

The Nirit and Michael Shaoul Fund
for Visiting Scholars and Fellows



TEL AVIV אוניברסיטת
UNIVERSITY תל אביב

קרן למדענים אורחים
ע"ש נירית ומיכאל שאול



פרופסור רוברט קורייצ'יק

המחלקה למימון, ביה"ס קלוג לניהול
אוניברסיטת נורת'ווסטרן, אילינוי, ארה"ב

Professor Robert A. Korajczyk

Department of Finance, Kellogg School of Management
Northwestern University, Illinois, USA

Lecture | הרצאה

HIGH-FREQUENCY MARKET MAKING TO LARGE INSTITUTIONAL TRADES

We characterize high-frequency trader (HFT) and designated market maker (DMM) behavior in the presence of large, directional institutional trade packages in Canadian equity markets. HFT liquidity provision is significantly reduced for "stressful" trades. HFT average stock-day profitability is under \$300, mostly from liquidity re-bates. HFTs reduce liquidity provision after losses. The average effective spread for large non-stressful (stressful) institutional trades is 12 (42) basis points and is significantly affected by HFT choice of liquidity provision. Over the life of a large trade, HFTs initially accommodate the order, but quickly switch to competing with the order.

The lecture will be held on Tuesday,
15 March 2016, at 14:00, Room 408,
Recanati Business Administration Building,
Tel-Aviv University, Ramat-Aviv

ההרצאה תתקיים ביום שלישי,
15 במרץ 2016, בשעה 14:00,
חדר 408, בניין רקאנטי למנהל עסקים,
אוניברסיטת תל-אביב, רמת-אביב