

# VELOCITY ANALYTICS: THE CASE FOR TCA

## Real Time Data Intelligence

### OVERVIEW

Well over a decade ago, MiFID I required buy-side equity traders to employ transaction cost analysis (TCA) to their trades, in an effort to bring more fairness and transparency to the market. Non-equities instruments were not affected. That is about to change. On the very near horizon, MiFID II regulations will require post-trade data across a much wider range of assets and instruments.

That's where Thomson Reuters Velocity Analytics can help.

### YOUR CHALLENGE

The challenge is daunting. Over-the-counter (OTC) markets typically involve bilateral trading between counterparties. There is no centralised hub or exchange for trading. Nor is there a consolidated tape for pulling market data together from many sources. As investment managers trying to discern if the prices quoted by dealers are good, there is a struggle: how do you model TCA against executed trades for which there is no market data?

For these reasons, it's no surprise that investor protection and regulatory demands have TCA and best execution top of mind for trading desks.

### THOMSON REUTERS VELOCITY ANALYTICS: BENCHMARK AGAINST MARKET AND MODEL

Fortunately, a trusted TCA solution exists. Thomson Reuters is an unbiased, neutral aggregator of market data. We will bring data from regulated markets (RMs), approved publication arrangements (APAs), multilateral trading facilities (MTFs) and organized trading facilities (OTFs) obliged to carry price, time and volume data for trades executed by investment firms. Venues include:

- Registered Markets
- Systematic internalisers
- Off-venue trading
- MTFs (independent venues and bank-run dark pools)

### LEVERAGE THOMSON REUTERS WM/REUTERS BENCHMARK RATES FOR PORTFOLIO VALUATION AND PERFORMANCE MEASUREMENT.

We offer robust depth and breadth of content to meet your needs around TCA in the looming MiFID II world. Our independence gives us credibility in a business where conflicts of interest have marred many offerings. We have invested in a world-class analytics platform to ensure that institutional investors, hedge funds and other buy-side service providers are equally able to benefit from that content.

### BEST IN CLASS ANALYTICS

The buy-side industry is looking for a new TCA utility to meet the MiFID II requirements for multi-asset trading. The current TCA providers do not have the analytics to bring the new asset classes in line with best execution rules.

The Kx platform powers Velocity Analytics, and will also power our TCA and best execution reporting. We already supply our data to the leading providers of TCA in the equities space, now we are able to offer the analytics directly, using a system that can handle the range of OTC and exchange traded instruments. With different volumes, velocities and characteristics, this is no mean feat.

Our partnership with Kx means that we can provide the professional services to tweak the analytics in line with your needs. A trading desk may deal in a range of instruments across credit and rates, listed and OTC, equities and FX – all of which gives it a unique profile. We can offer analytics expertise to provide amendments to the solution, which is set up as a base level, from which custom work can be arranged. There will be nuances with each asset class and having flexibility – rather than rigid out-of-the-box functionality – is key to supporting the client needs.

Our benchmarking services for illiquid instruments with independent evaluated pricing offer a fair price and use our own discounting curve for the mark-to model.

### Feeds and Data points captured:

- Volume
- Volatility
- Point in time look-up for analytics
- FIX messaging to support OMS or EMS connectivity, allowing the processing of execution data
- Data sources include integration into DataScope Select and Tick History
- The platforms integrate into Elektron Realtime
- From any venues taken onto the feed, TR will be able to do tick capture and persist that information
- Rebates, fees and costs
- Equities:
  - VWAP
  - Implementation Shortfall
  - Volume profiles
  - Integral VWAPs
  - Volatility
- Spread data
- Trader Ranking
- Algo Ranking
- Reference data
- Parent/child order analysis
- Execution quality analysis

### WHO IS KX?

- Kx is the world leader in high-performance, in-memory computing, streaming analytics and operational intelligence
- For more than 20 years the world's largest banks, brokers and regulators have been relying on Kx technology to address the challenges posed by exploding volumes of data, regulatory requirements and the need for ever-faster processing
- Kx is a division of First Derivatives plc. Listed on the London Stock Exchange [FDP:LN] First Derivatives is a specialist software and consulting organisation

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