THE TRADE
WORKING FOR THE BUY-SIDE

The 2016 Algorithmic Trading Survey

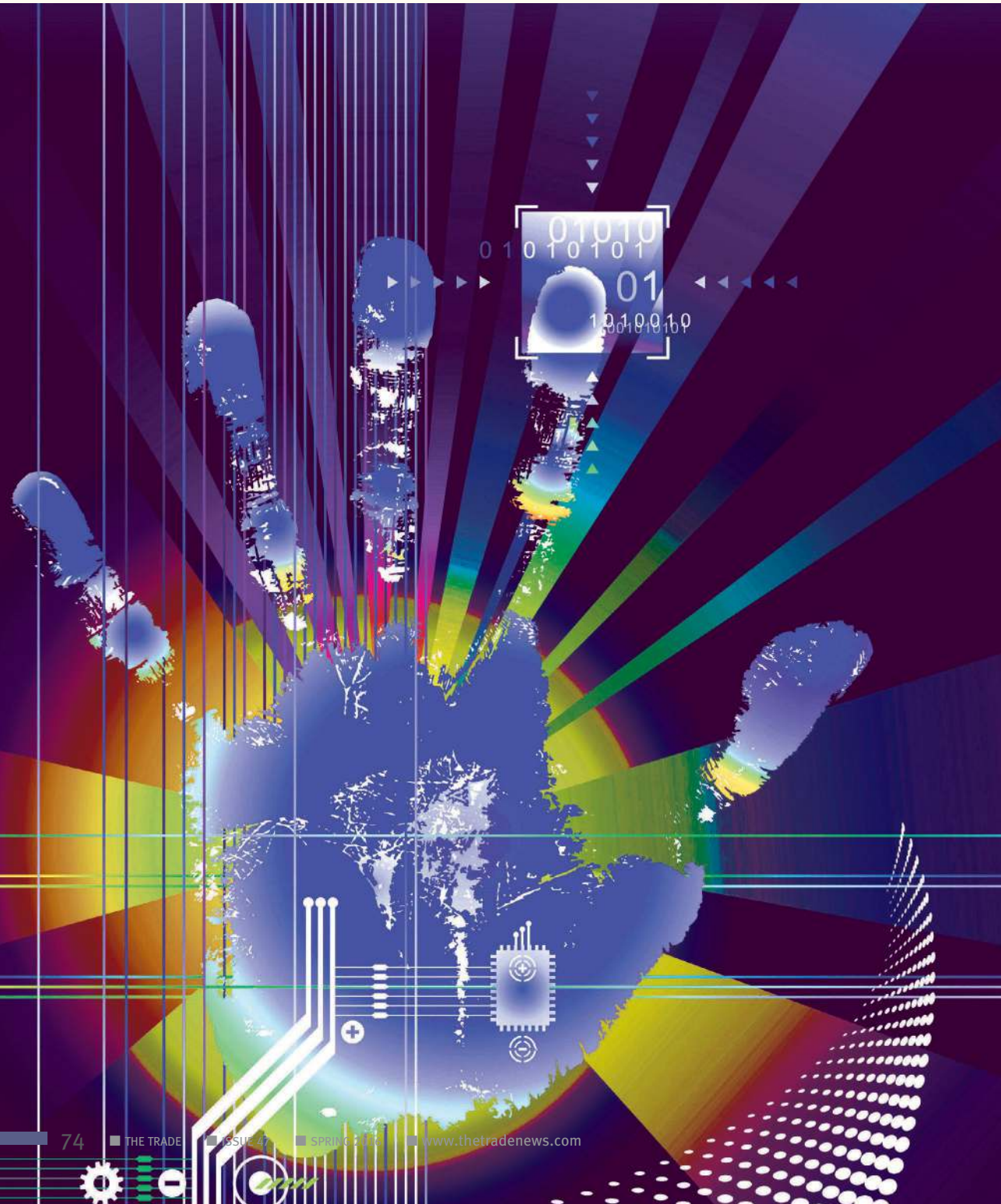
long-only firms

Recognising excellence in the delivery of algorithmic trading solutions

Featuring

- **State of the market report**
- **The 2016 broker roll of honour**

Market review: long-only firms



Mature but not staid

Traditional providers cannot afford to rest on their laurels as they come under pressure from new challengers

The market for algorithmic trading is mature. Even among the most reluctant long-only adopters of new techniques, algorithms are now an important factor in trading. Among the leading players, talk has moved from equities and derivatives to foreign exchange and fixed income. Belief exists that in core

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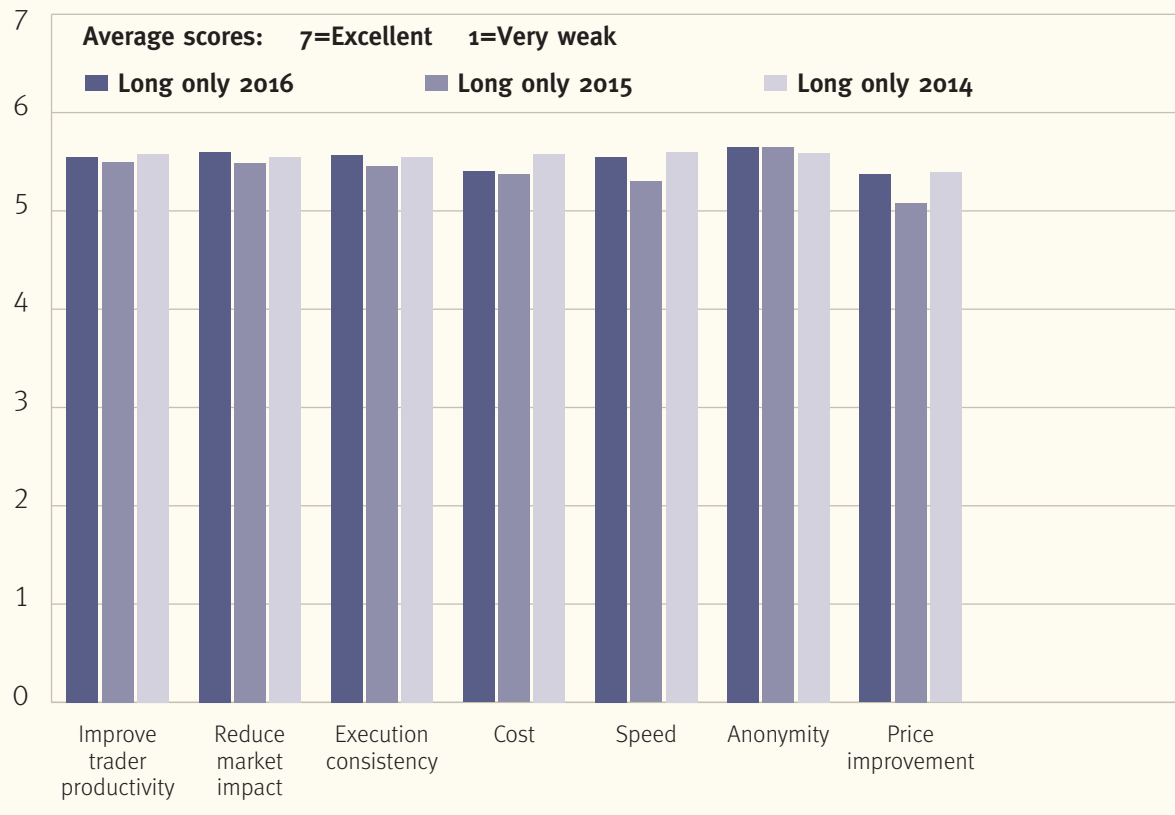
Market review: long-only firms

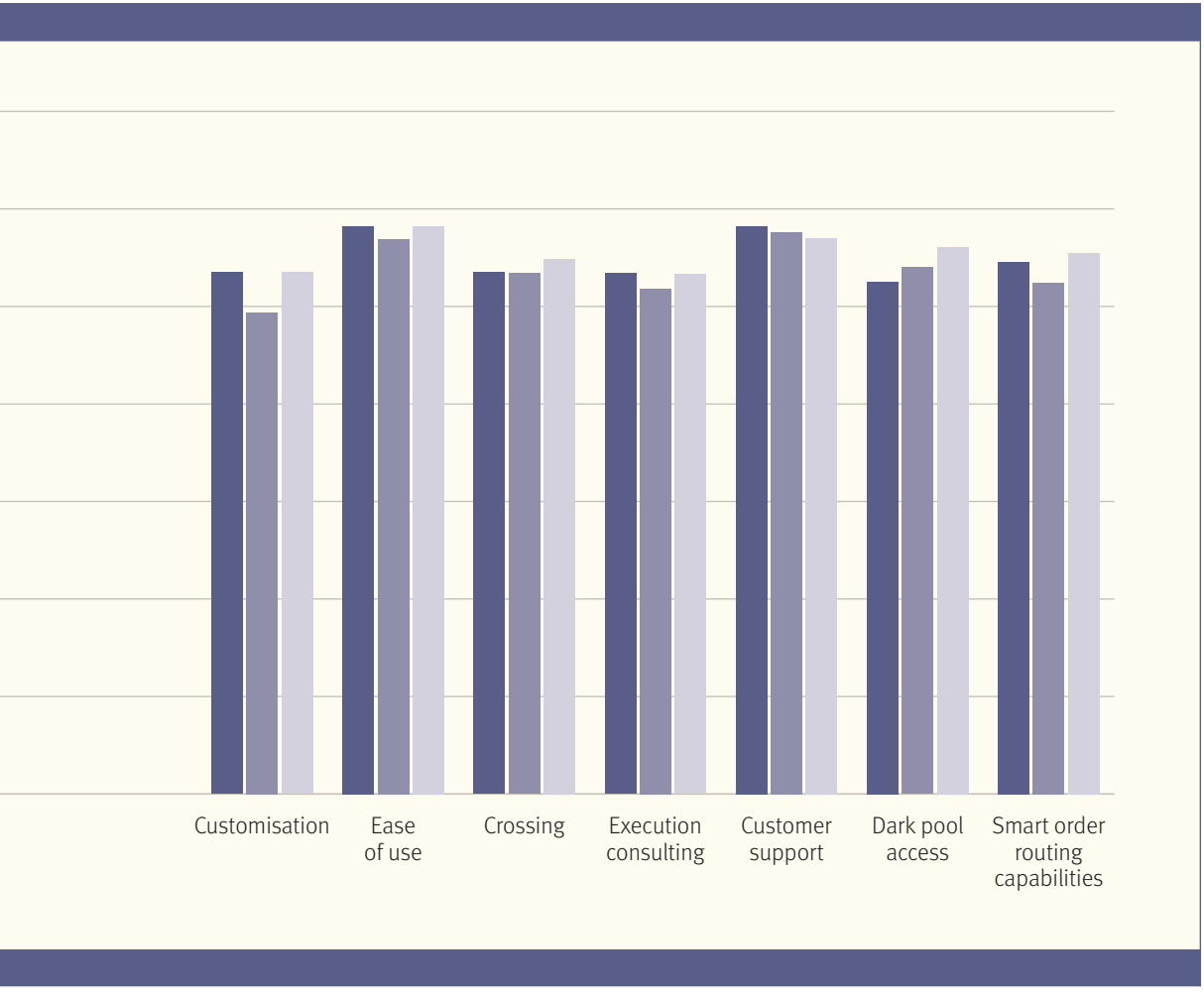
FIGURE 1: RATING OF ALGORITHM PERFORMANCE



Source of all charts: The TRADE Annual Algorithmic Trading Survey

activity scope for new opportunities is limited and unlikely to shift market share. As we noted in the 2015 Survey, customisation efforts seemed to have been reduced as had innovation in product development. Attempts to move the business forward with dark pool and crossing initiatives foundered on bad publicity and associated higher levels of regulatory scrutiny.

Far from being depressed however, the market is actually buoyant based on the results of the 2016 Survey. Exane BNP Paribas, Societe Generale, Jefferies and KCG all appear in the Roll of Honour this year, while both Credit Suisse and Bank of America Merrill Lynch seem to have recovered their poise after weaker scores seen in 2015. Meanwhile volumes are higher and buy-side firms are adding new brokers to

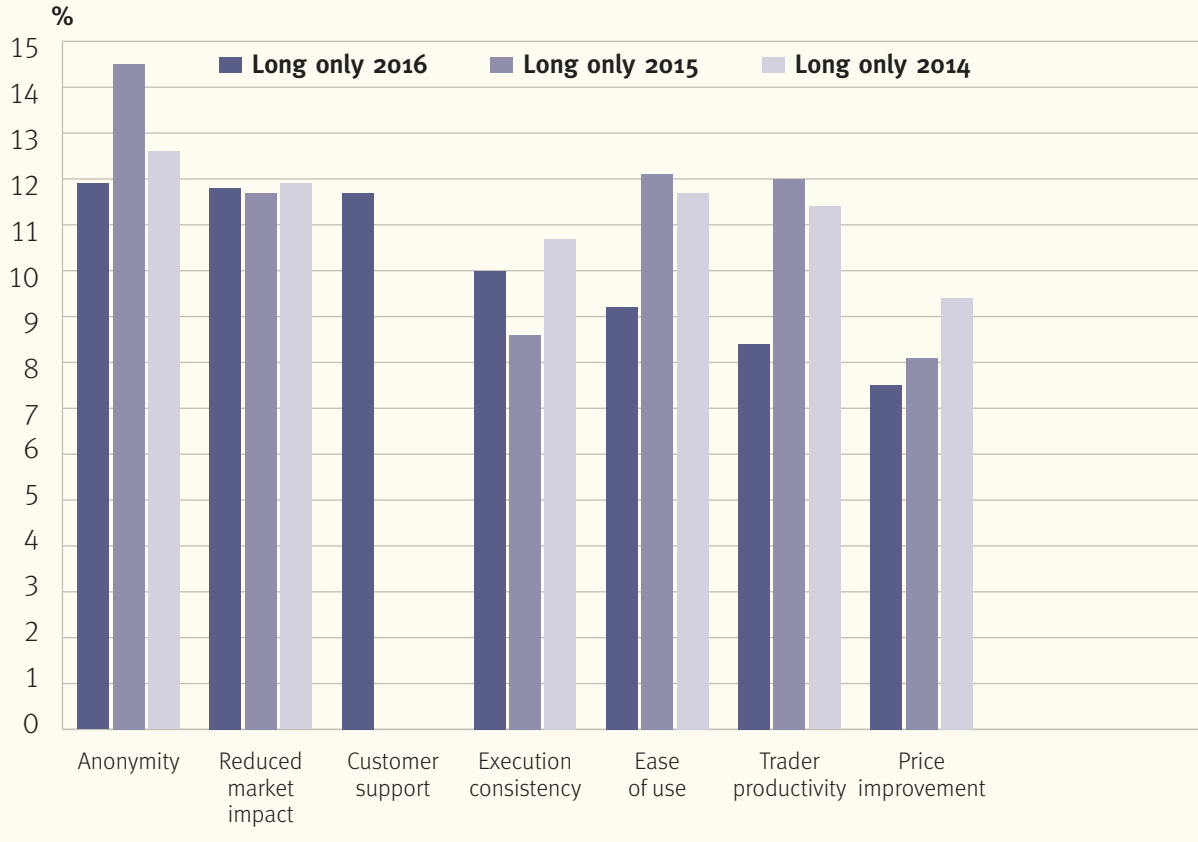


their lists of algorithmic providers as integrated execution and order management systems ease the process of implementation. Overall scores for each question in the Survey are shown in Figure 1. The chart shows the results for each of the last three years for long-only respondents. In twelve of fourteen questions, scores in 2016 were higher than those seen a year earlier. Overall the average score was a very respectable 5.49, up 0.10 points and moving closer to the level noted in 2014. The one area of lower scores

Far from being depressed, the market is actually buoyant based on the results of the 2016 Survey

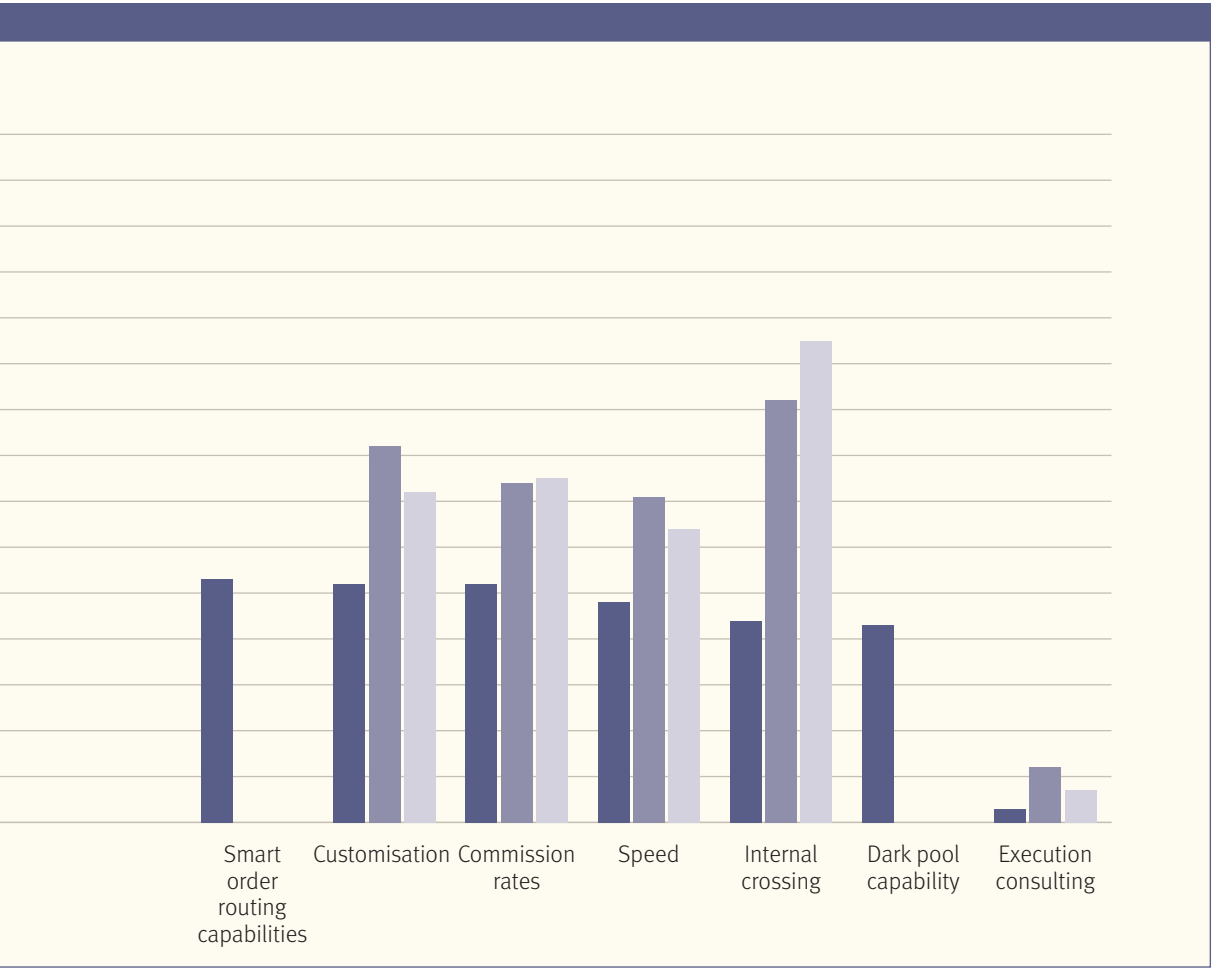
Market review: long-only firms

FIGURE 2: REASONS FOR USING ALGORITHMS



The one area of lower scores was, not surprisingly, Dark Pool Access

was, not surprisingly, Dark Pool Access. Given adverse publicity and attendant lack of promotion of these services by providers it was always likely that scores here would be lower. In 2014 the average score for this question was 5.61 and it was the third highest scoring question in the Survey. This year the average was 5.25 and the question ranked dead last of the areas covered. In terms of improvement recorded in scores, the outstanding aspect of service was Customisation. Having fallen significantly below acceptable levels in 2015, this category bounced back

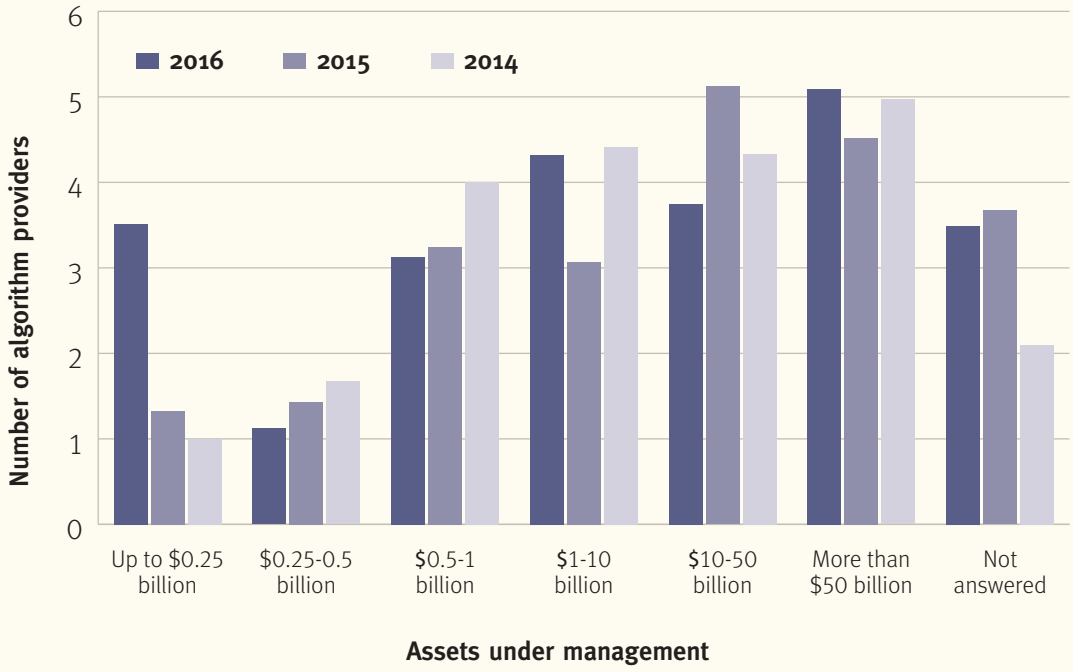


strongly in 2016, with the average score up 0.41 points. Even so with a score of 5.35, ranking equal eleventh overall, there is still more that clients believe could be done. Price Improvement, up 0.29 points at 5.37 also noted a healthy gain in scores, while suggesting that some clients at least remain to be fully convinced of the ability to achieve excellent performance in this area.

Figure 2 highlights the reasons clients give for using algorithmic trading. For the third year in succession, long-only clients voted Anonymity of trading activity as the key reason for wanting to use algorithms. Scores between 2016 and prior years are not strictly comparable, given the inclusion of three new areas in 2016. Nonetheless it is clear that helping very large long-only managers keep their trading activity 'hidden' is a key factor in assessing different providers. Also

Market review: long-only firms

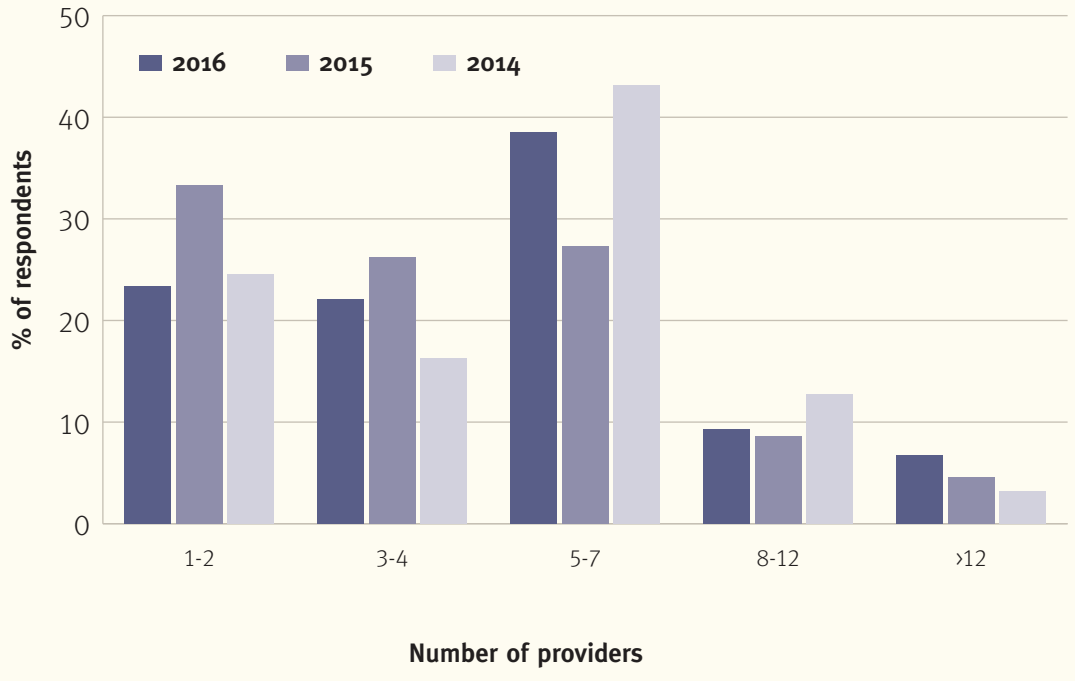
FIGURE 3: AVERAGE NUMBER OF PROVIDERS USED BY AUM



of note is the increased importance attached to Reduced Market Impact as a reason for using algorithms. Clearly the intended outcome of preserving anonymity is to lower the market impact costs of any given trade. It would appear that clients are now seeing that this outcome can indeed be achieved. In the meantime aspects such as Trader Productivity and Execution Consistency, though still important, appear to be in relative decline. This may well reflect the fact that many of the gains that can be achieved have already been realised by many firms. Hence scope for further improvement is now considered to be limited.

The vast majority of long-only respondents have more than $10 billion under management. In terms of the number of providers used, Figure 3 shows a mix of results. Among those clients with more than $50 billion the

FIGURE 4: NUMBER OF PROVIDERS USED



The change across different groups of clients suggests that there may be some substitution going on, moving business from one provider to another.

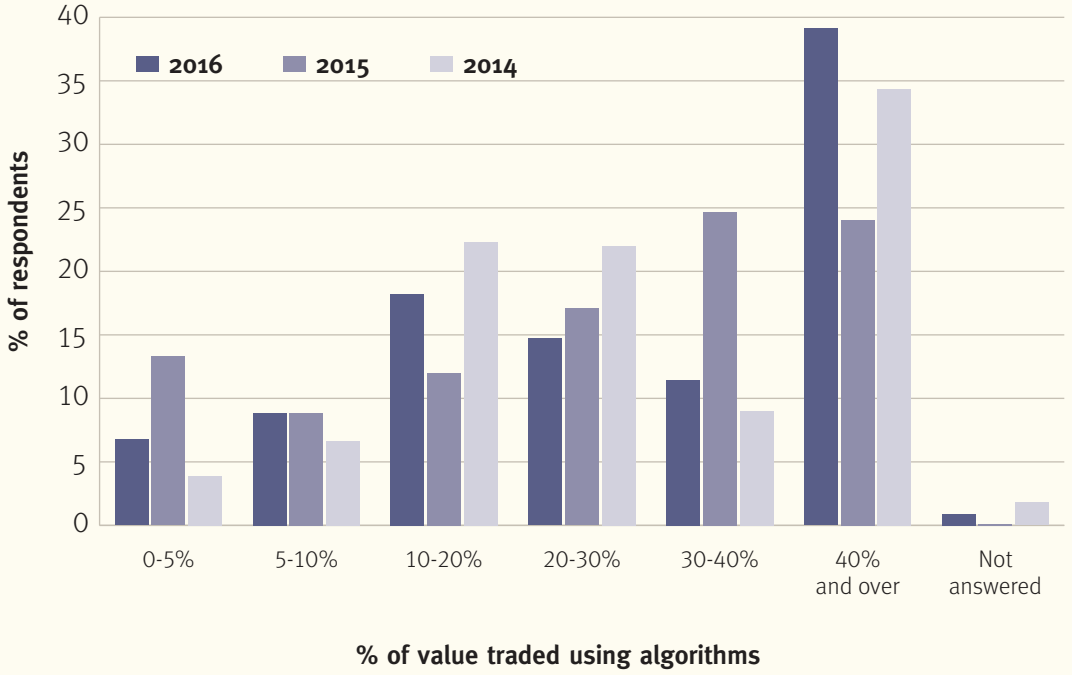
average number of providers evaluated was up by a little over 10% to 5.09. This is the highest number recorded in the Survey in the last three years. By contrast clients with $10-50 billion under management evaluated fewer providers on average in 2016 compared with 2015.

Overall it would appear that the general trend is fairly static in terms of overall numbers but with increases across some of the smaller firms. However the change across different groups of clients suggests that there may be some substitution going on, moving business from one provider to another. This kind of 'churn' is good for relative newcomers to the business but less welcome as far as well established incumbents are concerned.

Another way of considering the breadth of providers being used is to look at the actual number of evaluations being provided. In

Market review: long-only firms

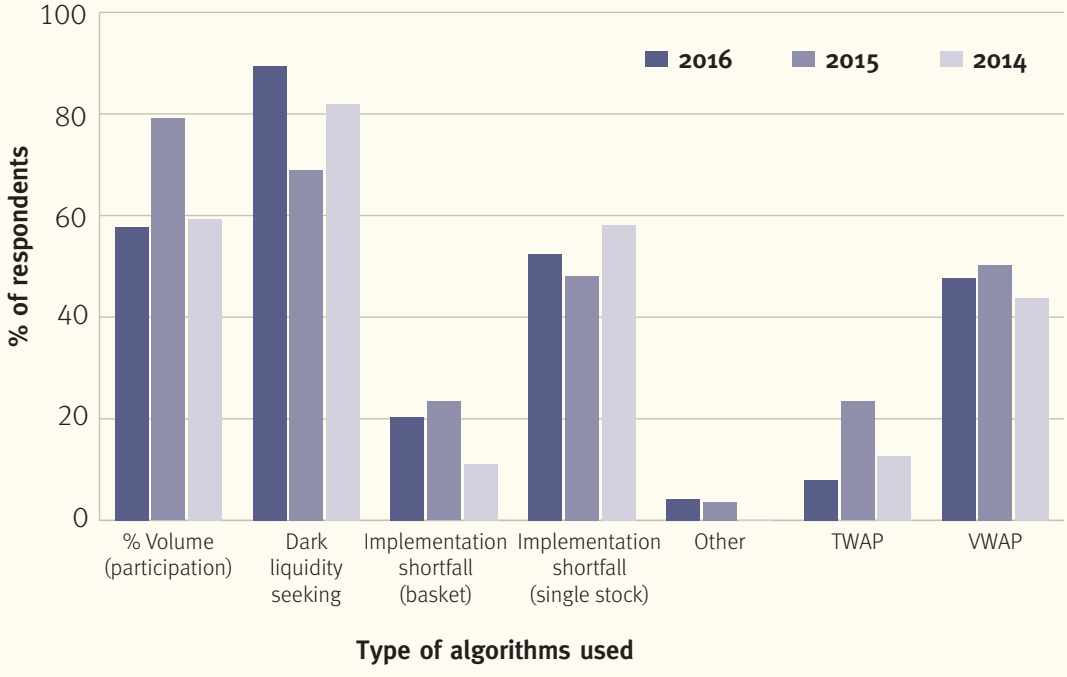
FIGURE 5: ALGORITHM USAGE BY VALUE TRADED



some cases, respondents may make use of more services than they evaluate; for example some may be specialist providers or may have only a small fraction of overall business. Nonetheless it seems clear that in 2016, the evaluation of more than five providers was commonplace, accounting for responses from more than half of the respondents. The figures however remain somewhat volatile as illustrated in Figure 4.

As well as looking at the number of providers being used, it is also important to consider how much business is being done using algorithms. Figure 5 highlights the position in this area. More than one-third of respondents suggested that they now use algorithms for more than 40% of trading activity. Comments imply that for some long-only firms the proportion is a good deal higher. There is also a large group, more than 40% of the total, using

FIGURE 6 : TYPES OF ALGORITHMS USED



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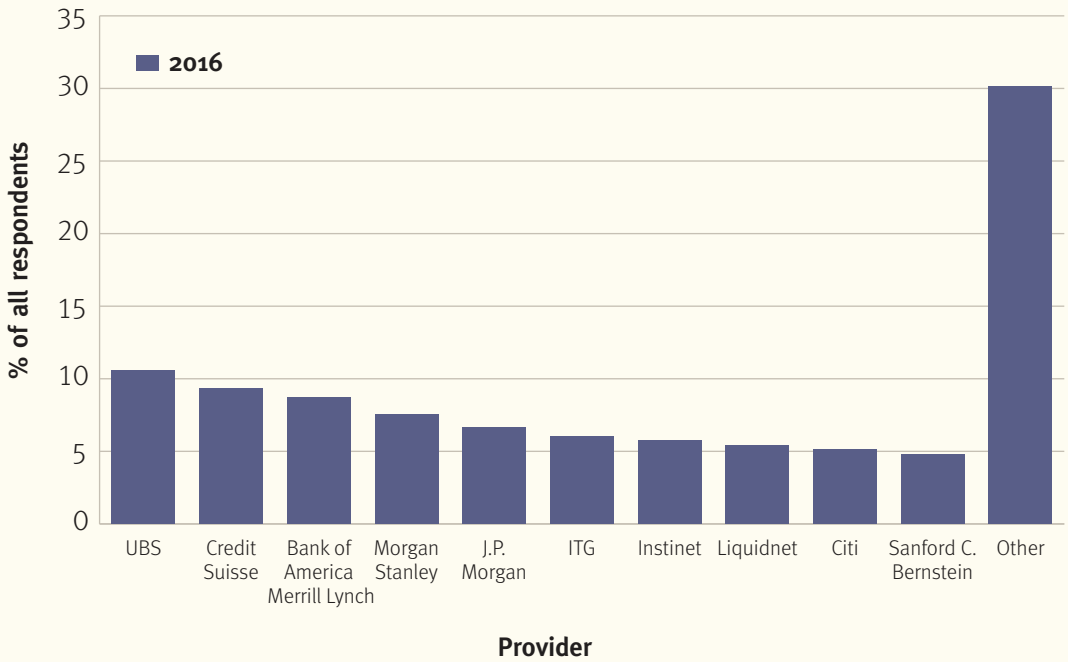
algorithms for between 10 and 30%. These clearly have scope to grow further. Meanwhile the number only using algorithms for 10% of their business has halved from well over 20% to a little above 10% of total responses.

What these three charts demonstrate is that the general trend of the Survey implies long-only managers are using more providers and undertaking a higher share of business through algorithms. However, the trend hides individual situations where numbers of providers used is declining and in some cases the proportion of overall business executed using algorithms is also falling. The position is encouraging overall, in the sense that the market is continuing to grow. However growth is modest and may be little more than a reflection of broader trading trends rather than anything specific to algorithms.

Market review: long-only firms

FIGURE 7 : PERCENTAGE OF RESPONSES FROM EACH PROVIDER

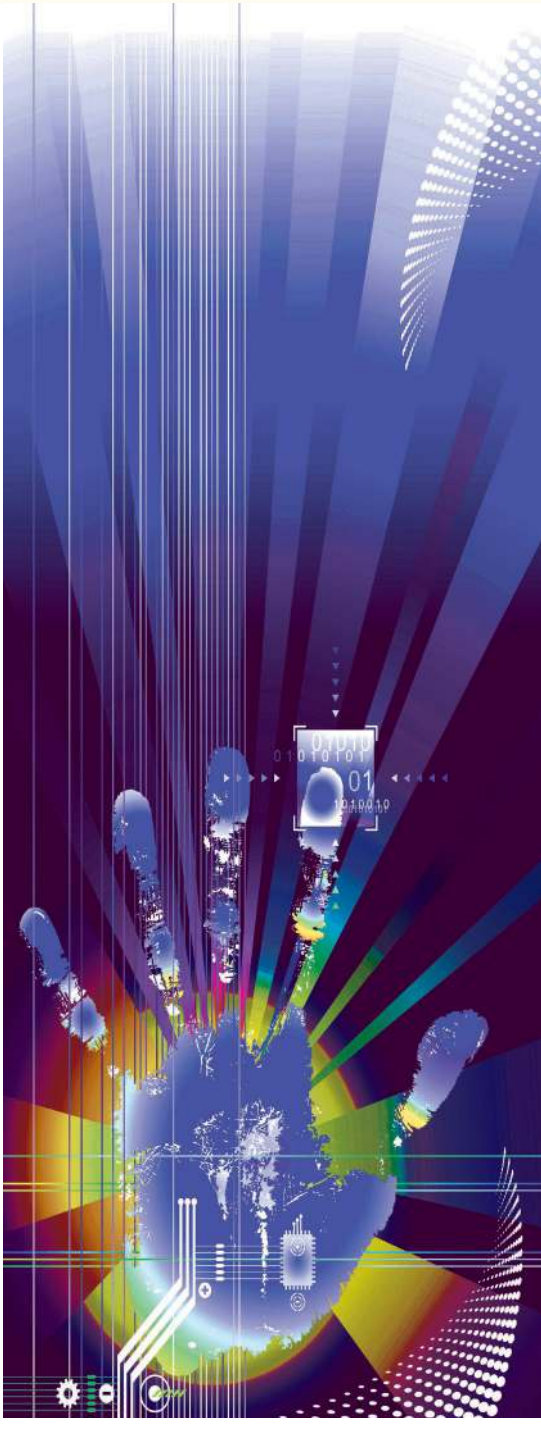


At long last the predicted demise of the VWAP algorithm is at hand. Even so it was still mentioned by 43.7% of respondents (down from 50.2% in 2015).

Finally Figure 6 shows the different types of algorithm being used by long-only clients. At long last the predicted demise of the VWAP algorithm is at hand. Even so it was still mentioned by 43.7% of respondents (down from 50.2% in 2015). However the modest decline in use of VWAP and TWAP (down from 23.4% to 12.7%) was brought into sharp relief by the increase in clients using both dark liquidity seeking and implementation shortfall algorithms. As is noted elsewhere the trend in the business is moving away from the 'getting simple trades done consistently and efficiently'. Rather the focus now is on improving execution performance through use of algorithms. Proving that such outcomes remain difficult for providers and users alike. However as tools become more sophisticated it would seem that proving

FIGURE 8: AREAS OF SERVICE FROM PROVIDERS

Area of service	Banks
Lower Overall Costs	Citi Credit Suisse KCG
Low Latency and Speed	Credit Suisse Goldman Sachs
Customisation	Bank of America Merrill Lynch Exane BNP Paribas ITG
Internal Crossing	Liquidnet
Dark Pools	Instinet ITG Liquidnet
Smart Order Routing	Credit Suisse JP Morgan
Execution Consulting	Bank of America Merrill Lynch Exane BNP Paribas

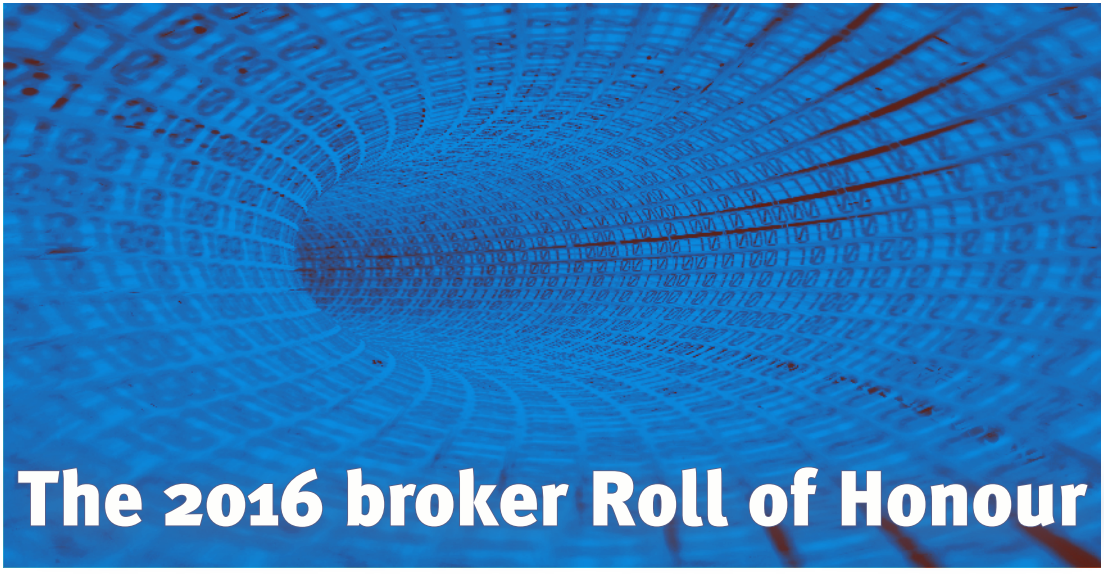


positive outcomes is increasingly regarded as a realistic as well as desirable objective.

If that trend turns out to be sustainable then the next wave of growth in the use of algorithms, based on actually delivering better trading outcomes, may be about to be unleashed. That is good news for the providers of algorithmic trading services. Whether or not it is such good news for buy-side traders in long-only firms is less obvious. After all if the machines are shown to do a better job than human traders, firms may start to reassess just how many humans they need. ■

Broker Roll of Honour: long-only firms

Illustration: iStock



The 2016 broker Roll of Honour

MEASURING FUNCTIONAL CAPABILITIES

Survey respondents were asked to provide a rating for each algorithm provider on a numerical scale from 1.0 (very weak) to 7.0 (excellent), covering 14 functional criteria. In general 5.0 is the 'default' score of respondents. In total nearly 30 providers received responses and the leading banks obtained dozens of evaluations each yielding thousands of data points for analysis. Only the evaluations from clients who indicated that they were long-only managers have been used to compile the provider Rolls of Honour described below. Responses from hedge funds and other institutions will be covered in the Hedge Fund analysis to be published later in 2016. Institutions were also asked to highlight the aspects of service that they considered most important to their evaluation of service provision.

Each evaluation was weighted according to three characteristics of the respondent; the value of assets under management; the proportion of business done using algorithms; and the number of different providers being used. In this way the evaluations of the largest and broadest users of algorithms were weighted at up to three times the weight of the smallest and least experienced respondent.

In arriving at the overall Roll of Honour the scores received in respect of each of the 14 functional capabilities were further weighted according to the importance attached to them by respondents to the Survey. The aim is to ensure that in assessing service provision the greatest impact results from the scores received from the most sophisticated users in the areas they regard as most important. Finally it should be noted that responses provided by affiliated entities are ignored and a few other responses where the respondent was not able to be properly verified were also excluded.

As in 2015 the focus of the Roll of Honour reflects both functional capabilities and overall performance with certain key client groups. The seven functional Roll of Honour categories in 2016 again incorporate the most important service aspects. The five overall Rolls of Honour covering overall performance (i.e. scores in all functional categories) include different subsets of the overall respondents. In 2016 these are the location of respondents (Europe and the U.K.), the size (AuM of more than $50 billion), the number of providers used (greater than five) and the proportion of business being done using algorithms (more than 40%). Each of these groups received a sufficient number of responses across a wide array of providers to merit the creation of a Roll of Honour.

Finally TheTrade also recognises that as the business continues to mature. For key client groups in key areas of service, many leading providers are considered almost equally capable by clients. As such we are again offering digital accreditation for providers, confirming that they meet the relevant standards of performance across a broad base of clients, even though their scores may not merit inclusion in the Roll of Honour. Providers have been notified of the situations where they qualify for such digital accreditation.

ANONYMITY

ROLL OF HONOUR

Exane BNP Paribas
ITG
Liquidnet

In each of the last three years Anonymity has ranked as the number one priority for long-only clients. The typical size of order executed by these firms is certainly a factor in this outcome. In 2016 Anonymity represented roughly one in seven of all priority mentions, with more than 50% of respondents regarding it as in their top four considerations when assessing performance. This was marginally down on 2015 levels.

In terms of performance the score for 2016 was exactly the

same as a year ago at 5.65. The rank achieved by that score was third out of the 14 categories covered. This was also the same as a year previously but the gap between the score and that of the best performing area of Customer Support was marginally higher than a year ago. Somewhat surprisingly the gap between the best and worst scores was high for an area of such importance. At 1.31 points it was not the largest difference but was considerable in the context of the importance to clients, consistently expressed over time to providers. The gap and the level of importance suggest, that it represents an area where competitive differentiation is possible and has a meaningful impact.

In that context the performance of the Roll of Honour names is notable. The three providers listed this year, are all different from 12 months ago, perhaps reflecting the difficulties of trying to maintain a high standard in a complex area. Their scores however were well ahead of others, even those who managed to beat the overall average.

REDUCING MARKET IMPACT

ROLL OF HONOUR

Goldman Sachs
Liquidnet
Morgan Stanley

Having fallen in relative importance over the years, Reducing Market Impact saw a marked pick-up in mentions among priorities in 2016. It was ranked as the second most important area by respondents, accounting for 14.2% of the total compared with 11.7% in 2015. Nearly half of customers ranked it among their top four areas of interest.

Goldman Sachs repeated its Roll of Honour mention in 2016 and was joined this year by Liquidnet and Morgan Stanley. The former obviously has an approach designed specifically to enhance anonymity of trading and by so doing, reduce impact of trades in the market. This approach has been appreciated by long-only clients in particular for some years. As might be expected however, the difference in scores between best and worst was only 0.87 points, among the lowest seen in the Survey. This reflects the very competitive nature of this aspect of business and also suggests that it is hard to achieve real competitive differentiation, even with good scores. Overall scores were consistently higher than a year ago and with an average of 5.57 ranked fifth highest. This compares with a score of 5.46 noted in the 2015 Survey from long-only clients. Providers' performance and importance would appear to have improved in tandem.

Broker Roll of Honour: long-only firms

CUSTOMER SUPPORT

ROLL OF HONOUR

Bank of America Merrill Lynch
Credit Suisse
KCG

The maturing market for algorithmic trading and its greater penetration into the business and processes of long-only firms, has driven the demand for excellence in client service generally. Support expectations are very demanding from this set of clients compared with hedge funds. At this stage of maturity however, most major firms have completed a process of integration into their core systems and so Customer Support is more about on-going levels of responsiveness and effective handling of queries and upgrades from both brokers and clients. The speed of response as well as the ability to quickly make new functionality available is what matters to clients. Customisation is an additional factor that long-only clients are interested in. Although not among the top seven priority areas, it is worth noting that the Roll of Honour names mentioned for Customer Support scored highly when clients were asked to assess Customisation. Among the Roll of Honour names, Bank of America Merrill Lynch is included for a second year and Credit Suisse has a long history of generally solid performance in this area with this client group. KCG is a newcomer to the rankings this year, reflecting the strong growth of their business.

In terms of overall scores, Customer Support saw the equal highest average score of 5.82. This was the third year in succession that scores have improved within the Survey, the only aspect of service where this is the case. Given the high level of importance, Customer Service ranked third in terms of client mentions, the scores suggest a generally good focus across the market on client requirements. However, there was a difference of more than 1 point between the best and worst performers in the category. Not the highest differentiation, but perhaps a cause for concern among those who did less well.

EXECUTION CONSISTENCY

ROLL OF HONOUR

JP Morgan
Sanford Bernstein
UBS

There remains a divide among both providers and users of algorithms as to whether their virtue is in improving execution performance or simply providing a consistent result while achieving gains in productivity among traders. Based on relative priority attached to each aspect of service, it would appear that those looking for cost savings and an average outcome are become slightly less important across the industry as a whole. Nonetheless they continue to represent a large constituency. Execution Consistency as a characteristic of

services ranked fourth highest in overall importance, being mentioned by 40% of all respondents. This is actually a gain on the position in 2015.

In terms of scores the area was fifth highest in terms of average score across all providers. This was the exact same position as seen in 2015, with scores up by 0.11 points almost exactly the same as the overall score across all areas of service. The range of scores was among the very lowest. At 0.87 points it ranked twelfth of the 14 categories covered. This makes it difficult for providers to achieve any form of competitive edge through better performance in this area, as others are performing nearly as well and in almost all cases at a level which keeps clients generally satisfied. The fact that the Roll of Honour names include no repeats from 2015 perhaps reflects the general consistency of sound performance by all major providers.

EASE-OF-USE

ROLL OF HONOUR

Bank of America Merrill Lynch
Credit Suisse
Instinet

The fact that the market for algorithmic trading has become more mature affects all aspects of the business. A relative lack of innovation among providers, in turn feeds into a growing familiarity with the tools being offered, and the ways in which they can be used to greatest advantage by buy-side traders. Ease-of-use is always subjective and for many traders systems that have been used for a long time remain the most convenient and are perceived as easiest to use. This effect no doubt has impacted on perceived importance of this factor in overall assessment. Even so, the area accounted for more than 9% of all mentions and more than one-third of respondents counted it among their top four priorities. More important may be the effect on scores. In 2016 Ease-of-Use ranked equal first with an average score across all providers of 5.82. This was up by 0.13 points compared with 2015, a gain slightly higher than that across the Survey as a whole. It was sufficient to place this category equal with Customer Support in terms of satisfaction.

The difference between best and worst scores was 0.98 points, coming 11th in terms of variation. Again one can expect that providers will focus effectively on areas of greatest client interest. As with other important areas there were few banks that were not performing at an acceptable level. Differences in scores between providers reflected the variation in the proportion of excellent scores rather than any prevalence of weaker scores. The repeat inclusion of Bank of America Merrill Lynch is as a result that is much more noteworthy.

Broker Roll of Honour: long-only firms

TRADER PRODUCTIVITY

ROLL OF HONOUR

Citi
JP Morgan
Sanford Bernstein

Trader Productivity remains an important reason why long-only firms use algorithms. However as its effects become more embedded in the process of trading, its importance declines. That has been seen again this year, with Productivity ranking only sixth highest compared with third a year ago. The Roll of Honour names performed well, but it is again hard to find differentiation among most of the major providers. However, a few names did perform relatively poorly in this category, and also did less well in the correlated area of Ease-of-Use. While this may not help win new business for the leaders it may result in a loss of business for the laggards.

Overall scores were solid, but not spectacular. The average was 5.55, up 0.05 points on a year earlier. This ranked equal 6th among all questions. The gain was less than the overall survey improvement, and remained behind the 2014 scores. Though the level of algorithmic use continues to increase, the rate of progress has inevitably slowed with growing maturity. This means that the main productivity gains for traders have now been realised. As such it is not clear how, without a major new technological breakthrough, material new gains are going to be achieved. It seems likely that this area will decline further in relevance for clients in future years. This particular battle has been won by the industry as a whole and the narrative now needs to move on.

PRICE IMPROVEMENT

ROLL OF HONOUR

Credit Suisse
Deutsche Bank
ITG

In 2015 Price Improvement was not one of the top seven areas that clients voted for in terms of priority. However, as all relevant gains in productivity and consistency are achieved, clients and providers alike are looking at ways to demonstrate that algorithms deliver better results in terms of execution. As cost analyses become more effective, demonstration of this capability may become more reliable and effective than it was in the past. If genuine price improvement can be achieved and is shown by independent parties to be a legitimate objective, then this area will grow in importance in the future. Scores were up by 0.29 points compared to 2015, much higher than the gains recorded in the Survey as a whole. Having ranked last in

terms of scoring a year ago, this category is up to tenth in 2016. Whether this reflects better performance or more credible measurement is not clear from respondents. However, a positive trend will be welcomed by all market providers, especially if it can be maintained.

The leaders in this area include Credit Suisse, who have a long standing reputation as leaders in the field. ITG is also well recognised as having useful metrics to assess performance while Deutsche Bank is an innovator in trading techniques. It should be recognised however that differences between all major providers are still seen as small, limiting differentiation prospects and suggesting that the market is not yet fully convinced that algorithms really can deliver the holy grail of consistently better execution outcomes.

CLIENTS WITH ASSETS UNDER MANAGEMENT OF MORE THAN $50 BILLION

ROLL OF HONOUR

Exane BNP Paribas
Liquidnet
UBS

A little over half of all respondents have more than $50 billion under management. Given their size, as well as the number of providers typically used, they are an even more important constituency based on the weight of responses received. 14 providers achieved a sufficient level of responses to be considered within the overall Roll of Honour for this group. Exane BNP Paribas achieved the highest score of all providers in the area of Customer Service and also performed strongly in terms of the other softer, more qualitative aspects such as Ease-of-Use and Customisation. Its scores were less distinctive in some core areas of service but nonetheless were highly competitive all round. As might be expected Liquidnet achieved its very best scores in its specific areas of business focus, namely; Reducing Market Impact, Anonymity and Crossing. These factors are more important to this group of clients than they are across the overall survey for obvious reasons to do with scale of much of the trading being done. As with Exane, scores for Liquidnet were generally very sound across all areas which, coupled with excellence in some key aspects merited inclusion in the Roll of Honour. UBS achieved the highest number of responses, both by number and by weight among this client group. This is testament to its overall key role in acting as a leading broker to many of the

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world's largest asset managers. It scored well in the more traditional area of Trader Productivity but also saw strong scores for Ease-of-Use as well as generally achieving good scores in most areas.

CLIENTS BASED IN THE UK

ROLL OF HONOUR

Bank of America Merrill Lynch
Jefferies
Sanford Bernstein

In 2016 the UK accounted for almost 30% of all responses received from long-only firms. Based on the weight of responses, the proportion is slightly higher as clients responding from the UK are typically larger than those elsewhere. The UK clients remain relatively well served with scores as a whole being ahead of the Survey average. In total, some 12 providers received a sufficient number of responses to be considered for inclusion within the Roll of Honour. In the case of Jefferies, its position in the UK was much stronger than elsewhere in the Survey and it did well enough to be included. This is reflected in its very strong scores in Trader Productivity, Customisation and Customer Support. In all three areas the average score achieved by it was better than 6.0 (Very Good). Customisation was seen by clients as a particular strength of its offering. Bank of America Merrill Lynch also scored very highly as far as Customer Support was concerned. It did well in Ease-of-Use of their systems. The latter was also a strong point as far as clients of Sanford Bernstein were concerned. Its clients appreciated the level of Execution Consistency achieved with its trades.

CLIENTS BASED IN EUROPE

ROLL OF HONOUR

Credit Suisse
Instinet
UBS

UBS achieved a Roll of Honour rating among this client group for the second year in succession. Its success was built on excellent scores in Execution Consistency and Ease-of-Use. It

also received very high scores from this client group in the area of Crossing. Across the Survey as a whole internal crossing did not generally receive high scores, and indeed the position of UBS was noteworthy among this client group. Credit Suisse achieved an average score better than 6.0 in five categories, including Reducing Market Impact and Ease-of-Use of systems. These are actually more important priorities for this group of clients than in the overall survey outcomes and this worked in favour of Credit Suisse in terms of its ranking with these clients. It did less well in the area of Dark Pools and Smart Order routing, but that was consistent with these clients across all major providers. Again the relative lack of importance of these elements reduced the overall impact of lower scores being achieved. Instinet achieved an average score better than 6.0 in five categories, matching the Credit Suisse performance. In its case Anonymity of trading was a particularly well regarded attribute of their product suite. While European long-only clients accounted for only a little over 20% of overall responses, it was the second largest group based on weight of respondents and also on average were users of more providers' services than any other group.

CLIENTS USING MORE THAN FIVE OR MORE PROVIDERS

ROLL OF HONOUR

ITG
JP Morgan
Societe Generale

Not surprisingly clients using the largest number of providers will account for the majority of all responses. In the Survey this year it accounted for more than 70% of all responses. Thus the Survey is in fact dominated by the clients with the broadest experience of using algorithms from a range of different providers. It is not surprising that in terms of priorities this group demonstrates consistency with the overall survey. It is likewise to be anticipated that this group will be more demanding and scores recorded are generally lower, though also for the most part, more consistent than those of other groups. Once again 14 banks achieved response rates sufficient to qualify for inclusion in the Roll of Honour.

It is worth noting particularly the repeat Roll of Honour ranking of JP Morgan with this client group. Its success this year was built around solid scores across the board in terms of different aspects of service as well as a strong representation measured by both number and weight of responses. Ease-of-Use and Customer Support were the aspects of service that received the best scores, but it was consistency, both across questions and as one of the better scores on each question that resulted in the overall strong outcome. ITG by contrast saw some excellent scores and some that were perhaps lower than it might wish. ITG did however perform very strongly in the key areas of Anonymity, Reducing Market Impact and Price Improvement with this client group. Scores in all three areas suggest that clients regard the ITG offering as better than others

Broker Roll of Honour: long-only firms

against which it compares. Societe Generale received enough responses from this group and scores merited inclusion in the Roll of Honour. Customer Support was the area of strongest absolute scores for it. However in relative terms it was Customisation that was its most distinctive capability. Consistency across all categories, with no perceived areas of significant weakness was what allowed it to achieve a good overall score.

CLIENTS USING ALGORITHMS FOR MORE THAN 40% OF TRADING

ROLL OF HONOUR

Credit Suisse
Goldman Sachs
Morgan Stanley

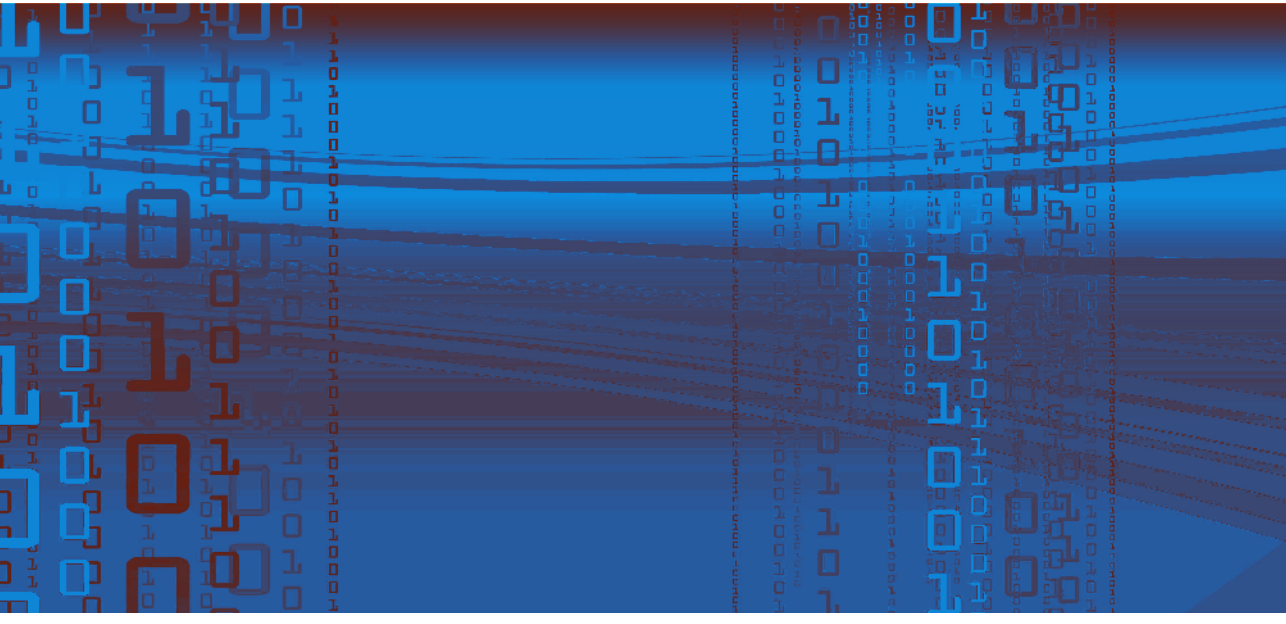
By definition those respondents that use algorithms most extensively have the greatest experience. While the number of respondents using algorithms for more than 40% of trading was over one-third of the total, their actual number of responses was slightly lower, suggesting a greater concentration of business in the hands of fewer providers. Their priorities were also slightly different, with traditional strengths of trader productivity and consistency of execution more important than across the survey as a whole. A total of eleven banks achieved enough responses

for Roll of Honour consideration. The winners this year include some of the most traditional providers in the market.

Credit Suisse received perhaps fewer responses from this group than it might expect. However the scores were very strong with the bank achieving a score of better than 6.0 (Very Good) on nine of the 14 questions. Relative strength was noted in both Price Improvement and Crossing. Goldman Sachs by contrast received more responses and had a stand out performance in Customer Service and Trader Productivity. A slightly weaker score for Dark Pools was not an important factor and the overall average result was very strong. Morgan Stanley also performed well all round with notably strong performance in Reducing Market Impact as well as low Latency of activity. Morgan Stanley has long enjoyed a strong reputation for the effectiveness of its links to execution venues and this clearly remains an area of both relative and absolute strength.

EXCELLENCE IN OTHER AREAS

Figure 7 shows the proportion of responses received for each of the top 10 providers measured by number of responses, with a qualifying level of accounting for more than 4% of the total by both number and weight of responses. The 'Other' category reflects the efforts of another 14



providers all of whom received some responses from long-only clients. In some cases these firms score particularly well in certain areas and would, in previous years have been included within the 'Ones to Watch' group for the relevant functional area. In 2016 we have not included 'Ones to Watch' because not all functional areas are included in a formal Roll of Honour.

As was noted earlier there is growing similarity among the major players in terms of core offering. As such some clients may see greater differentiation in some of the less critical aspects of service. Figure 8 shows a list of between one and three firms who scored especially well in the other seven areas of service not included in the formal Roll of Honour lists. Obviously in some cases the capability is assessed by more respondents than others and the results may therefore be more specific, based on the clients responding for particular providers. Some areas of expertise are also areas of particular focus for services of individual providers. The general fall out in scoring for Dark Pool provision following the well publicised issues that have surfaced in some cases. At 5.25 the average score for Dark Pool provision was the lowest of any category, was 0.15 points lower than in 2015 against a background of generally higher scores and is still viewed with caution by most long-only clients. One of the areas where the difference between best and worst scores was highest was in Overall Cost. This probably reflects a desire among some providers to grow market share by using lower costs as opposed to demonstrating superior capabilities. Once again this reflects the maturing of the industry.

While these areas are generally of lower concern to clients responding, they are all relevant to some decision makers from time to time. As such excellence in these areas should be considered as an opportunity to grow market share, especially where core services are being delivered well. ■