Drivers in Trading Transformation

What was once considered a luxury is rapidly becoming a necessity—investing in technology has become the differentiator between complacency and innovation for the modern sell-side firm. Fierce competition, rigorous regulation, and high operational costs have driven key decision makers to re-assess their organization’s current technology and tailor it to their strengths.

In a joint study, Nasdaq and Celent aimed to uncover key drivers for trading transformation and how firms are looking to adapt and succeed in a time of accelerating change. The study surveyed over 50 senior trading leaders across asset classes, geographies and firm types to uncover the challenges and opportunities driving today’s trading landscape.
This data gathered in the analysis is demonstrative of the pressing concerns in the trading technology industry. While firms are concerned about the cost of remaining competitive, defining their future course, and the complexity of their existing trading stack, Nasdaq is offering comprehensive solutions to a wide variety of industries.
LEVERAGING TECHNOLOGY AS A DIFFERENTIATOR

USE CASES

GOLDMAN SACHS
After Goldman demonstrated their competitive struggles with their current ATS, Sigma X2, they approached Nasdaq to find a comprehensive solution.
Nasdaq hosts, operates and supports the technology platform for Sigma X2 with the oversight of Goldman Sachs as the sponsoring broker-dealer.

SKYTRA
Airbus’ Skytra is a new trading platform allowing trading based on unique air travel indices.
Using Nasdaq’s matching engine, surveillance and clearing capabilities to power a derivatives market based on these proprietary indices.

GLOBAL TIER 1 FX PLATFORM
This firm articulated that it was struggling with aging technology and desired a flexible functionality to meet clients needs and regulatory changes.
Nasdaq was able to implement a single liquidity pool as well as provide a versatile platform that ensures clients orders are executed immediately – leaving no need for last look functionality.

REGIONAL BROKER
The regional broker wanted more control of their retail flow, with the notion that they could offer better (best) execution, which would deliberately disrupt the status quo.
With regulatory constraints in mind, the firm was able to launch a Nasdaq hosted ATS, that operates and supports their execution platform.
As the sponsor of the ATS, Nasdaq also provides support services for compliance, surveillance, supervisory, recordkeeping and reporting obligations.

CONCLUSION
Nasdaq’s Execution Platform has proven to be a key differentiator for firms struggling to keep pace with the constant growth and change in the trading technology industry. When Goldman Sachs’ equities platform was ranking just 16th in overall market share, they approached Nasdaq to take over their ATS in a complete technology overhaul. This partnership significantly aided them in their jump to number 4 in overall market share.

This is simply one example of how an organization can effectively leverage the Nasdaq’s Execution Platform to elevate their success and improve the bottom line. Competitive shifts and changing market structure drain time and resources from revenue-generating activities. Nasdaq’s Execution Platform business is for those who view the ever-changing technological climate as an opportunity for their firm rather than a threat.

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