

# MARKET DATA TOOLS

*NYSE responds to traders' need for greater speed and deeper market information with a new suite of products*

BY JEANNE COTRONEO DARROW

**M**EETING THE DEMANDS for more depth, breadth, quality and speed of information from ever-more sophisticated trading customers is a constant, and welcome, challenge for **NYSE GROUP INC.** (NYSE). To attract and retain these market participants, the NYSE is rolling out a suite of information products. “More customers are coming to the NYSE directly for information about where they are sending their orders and the trends and behaviors of the NYSE market,” explains Mark Schaedel, NYSE Group managing director of Proprietary Data Products. “We’re responding to their needs with products that support new types of trading strategies and the increased speed and efficiency of the NYSE Hybrid Market<sup>SM</sup>.”

Driving the demand for data has been a surge in automated trading over the past few years. “Quantitative and algorithmic traders, our fastest-growing customer segment, require more granular inputs to build their computer trading models,” adds Schaedel. “So to the extent that we can give them greater depth of information and more detailed resolution, they can fine-tune those models and make more informed decisions.”

## DEMAND FOR DEPTH

NYSE InfoTools<sup>SM</sup>, a new suite of data products designed to satisfy the demand for depth of information, gives customers detailed market data from which to identify trends in order-flow behaviors. This assembly of products, he explains, enhances customers’ investment-decision-making ability by providing a view of the market never before available.

The initial products in the *InfoTools* lineup —NYSE ReTrac<sup>SM</sup> and NYSE ProTrac<sup>SM</sup>—allow investors to monitor retail- and program-trading activity in real time as trades are executed. Both products also include historical data and end-of-day reports that recap the activity distributed in real time throughout the trading day. Such insight allows traders to gauge the behavior of retail investors and pro-

gram traders relative to norms. NYSE ProTrac shows the total number of shares of each stock that is traded under index-arbitrage-trading strategies versus all other program-trading strategies. Today, program trading accounts for about 28 percent of NYSE volume on average, and nearly 50 percent of all program trading takes place on the NYSE, making it the dominant U.S. market for such trades.

“The focus of *InfoTools* is to help customers better understand the trends underlying NYSE order-flow behaviors, a practice that many have become increasingly interested in, particularly quantitative-oriented customers,” says Schaedel.

This suite of new and anticipated products follows in the footsteps of NYSE OpenBook<sup>®</sup>, one of the NYSE’s most popular market-data products. NYSE OpenBook shows, in real time, aggregate limit-order volume at each bid and offer price in all NYSE-listed issues, exposing the depth of market beyond the best bid or offer.

## A SAMPLING OF NYSE MARKET DATA PRODUCTS

- » **NYSE OpenBook<sup>®</sup>**: A real-time view of the Exchange’s limit-order book for all NYSE-traded securities.
- » **NYSE Best Quotes**: Best bid/ask quotations for all NYSE-traded securities delivered via a low-latency direct datafeed.
- » **NYSE InfoTools<sup>SM</sup>**: A suite of data products that includes:
  - » **NYSE ReTrac Datafeed**: A real-time datafeed that enables investors to identify retail trading behaviors at the NYSE by monitoring the retail share volume for each stock in real time as it is executed.
  - » **NYSE ReTrac EOD Summary**: An end-of-day summary of all retail-trading activity for each stock, identifying the total amount of shares that were bought versus sold for each stock that was traded by retail customers.
  - » **NYSE ProTrac Datafeed**: A real-time datafeed that enables investors to identify program-trading executions at the NYSE by monitoring the program share volume for each stock as it is executed.
  - » **NYSE ProTrac EOD Summary**: An end-of-day summary of all program-trading activity for each stock, identifying the total amount of shares that was executed for each stock through index-arbitrage program trading versus all other program-trading strategies.

In November, the NYSE augmented NYSE OpenBook with real-time quotation information. Reflecting not only the limit orders in NYSE OpenBook but also trading crowd and specialists' proprietary interest, NYSE Best Quotes contain the best bid and offer available for any NYSE-listed security. For no additional fee, NYSE OpenBook subscribers can receive the real-time streaming of NYSE Best Quotes directly from the NYSE rather than through the Consolidated Quotation System, which consolidates all quotes and trades from all participating market centers — and can take valuable time. "Investors will get a complete liquidity picture containing both depth of book and best market quote interest directly and more efficiently than ever before," explains Schaedel.

Schaedel believes that expanded information delivered at low latency is the No. 1 challenge for attracting order flow. "Customers will route or-

## "INVESTORS WILL RECEIVE A COMPLETE LIQUIDITY PICTURE MORE EFFICIENTLY THAN EVER BEFORE."

ders to the market that provides the best tools and information needed to access its liquidity," he says. "Our ability to respond to traders' need for better information delivered faster than ever before is how we plan to support the successful implementation of *Hybrid Market* and to complement the functionality it provides."

Sang Lee, co-founder and managing partner at Aite Group, a research firm that focuses on the financial-services industry, agrees. "Expanding market-data products is extremely important, especially in today's marketplace as participants

use a lot more automated trading strategies." Lee expects algorithmic trades to account for 33 percent of all equity trading by year-end and 53 percent by 2010, up from 20 percent in 2003.

### THIRST FOR DATA

Richard Rosenblatt, founder and CEO of Rosenblatt Securities, an independent equity execution brokerage firm offering diverse execution alternatives including direct access, subscribes to several NYSE data services. "It's clear that the Exchange is committed to decreasing opaqueness

get the spotlight it deserves. Most people forget that all trading is driven by data. It will become even more important as the NYSE moves into a greater number of asset classes and expands its hybrid market model."

Schaedel says that the *Hybrid Market* will create an enormous wealth of data from which new products will be created. The NYSE has begun implementing the *Hybrid Market* and will roll it out to all listed securities through December.

"The value of the trading floor is not simply its ability to generate accurate pricing," says



and creating useful data products," he says. "The NYSE is smart to have entered the market-data business and needs to pursue it aggressively."

"Everyone is thirsting for whatever data they can get their hands on, especially in real time," adds Lee. In fact, "market data doesn't

Rosenblatt. "The NYSE's unique, competitive advantage is that hybrid trading provides an interactive trading crowd as well as an automated book. To be able to display that color in one form or another, if done well, is an exciting, productive area for the Exchange to be in." □

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