



Best Smart Order Routing Product/Tool: Quod Financial

Product: Quod SOR

50+

Added more than
50 employees in the
last year.



Medan Gabbay
Quod Financial

Expansion

Saw significant
expansion of OMS
and middle-office
client base.

180%

Experienced revenue
growth of almost 180%.

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“We are delighted to be working with Quod Financial to implement their smart order router. As we continue to diversify our product range, Quod’s innovative platform and long-term expertise in execution management and adaptive SOR make them the ideal partner to scale our execution capabilities in a cost effective manner.”

Aspect Capital

“

We have introduced to the market the new data-driven intelligent SOR that can predict market movement, reject rates, last look behaviors, and respect the LP relationships by adhering to constraints that protect LPs from behaviors potentially viewed as toxic, as well as mix different liquidity pools respecting rules for how to interact with them. The powerful range of capabilities provided by our SOR allows the trader to specify a more generic outcome but allows the SOR to work out the very best way to achieve it.” **Medan Gabbay, chief revenue officer, Quod Financial**



WHAT’S NEW

- Quod enhanced its SOR to ensure that following any execution, traders are prevented from executing again for an agreed time window. This can vary based on the chosen LP, execution method, CCY, and market conditions. For instance, an emerging market CCY during low volatility could have a 45 second hit protection window allowing the LP to hedge their risk before the client can trade again.
- Introduced AI/ML agents to predict volatility in a market over the next 100ms. This allows passive pegging to achieve 5-10 pip improvements (on average) in execution improvement by being consistently better placed in the market to capture the largest offset.
- The company is using historical analysis to evaluate the likelihood of slippage or iceberg liquidity via different execution methods. A probability can then be used to determine if Full Amount, Aggressive Sweep-able, or Passive Liquidity will give a better overall execution in current market conditions, rather than just making a simple price-based decision on where to execute.

WHAT’S TO COME

- Quod will roll out machine-learning tools in 2021 to provide real-time feedback to traders. The aim is to give context-based feedback to traders on a per-stock, per-asset class basis, using live market intelligence.
- In 2021, the company wants to roll out real-time data for micro market events across different asset classes and further expand this into configuring other parameters within the algo behavior. A dedicated quant team in Paris has been assembled to deliver the product.
- Quod expanded its use of shared memory communication to drive SOR capabilities and decision making into double-digit microsecond processing. The company will continue this initiative further improve performance.

WHY THEY WON

Quod Financial wins this category for its multi-asset Smart Order Router. Quod has continued to enhance its SOR and invest in machine learning to make advanced capabilities accessible to traders, and to provide a complete solution for low-touch trading. Among other capabilities, the SOR offers a best execution and transaction cost analysis package, and gating rules functionality that allows inbound orders to be categorized based on configurable criteria.