

JOURNAL OF TRADING

BRIAN R. BRUCE	Editor-in-Chief
DEBORAH TRASK	Managing Editor
<hr/>	
HARRY KATZ	Production and Technology Director
<hr/>	
ANDREW O'DONNELL	Director of Marketing
SEGAL BENGIGI	Digital Business Development Manager
<hr/>	
PETER JUNCAJ	Head of Subscription Sales
RENEE CHEN	Account Manager
ROBERT FRANKEL	Account Manager
<hr/>	
DEWEY PALMIERI	Reprints Manager
<hr/>	
ROBERT TONCHUK	Director/Central Operations and Fulfillment
KELVIN LOUIE	Senior Fulfillment Manager
EMPERATRIZ MIGNONE	Fulfillment Manager
<hr/>	
STEVE KURTZ	Director, Finance & Operations
JUSTIN GLAZER	Management Accountant
<hr/>	
DAVID BLIDE	Associate Publisher
SAMANTHA RALPH	Advertising & Marketing Coordinator
<hr/>	
ALLISON ADAMS	Publisher
CHRIS BROWN	President
GARY MUELLER	Chairman & CEO

To open our Winter issue we have Pagano's examination of trading costs in Global Equity Markets. He identified recent patterns in institutional brokerage commissions, indirect trading costs, and trading activity determining concluding that transaction costs around the work have been falling for the past three years. Domowitz, Finkelshteyn, and Yegerman reviewed dark pool trading concluding that dark pool execution is beneficial, but the fragmentation of dark pool liquidity enabled through algorithmic trading has neither increased the ability to trade in large size nor reduced transaction costs relative to direct access to a periodic crossing mechanism. Next we have Lorenz and Österrieder who present model framework for limit driven orders which they believe can fruitfully combine order flow models with well-studied models for stock price processes and provides a step towards developing realistic, yet tractable models for complex limit order driven markets. Burns discusses a set of rules to follow when setting minimum volumes. He believes that while it is important for traders to obtain quantitative information such as drift and volume at risk, it is equally important for them to have a qualitative understanding of the economics and strategy of a given execution venue.

Francis, Harel, and Harpaz review the recent merger trends and joint ventures among major exchanges around the world and describe the associated innovations in electronic trading that incentivized exchange mergers. Next Plefner discusses FX settlement and CLS Bank International, the special purpose bank that is responsible for settling the vast majority of FX trades. Harris, Stoja, and Yilmaz demonstrate that seasonality in trading strategy performance is attributable to seasonality in the conditional volatility of foreign exchange returns, and in the volatility of conditional volatility. Schack and Gawronski believe that the U.S. listed options market which has long been an opaque, protected club of sorts is in the midst of a transformation that will make it look more like its age-wizened, slower-growth, lower-margin uncle—the cash equities market. We conclude this issue with Chakravarty, Harris, and Wood who examine the impulse response path through which an information or liquidity shock reveals itself. They conclude that the NYSE book refreshes quickly.

As always, we welcome your submissions. Please encourage those you know who have good papers or have made good presentations on trading related subjects to submit them to us. Submission guidelines are included in this issue. We value your comments and suggestions so please email us at journals@investmentresearch.org.

Brian Bruce
Editor-in-Chief

Publisher's Note:

Institutional Investor, the Publisher of The Journal of Trading, wants to extend a special thanks to Goldman Sachs for its continued support of The Journal of Trading. Institutional Investor is also very pleased to welcome UBS as a Sponsor to The Journal of Trading. Please note that neither Goldman Sachs nor UBS have influence on the editorial content found in The Journal of Trading. Representatives from any firm are encouraged to submit an article to our independent Editor, Brian R. Bruce, for review and prospective acceptance into the publication. All editorial submissions, acceptance, and revisions are the sole decision of Mr. Bruce. The editorial submission guidelines are found on the last page of the publication. Thank you, and I hope you enjoy this and future issues of The Journal of Trading.

Allison Adams
Publisher, Institutional Investor Journals, aadams@ijournals.com