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We open the summer issue of the journal with a proposal by Aune, Krellenstein, O'Hara, and Slama to use a cryptographic approach for solving information leakage problems in distributed ledgers that relies on using a hash (or "fingerprint") to secure time priority, followed by a second communication revealing more features of the underlying market transaction—in effect using a transaction's fingerprint to hide its footprint. Solving the information leakage problem greatly expands the potential applications of private distributed ledger technology to include trading. Aharon, Gershgoren, Sharabi, and Zelekha present research that tests the impact of the nomination of designated market makers in various market conditions. Their findings suggest that, despite the positive contribution that these announcements make to a stock's liquidity and regardless of the market conditions or the preliquidity levels, these announcements may increase the volatility that accompanies market trends in extreme market conditions.

Next, Jain and Jain provide detailed analysis of hidden order trading on U.S. exchanges and present findings that are useful in understanding the level and determinants of hidden liquidity. Glikstein and Kryzanowski use the volume synchronized probability of informed trading (VPIN) to evaluate the performance of different trading strategies in an order-driven simulated market. Their findings show that an informed trader can accumulate a larger position while a pooling equilibrium holds by exploiting the VPIN structure, that the VPIN has a high rate of false positives, and that it may detect informed trading under certain conditions. Griffith, Van Ness, and Van Ness examine high-frequency trading patterns around intense episodic spikes in firm volatility. They provide evidence that high-frequency traders participate in more transactions as liquidity suppliers and in fewer transactions as liquidity demanders during extreme short-term firm volatility events than in the minutes leading up to these events.

To conclude this issue, Domowitz and Giritharan study the effect of social media sentiment on pricing and trading fundamentals in the foreign exchange market and focus on examining the predictability of prices, the cost and depth of liquidity, and the topography of the global limit order book for a currency pair.

As always, we welcome your submissions. We value your comments and suggestions, so please email us at journals@investmentresearch.org.

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