

# Global Liquidity Partners Goes Head-to-Head with the HFTs

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John D'Antona Jr.

If a buttonwood tree has grown in Mahwah, then low latency trading is taking root at the Jersey Shore.

As sales trading has moved away from the concrete canyons of New York City and Chicago, smaller and targeted broker-dealers and technology-based trading firms have sprouted up in myriad places, like Red Bank, New Jersey, a tony and chic town where Global Liquidity Partners calls home. Set amid trendy clothing boutiques, upper scale restaurants, a rich nightlife, and high-frequency trading firm Tradeworx, GLP keeps a discreet presence in a second floor office building that appears from the outside to be just another three story brickface. But once inside, trading technology and prowess ooze from the server closets and seasoned staff.

Founded in 2010 by chief executive officer Tim Lang, GLP touts itself as the answer to combat HFT and their strategies, offering the buy and sell-side a custom-made, low-latency, broker-neutral, co-located trading system designed at the outset to execute just as fast as HFT and eliminate their oft-talked about speed advantage. The firm took its time building out, opening for business in 2011.



**Tim Lang, CEO**

"The fragmented trading markets created opportunities for predatory trading both from certain HFT players and market makers," Lang began. "We believe the problem is solved with our model that seeks liquidity and minimizes information leakage on an advanced technology platform."

And that model has produced results. Lang told Traders that in 2011 the firm started with six broker-dealer clients and that roster has expanded to more than 60 brokers now. And from just a handful of staff, the firm now employs 17 full-time employees and outside consultants.

So how does GLP look to make its mark?

First, its trading platform is built on a C++ event engine, providing traders with super-high output and throughput of messaging and processing power. The event engine, designed in-house, enables users to manage their central order book, execute across various algorithms and monitor the functioning of its smart order router.

Second, it uses what Lang terms "A Net Trading Model" that focuses on best execution and can be customized and adapted right in-house.

This model, according to Lang, takes multiple variables into consideration - make/take rates, market center latency rates, trade velocity, market center fulfillment rates, average fill size, order execution time and client benchmarks. In case the net trading model isn't for a client, an agency-model is also available via GLP.

Also, acknowledging the need for adaptability and providing the buy-side with as much flexibility as it can, GLP can connect to most order management system vendors' systems directly or via FIX protocol.

And then there is the GLP staff - virtually all have more than two decades of experience.

Tim Lang is no stranger to the equity markets. With more than 25 years in trading, Lane has been a managing director at Spear Leeds & Kellogg, overseeing off-floor trading functions. He has also worked at Sherwood Securities where he was head of listed trading, building its trading desk and overseeing the internalization of order flow from national Discount Brokers. Most recently, he served at Credit Suisse's Swiss American Securities subsidiary and was head of internalized trading, making markets, facilitated block trades and served to advise the bulge firm on market structure.

Lang is joined by John Crumley and John Scholvin, who help run the firm's technology and operations. Vito Botta is the firm's primary trader/execution specialist. With almost 30 years of experience, Botta is a past member of the Chicago Stock Exchange and LaSalle Capital Markets. Joining Botta is Bill Burke, another veteran with 25 years of institutional trading prowess who has worked at Robertson Stevens as a sales trader and has managed trading desks.

The firm has most recently brought on industry sales veteran Peter Cocuzza for its institutional sales and business development group. Cocuzza, with nearly 30 years in the trading business, is charged with introducing, expanding and developing senior client relationships with firms across various aspects of the financial services industry, specifically in equities trading. He also worked at Oppenheimer Funds as a buy-side senior equity trader and started his career as a sales trader at PaineWebber. He reports to Bill Burke who is head of sales and client relationships.

It also writes its own algorithms, which Lang said, allowing for bespoke customization and little information leakage. As Lang explained, the firm started offering basic VWAP and TWAP tools but has now moved into designing so-called "adaptive" algos that can be altered to adjust performance on-the-fly when prices or volume shift. Now the firm is designing and running liquidity seeking strategies too.

"We like to think that we automated common sense into our algos," Lang said. "And we find the buyers and sellers ourselves by routing places and venues that give us best execution." And the firm measures potential venue toxicity, allowing it to prioritize order flow away from venues that are more toxic.

And in order to protect itself the firm manages several redundant network and hardware co-located market centers to ensure seamless.

GLP sends orders to all exchanges, dark pools, ECNs and other broker dealers via indications of interest. Traders get the fastest data feeds - with real-time data coming directly from exchange providers raw data protocols - no third party providers.

"At the end of the day, we cannot eradicate all latency along the way from order entry to actual execution," Lang said candidly. "We adapt and keep pace with technology so our clients stay on a level playing field."