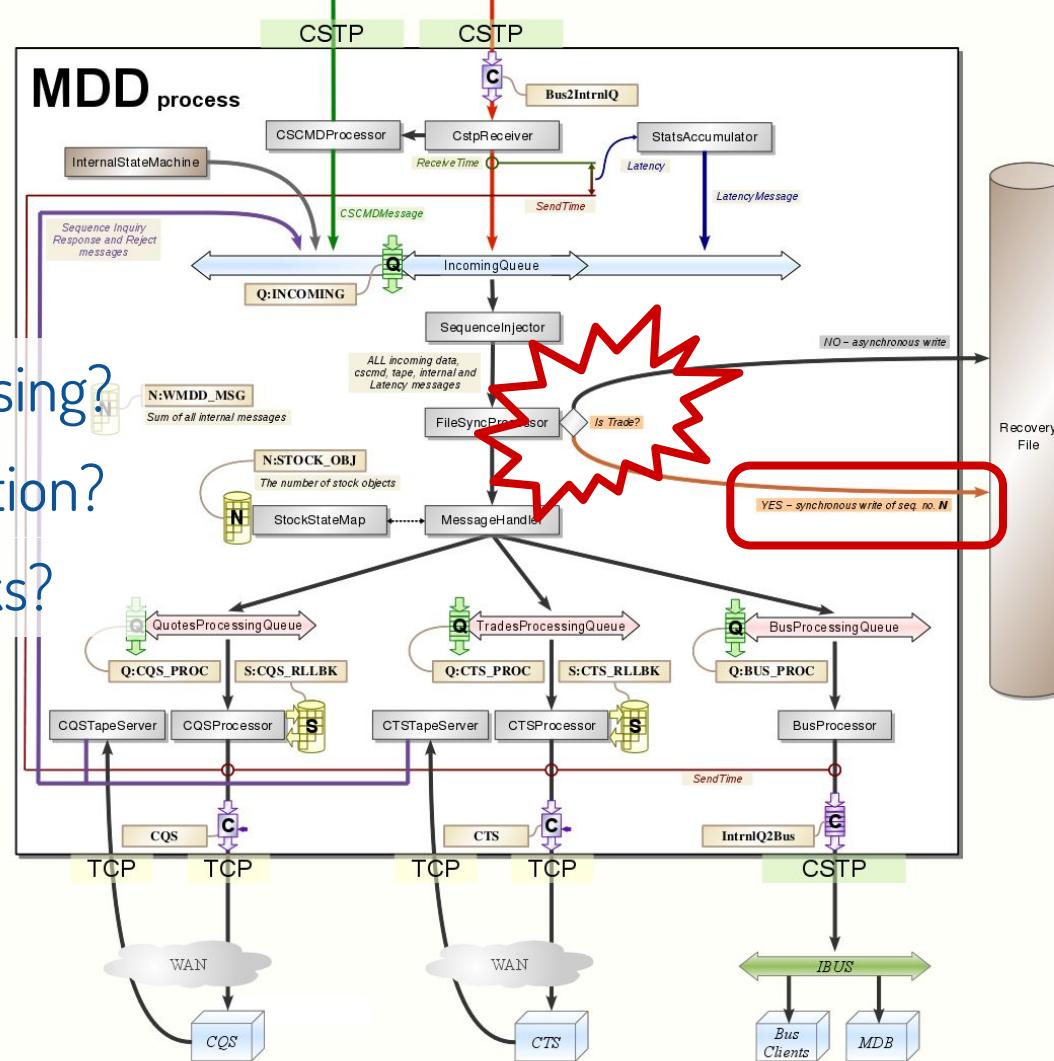
What can we tell from looking at this picture?

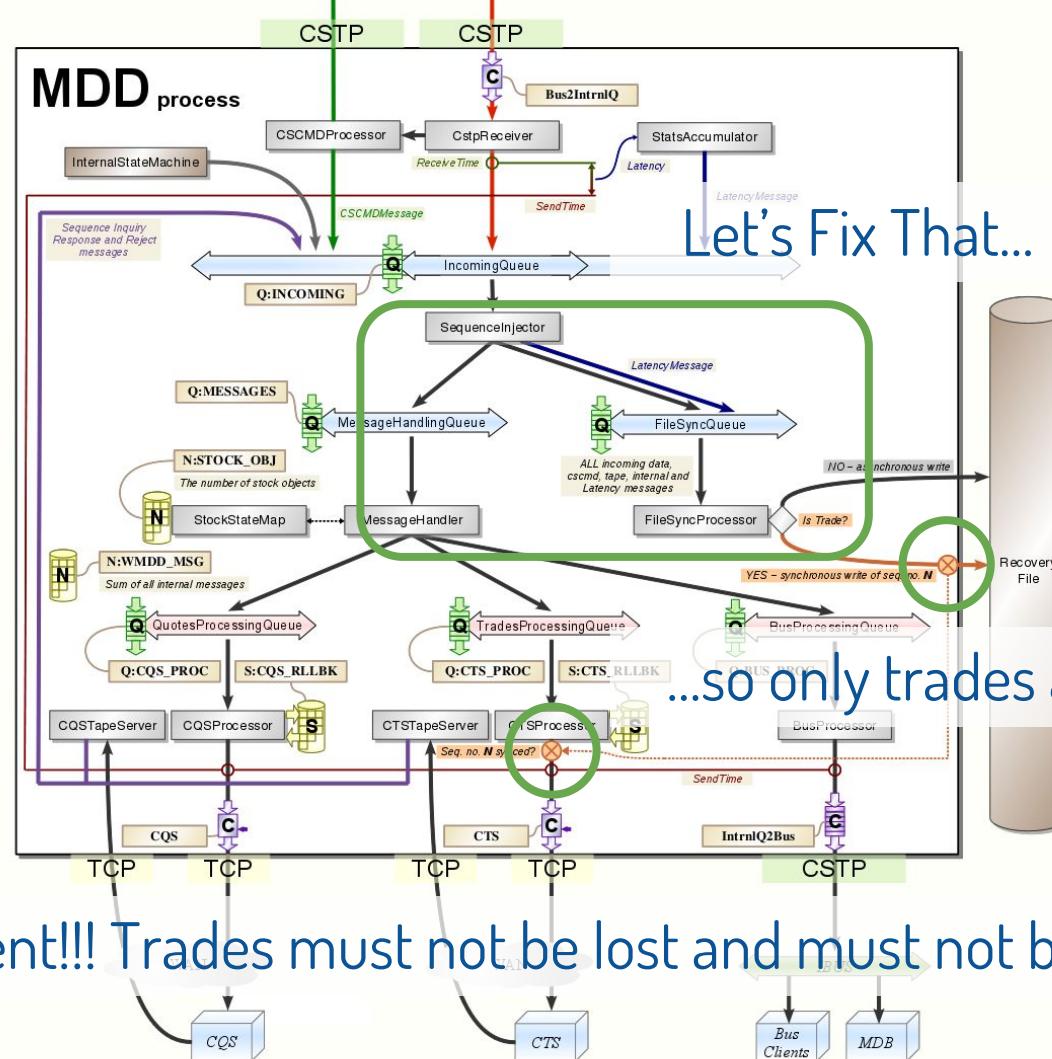


Data flow  
Networking  
Queuing  
Decisions  
Processors  
Data stores

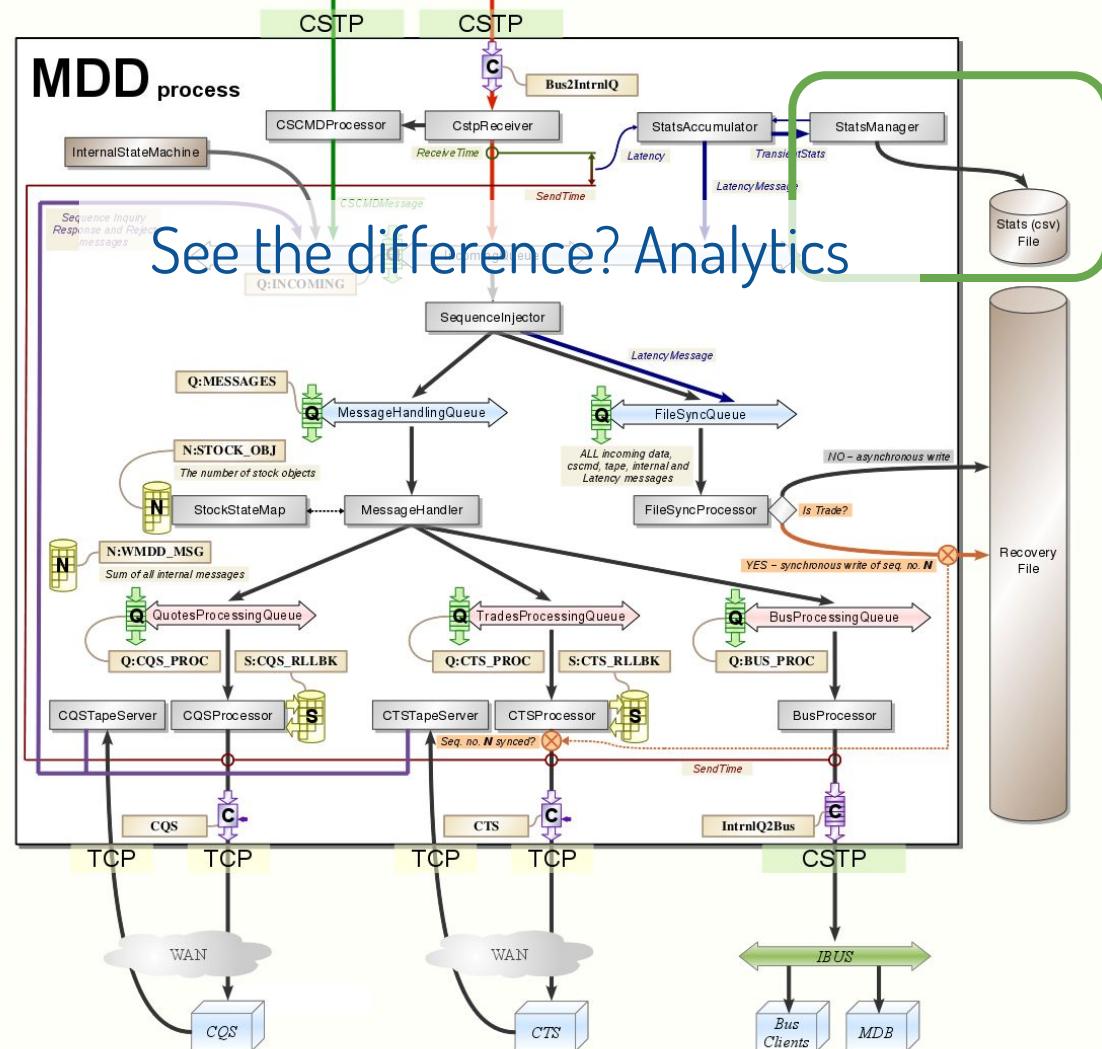
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Message Passing?  
Synchronisation?  
Bottlenecks?





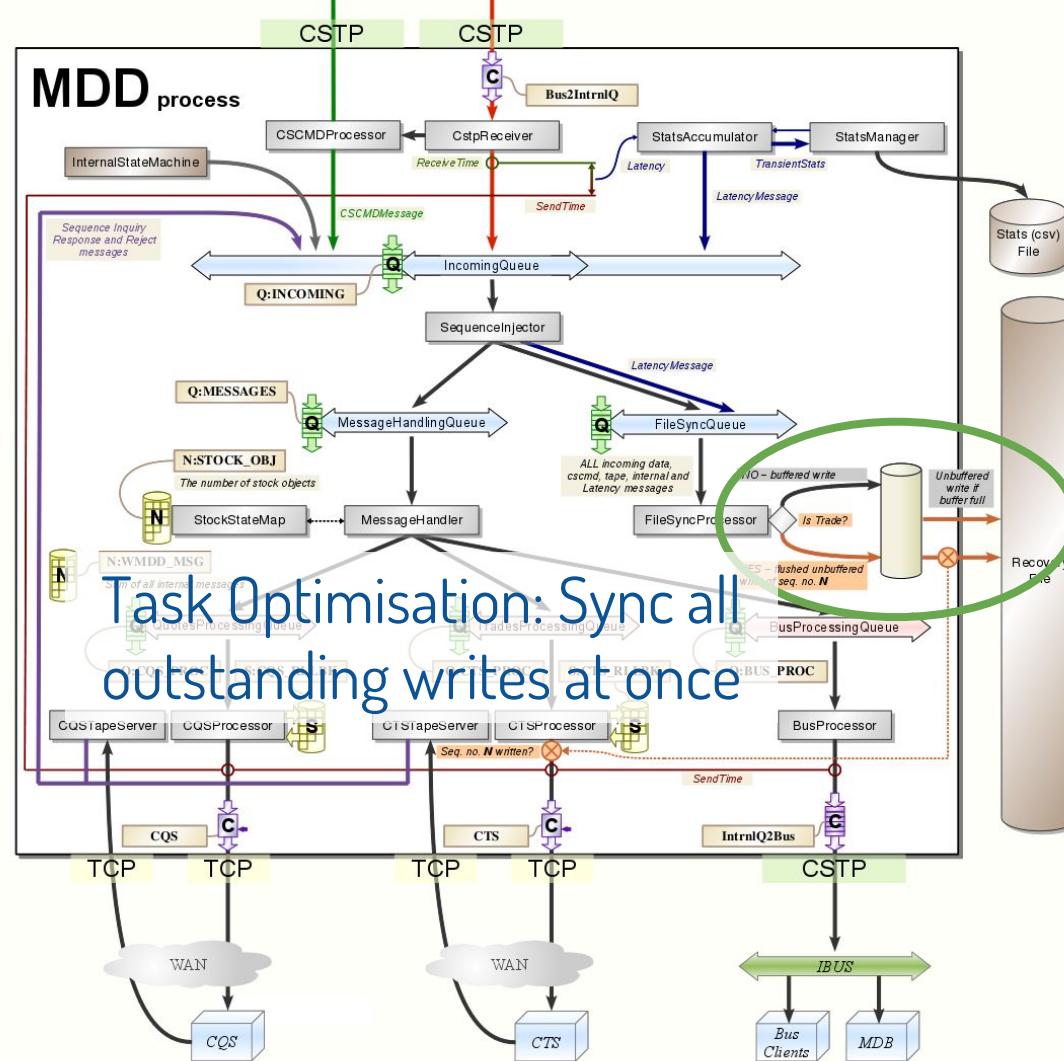
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4

See the difference? Analytics

5



There are a lot of things we  
**cannot** tell from looking at  
the diagrams

# What about...?

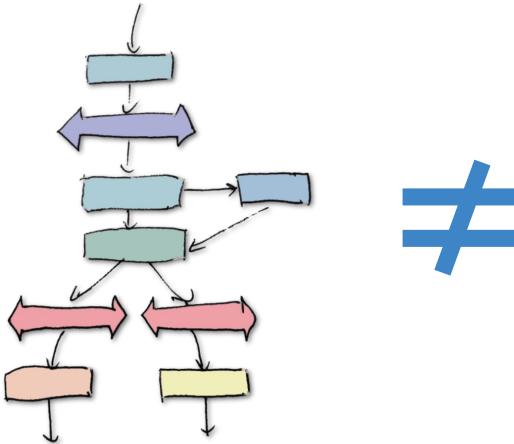
- How are stale quotes handled during a recovery?
- When and why are zero quotes published?
- Are the recovery requirements reasonable?
- Which version was in production at the time?
- Did the system behave correctly?
- Is there information to make that determination?
- How was memory managed?
- How many cores did deployment machines have?
- Details, details, details...

# Reasons why...?

- Risk Averse Business
- Correctness the highest priority, then performance
- Ultimate priority was performance
- Worst case performance requirements
- Architecture should evolve to improve performance
- There were 2 versions live in production

A Story...  
Not the Whole Story

# Nice diagrams typically do not reflect the reality of a code-base



A screenshot of a complex, multi-threaded code base, likely a Java application using a framework like Spring. The interface shows numerous overlapping windows, each displaying a different part of the code. The code is written in Java and includes annotations such as `@Service`, `@Controller`, and `@Repository`. The windows are filled with dense blocks of text, highlighting the complexity and divergence between what is visually represented in the diagram and the actual code structure.

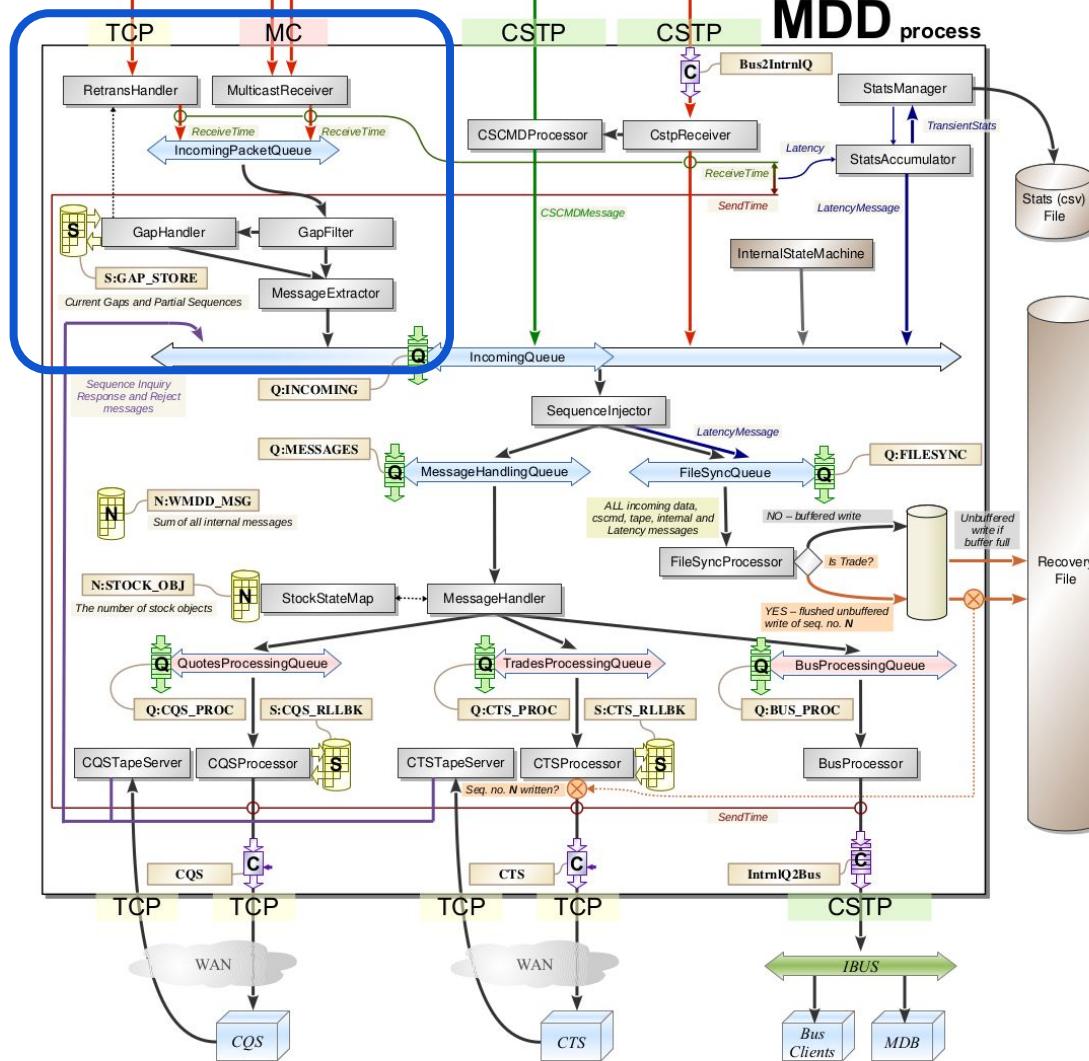
## It would be nice if it did

## Some things we can conclude

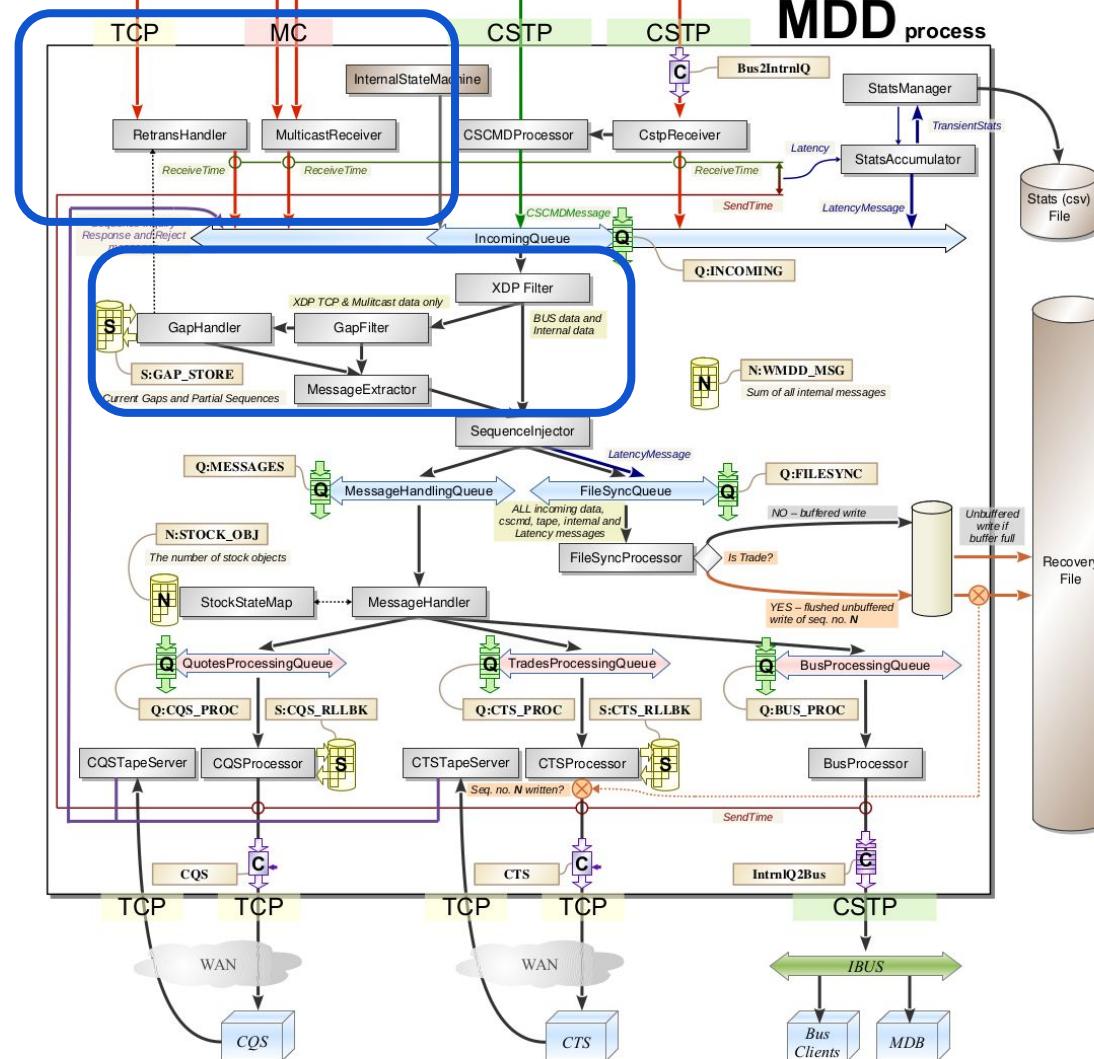
- Performance improved by doing the right thing
- Not by optimising existing behaviour
- Local optimisation only done when solution good enough

Let's look at some possible  
future systems that all do  
the same thing...

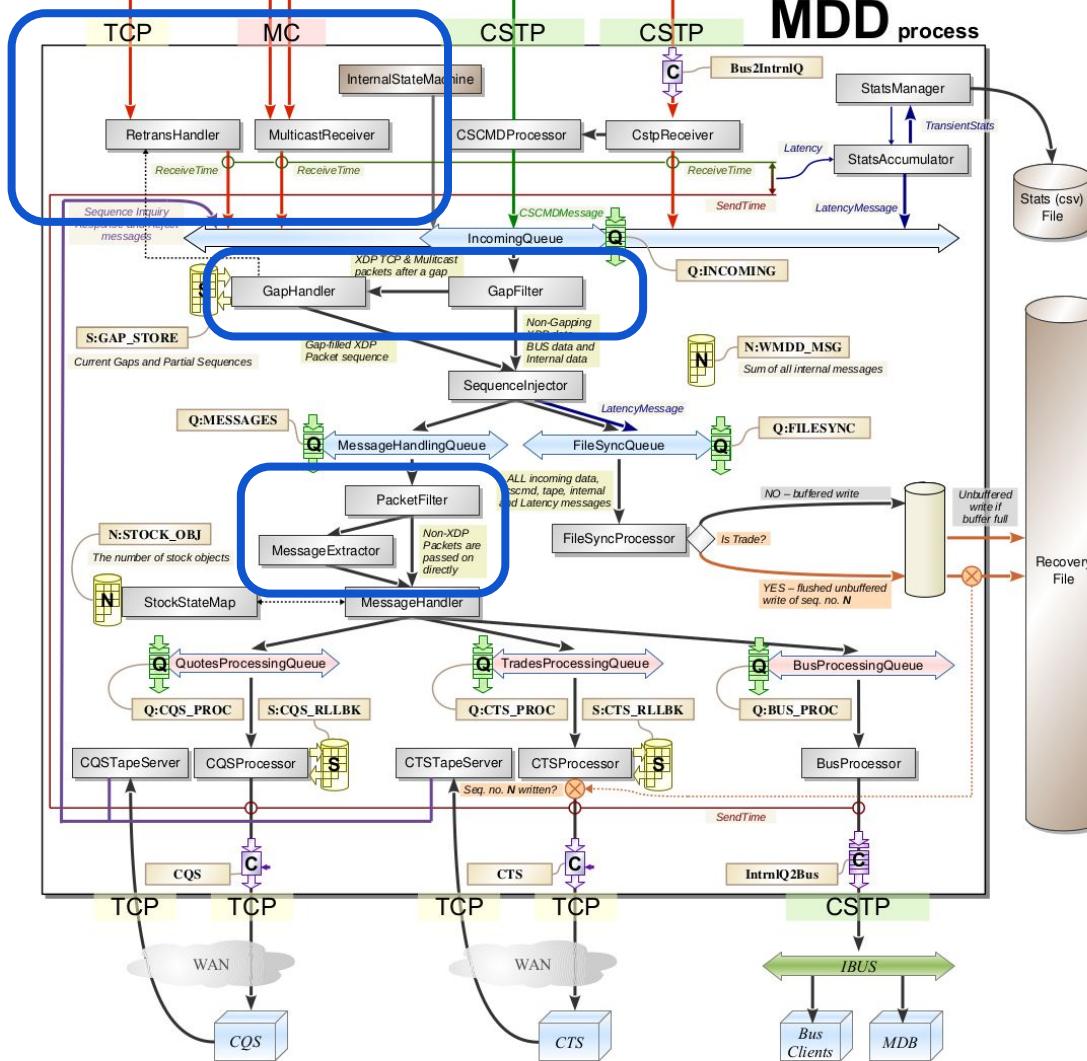
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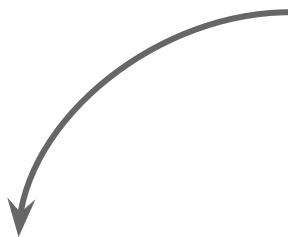


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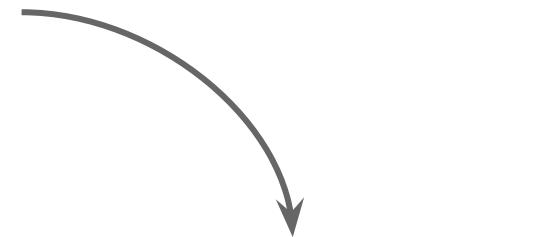


The same thing in a  
different way with  
different trade-offs:  
Performance trade-offs

# Improving Performance



Do the current thing  
better/quicker



Achieve the same thing in  
a different way

## Task Optimisation Approach

Bubblesort  $O(n^2)$

DFT  $O(n^2)$

*Sorting*

*Frequency Analysis*

## Algorithmic Optimisation Approach

Timsort  $O(n \log n)$

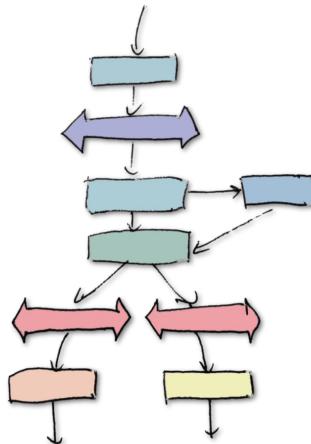
FFT  $O(n \log n)$

Prefer to optimise at the  
highest level possible  
The fastest way to do  
something is not do it at all

# Environmental Influences

- Architecture for wicked problems typically a “**mess**”
- Many stakeholders and evolving problem domain over time adds “**wickedness**”
- Decomposing and understanding interactions difficult
- Such architecture, good or bad, is often hard to reason about in a way that maps directly to code
- Favours **Task Optimisation**

We want to reason  
about this...



But we can only  
see this...

# What we really want is an Architecture that

- ☺ favours algorithmic optimisation
- ☺ has a clear mapping to code
- ☺ allows an optimal solution
- ☺ is adaptive to a changing environment

an “Algorithmic Architecture”

Relies on being able to  
decompose the Architecture  
into discrete elements  
treating them as Building  
Blocks

# We Achieve This By

- Exposing a Vocabulary *that can map to code and is*
- Decomposable
- Composable
- Independently Orderable
- Compactible
- Substitutable

# 1

## Expose a vocabulary

the first step in moving towards an algorithmic architecture is to identify a vocabulary suitable for the domain

- implies decomposability
- implies extensibility



## Must be a **common** vocabulary

A common vocabulary's primary concern is not ensuring the best use in the description of a possible solution—rather it is focused on ensuring that all stakeholders can communicate sufficiently their position within it—it is **shared**

# Must be **domain specific**

The vocabulary must support natural domain specific terms as understood by most stakeholders—it is not sufficient to simply adopt a general vocabulary based on general design patterns (but they help)

# Identify **concepts**

Focus on identifying **concepts** over specific realisations.

Refinement to more concrete terms is best reserved for supporting substitutable elements in an architecture

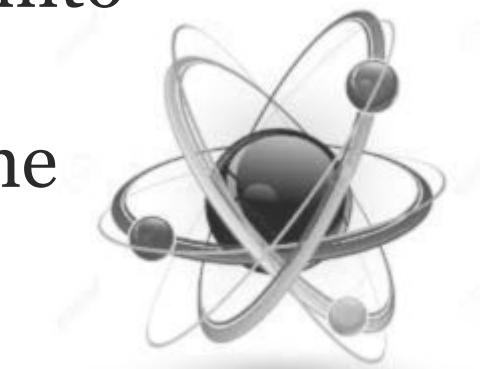
# Vocabulary Checklist

- must add in clarity of communication
- should have consensus on basic meanings
- does not need to be complete
- but should be sufficient to model basic systems
- may capture concepts at **different** levels in a system
- should be possible to describe a system
- vocabularies can grow and evolve

# 2

## Decomposable

it should be possible to decompose the architecture into vocabulary elements that communicate the intent of the system



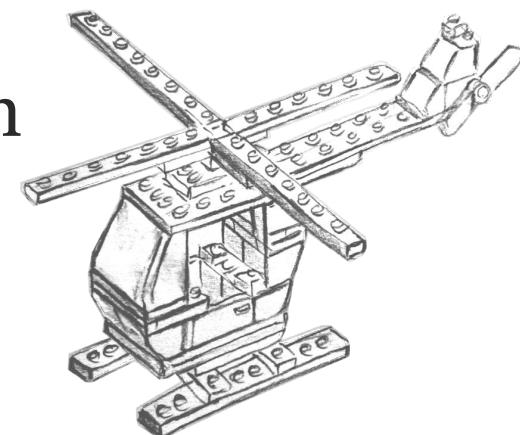
- implies partitioning interfaces

# 3

## Composable

composable components can be assembled together to complete more complex tasks

- implies common approach to communication

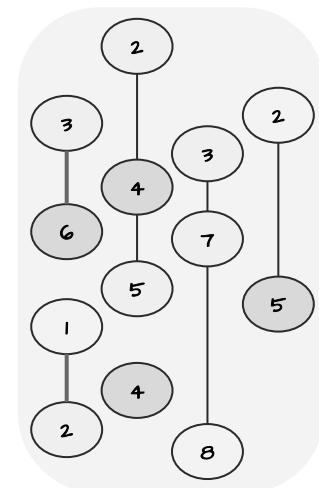


# 4

## Independently orderable

it should be possible to re-order components of the architecture that do not have an ordering relationship

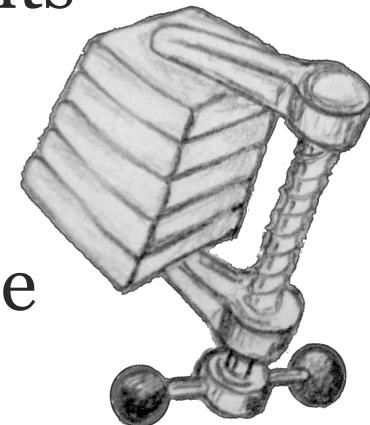
- implies loose coupling



# 5

## Compactible

it should be possible to compact the architecture such that placeholder vocabulary elements can be optimised away

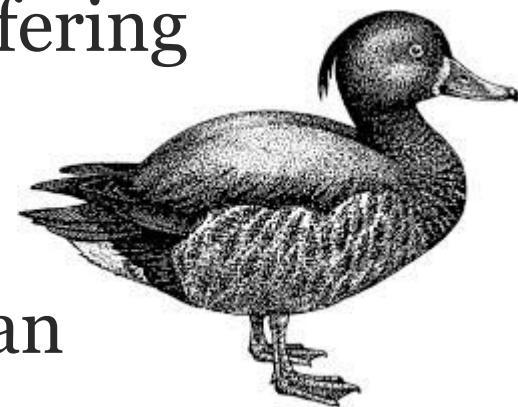


- implies facilities to offset the cost of abstraction

## 6

## Substitutable

vocabulary elements should be  
replaceable by differing  
implementations with differing  
performance trade-offs



- implies consistent, clean interfaces

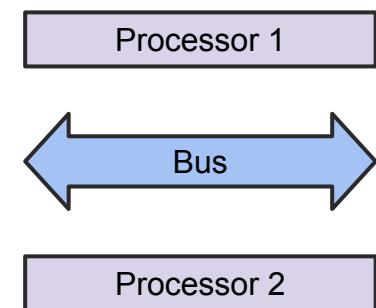
# Recommendations

## Define **building block vocabulary elements**

```
template<class DataT>
void process( const DataT& Data );
```

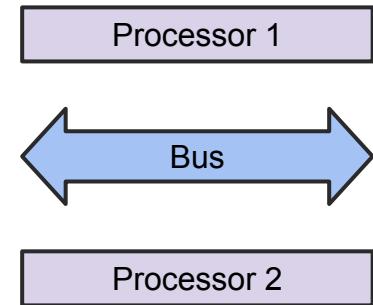
```
template<class DataT>
void push( const DataT& Data );
```

```
template<class ProcessorT>
void connect( ProcessorT Processor );
```



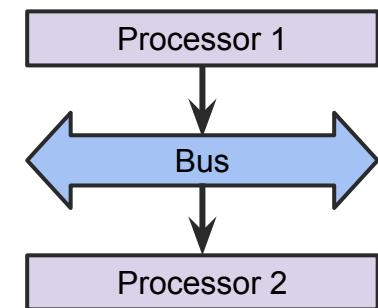
# Recommendations

- ☺ Define building block vocabulary elements
- ☺ Avoid **shared state**



# Recommendations

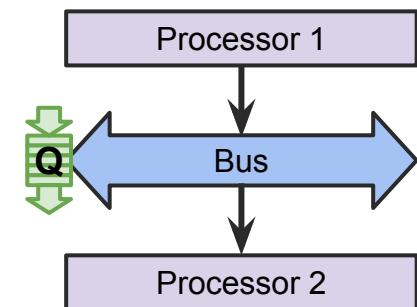
- ☺ Define building block vocabulary elements
- ☺ Avoid shared state
- ☺ Favour **message passing**



# Recommendations

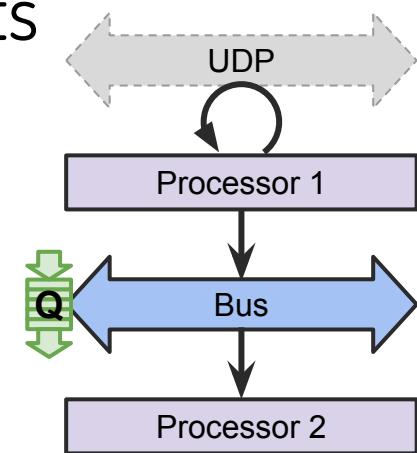
- ☺ Define building block vocabulary elements
- ☺ Avoid shared state
- ☺ Favour message passing
- ☺ Make **synchronisation points explicit** in the architecture

Synchronisation points are not composable. If you hide them you run the risk of concurrency hazards such as livelocks, starvation, deadlocks, and convoying



# Recommendations

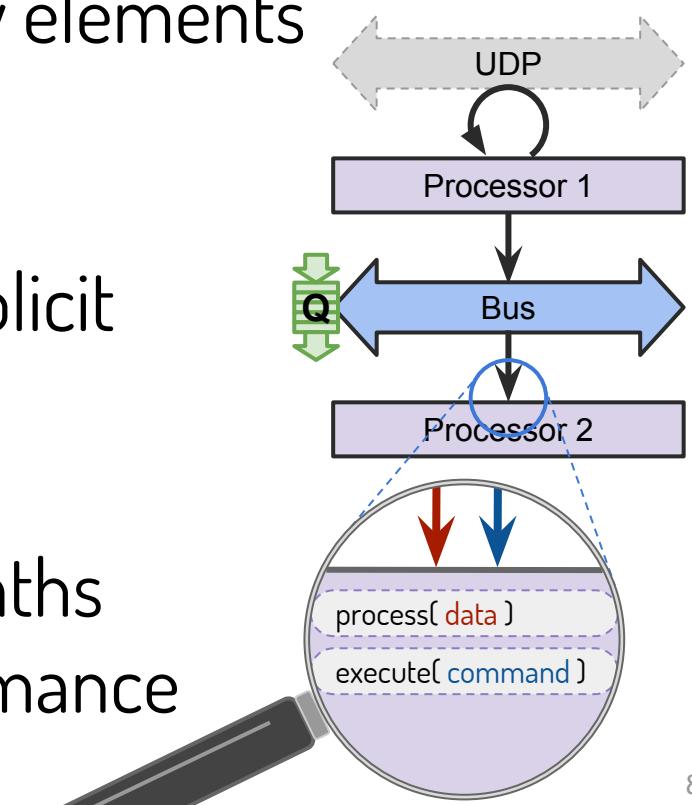
- ☺ Define building block vocabulary elements
- ☺ Avoid shared state
- ☺ Favour message passing
- ☺ Make synchronisation points explicit in the architecture
- ☺ Support **push** and **pull** models



```
enum class read_policy{ on_data, poll };  
template<class ProcessorT>  
void connect( ProcessorT Processor, read_policy Read );
```

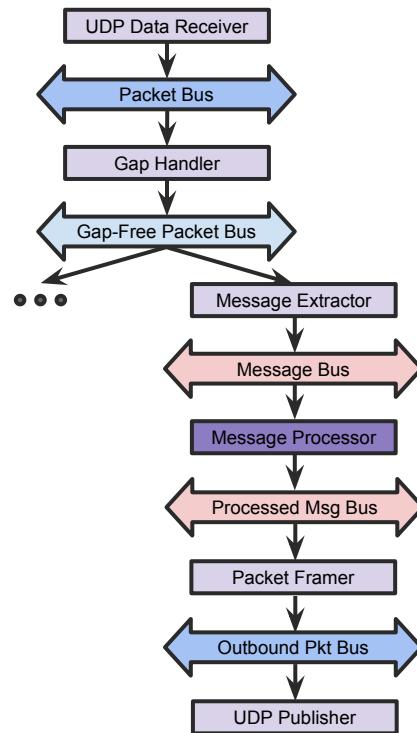
# Recommendations

- ☺ Define building block vocabulary elements
- ☺ Avoid shared state
- ☺ Favour message passing
- ☺ Make synchronisation points explicit in the architecture
- ☺ Support push and pull models
- ☺ Separate Data and Command paths
- ☺ Static Polymorphism for Performance

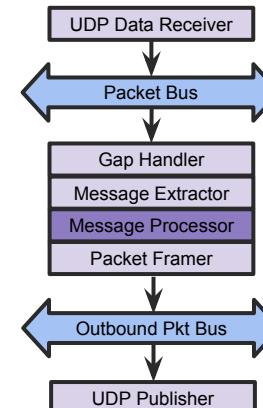


# Simple Example

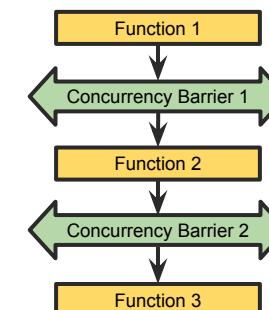
**1** Design Using a Real Vocabulary of Real Components



**2** Compact Architecture by removing conceptual components

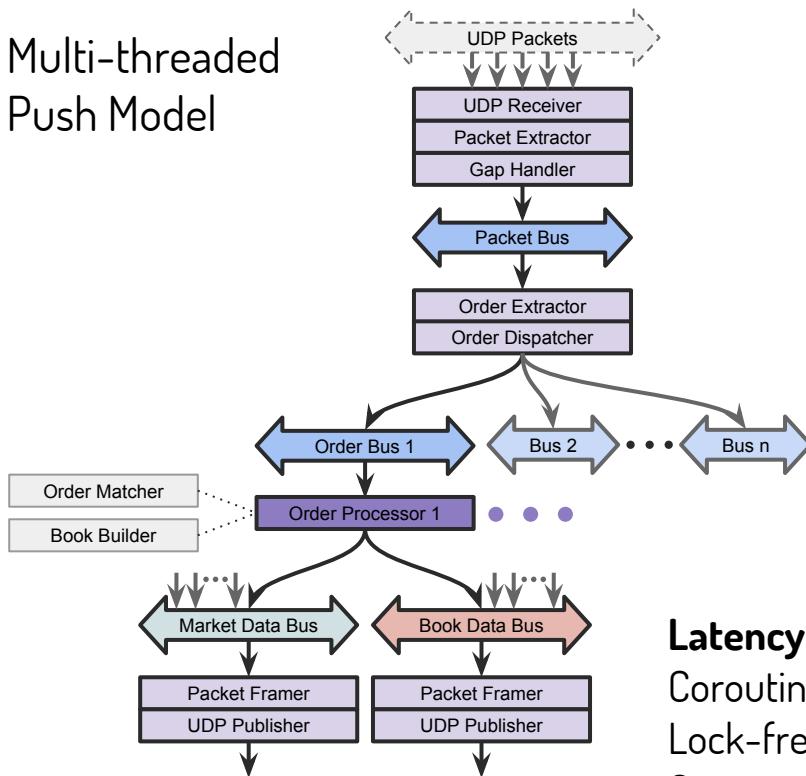


**3** Compile to Optimised Implementation with zero abstraction cost

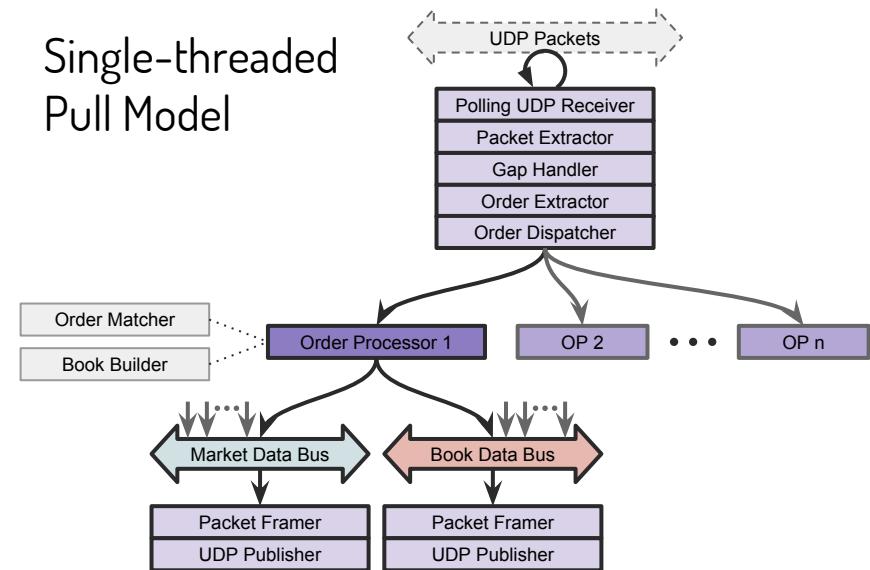


# Different Performance Trade-offs

Multi-threaded  
Push Model



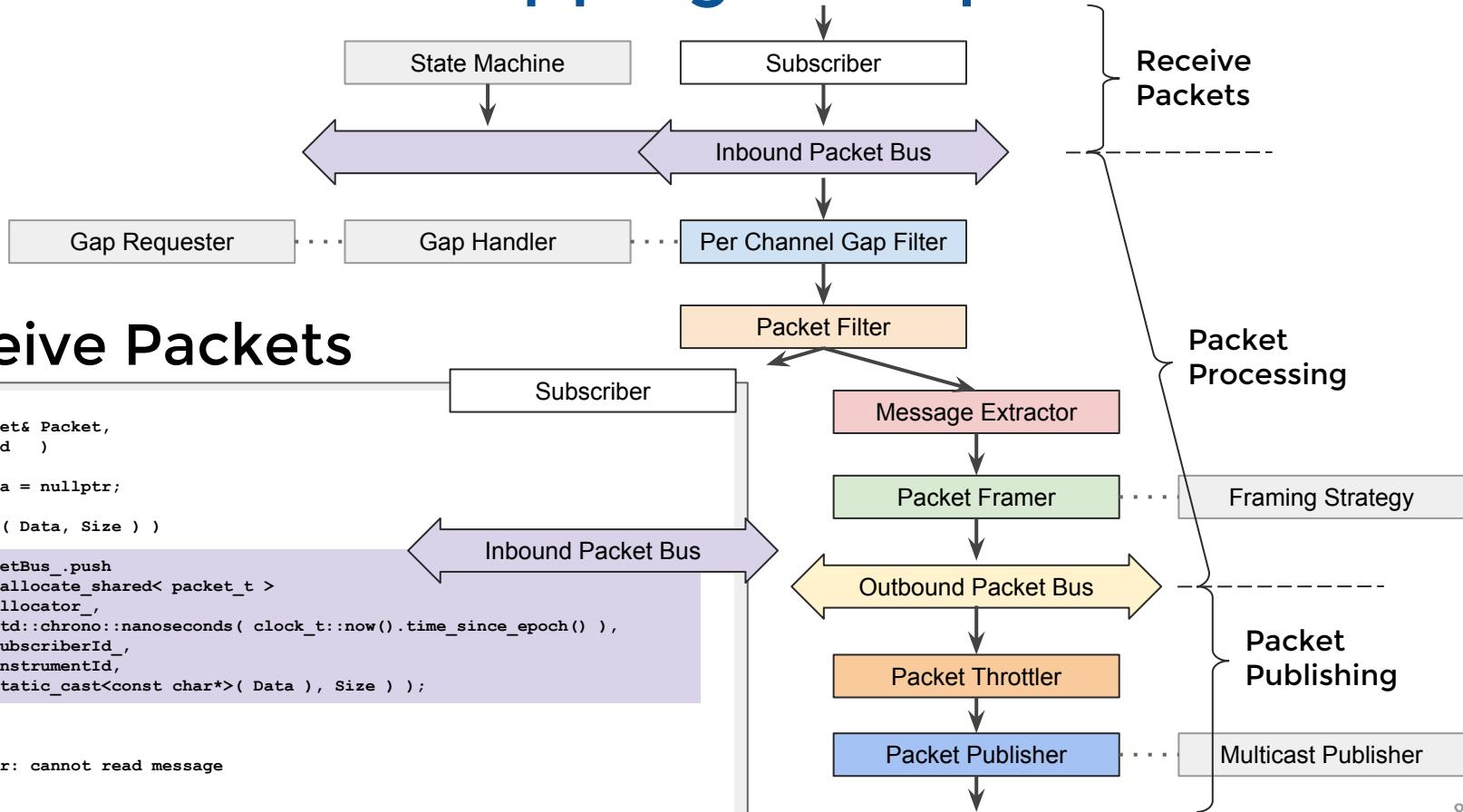
Single-threaded  
Pull Model



**Latency Agnostic**  
Coroutines?  
Lock-free Queues?  
Context-switches?

**Scaling Agnostic**  
Single Process → Multiple Processes?  
Single Core → Multiple Cores?  
Single Server → Multiple Servers?

# Code Mapping Example

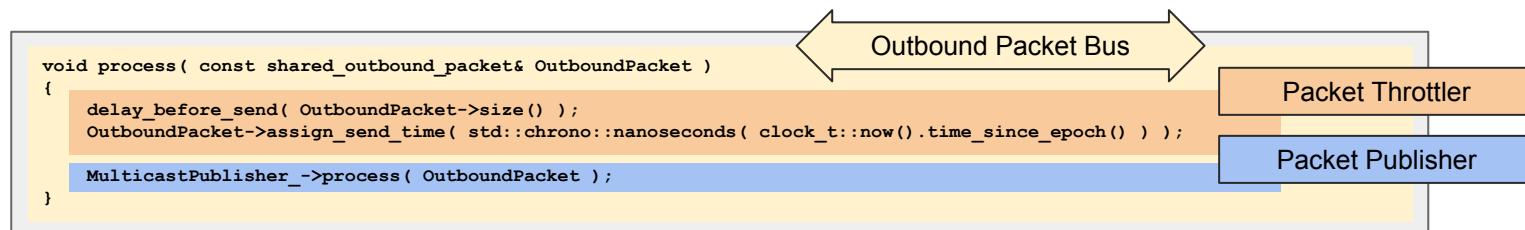


# Packet Processing



# Lastly...

## Publish Packets



Vocabulary elements map directly to code

- Code still lives in separate ‘modules’
- Maintained and tested separately
- Communication through building block interfaces
- Abstraction cost removed but clarity retained
- Easy to change, fix, replace

# Additional Benefits of a Common Vocabulary

# Common Vocabulary → Tiered Structure

Source code is arranged in tiers facilitating a layered development structure and allowing critical code to retain high quality and performance

Projects, Deployments and Configuration

New York Equities Platform

Product Libraries

matching\_engine, gateway

Domain Specific Libraries

gap\_handler, format, session

Domain Agnostic Libraries

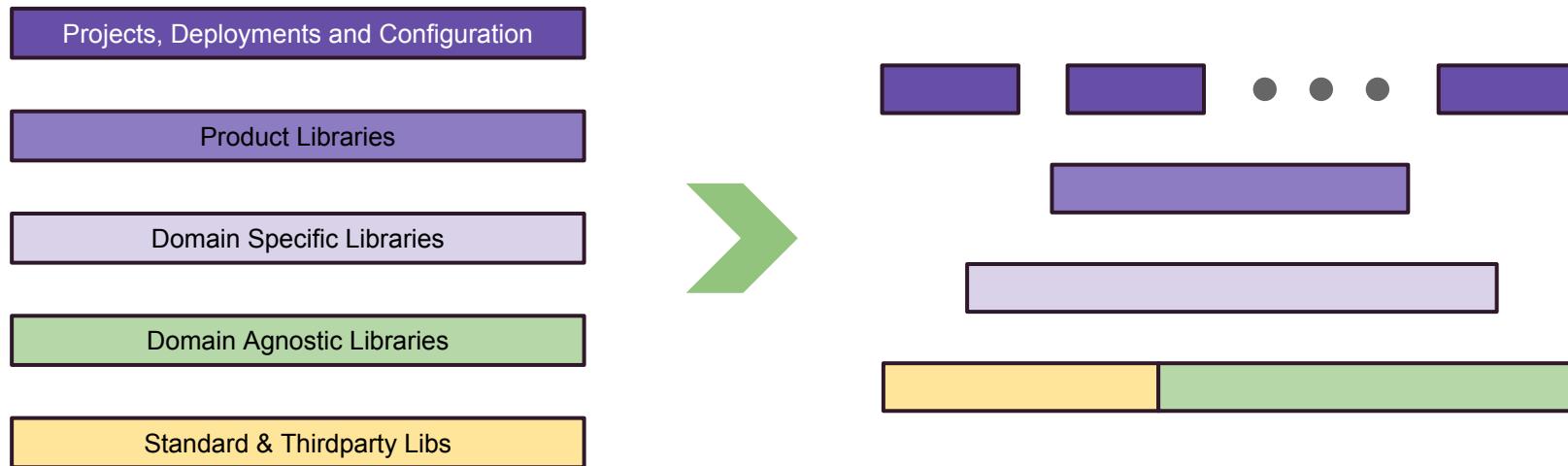
multicast, bus, concurrency

Standard & Thirdparty Libs

boost, std, asio

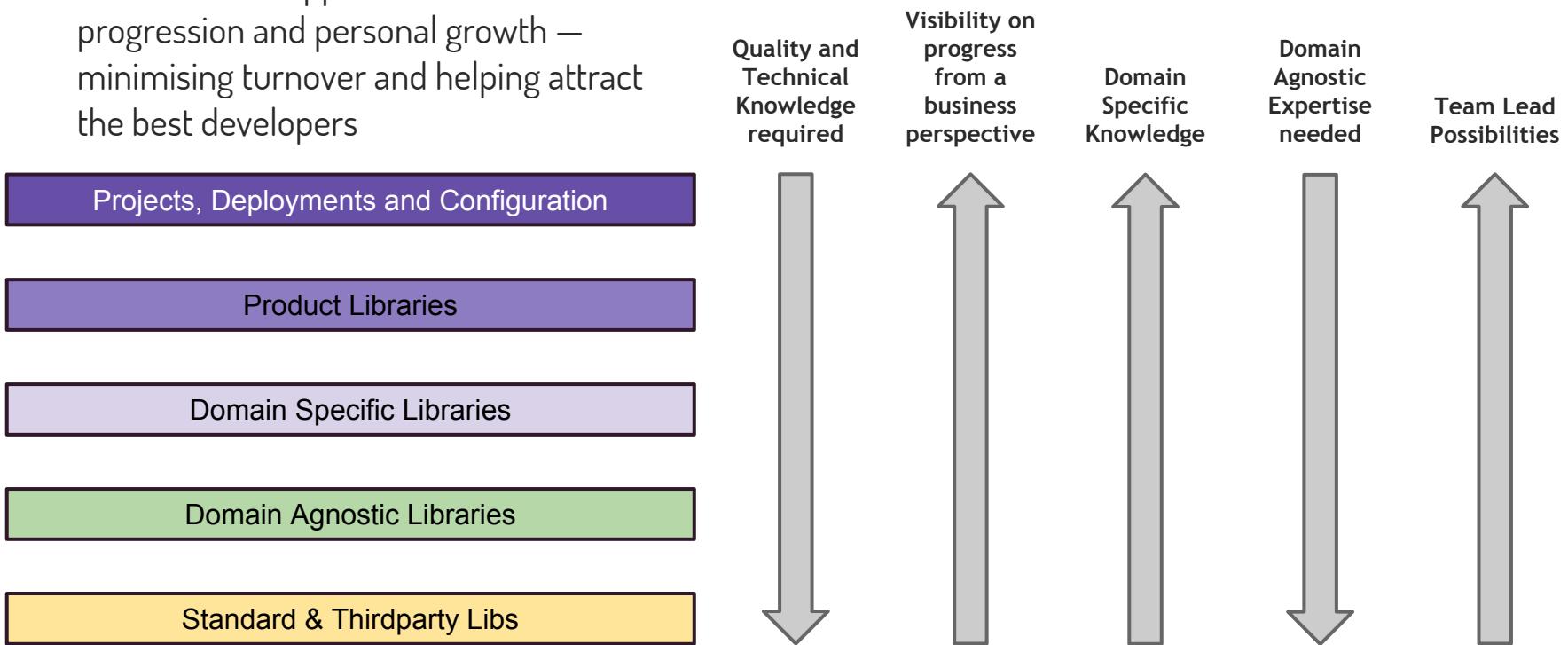
# Stable Foundations

Tiers form a pyramid of code with the foundations formed by re-usable components and libraries of well tested code

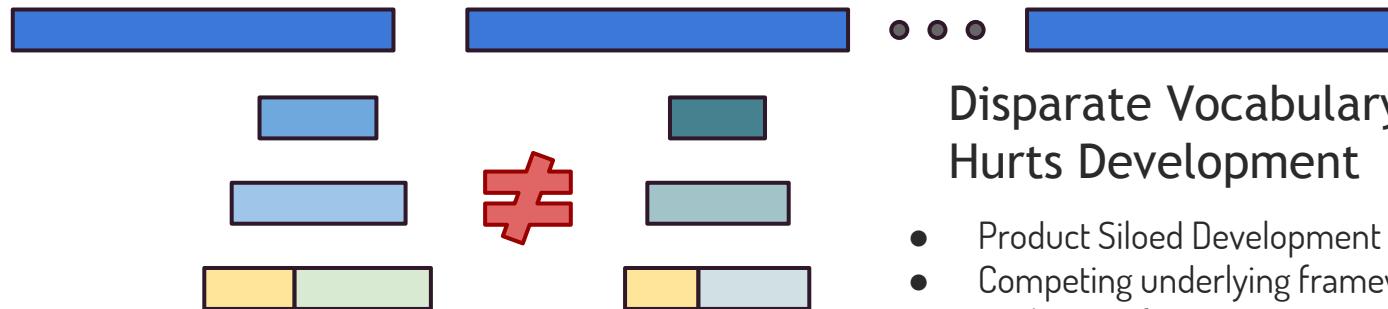


# Developer Growth

- Allows different experience and skillsets to be catered to throughout the team
- Provides clear opportunities for progression and personal growth — minimising turnover and helping attract the best developers

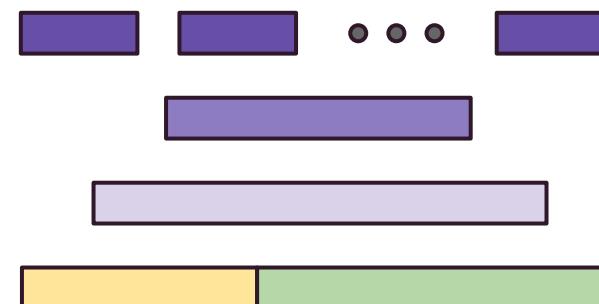


# Contrast with Disparate Vocabulary

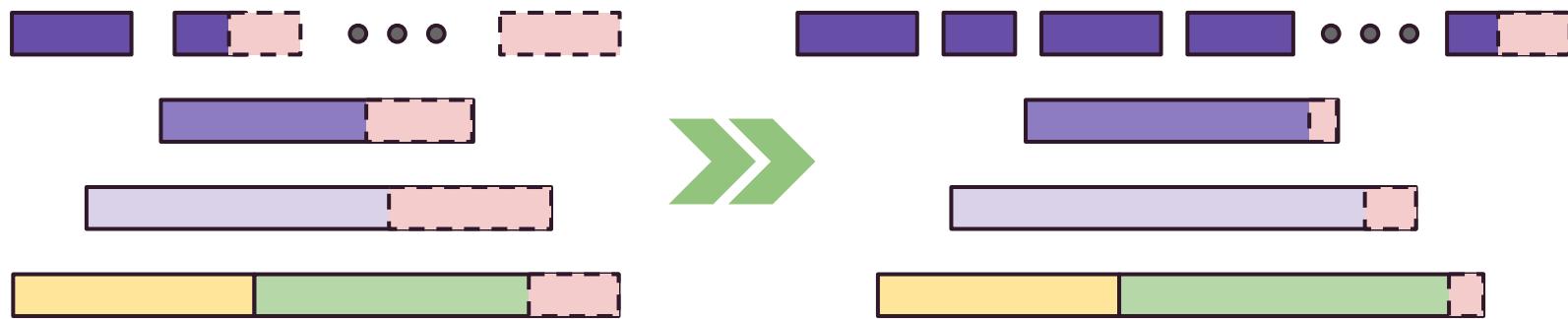


## With A Common Vocabulary Less is More

- Possible to adopt a Core Framework
- Product Building Focused more on Assembly
- Scales across Teams and Geographies
- Developer and Business share the vocabulary



# Accelerated Development



Products based on shared framework

- Development rate increases over time
- Framework stabilises over time
- Developer turnover less impact

Minimal Toolchain possible

- Hiring Easier
- Maintenance Easier
- Faster Learning

**C++** (core language, high perf, servers), **Python** (web-server, scripting, builds, test),  
**Javascript** (web-clients), **SCSS** (presentation), **Postgresql** (data storage)

Favour a more holistic view  
of development – one that  
puts people as a central  
aspect of architecture

# Final Thoughts

In a highly regulated, ever-changing, environment with extreme performance constraints it is increasingly difficult to avoid full system rewrites to meet changing requirements

Algorithmic architecture is primarily about adhering to certain principles and concepts where the goal is to facilitate clear understanding within complex and changing problem domains

The goal of those principles is to allow optimisation (and general improvement) of an architecture to occur at the highest level possible—the architecture itself—allowing adaptivity and evolution

# Thank you for Listening



Questions?



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