

The Buyside's Take on Trading Costs

Your firm's primary business is:

Traditional Money Manager		65%
Hedge Fund		29%
Pension Fund or Endowment		6%

Describe your assets under management:

Less than \$3 billion		51%
\$3-\$10 billion		16%
\$10-\$25 billion		15%
\$25-\$100 billion		10%
More than \$100 billion		9%

Your firm has how many trading desks?

One		74%
Multiple		26%

What products do you use? (Choose more than one if applicable)

Abel Noser		11%
Elkins/McSherry		4%
ITG TCA/Plexus		49%
QSG		7%
Bloomberg		39%
Other		36%

How much are you paying for TCA?

Less than \$25,000		55%
\$25,000-\$50,000		15%
\$50,000-\$100,000		17%
\$100,000-\$250,000		10%
More than \$250,000		3%

How do you pay for the products? (Choose more than one if applicable)

Hard		65%
Soft		27%
Order Flow		24%

Who uses the results from your analysis and how is it used? (Choose more than one if applicable)

Head Trader		79%
Individual Traders		51%
Portfolio Managers		51%
CIOs		27%
Legal/Compliance		41%
Marketing		21%

Is it used for compensation purposes?

Yes		24%
No		76%

What percent of total compensation is it?

1% to 25%		89%
25% to 50%		9%
Over 50%		2%

Do you expect TCA's importance to grow as a percentage of your compensation in the next year?

Yes		26%
No		74%

Does TCA impact the way you trade?

I always execute with an eye on the benchmark		16%
The benchmark occasionally impacts my execution strategy		21%
I always execute how I feel is best, regardless of benchmark		62%

For the most part, how do your portfolio managers view trade cost analysis?

Indifferent and pay no attention to it		48%
Support TCA and believe that results reflect desk quality		37%
Dismissive, because traders can game the system		15%

How does TCA factor into your broker vote and broker selection?

It is not a factor		35%
It is an informal factor but not quantified in the process		44%
It is an important and quantifiable factor		21%

Do you expect TCA to grow as a factor in your broker vote and broker selection in the next year?

Yes		41%
No		59%

Do you use pre-trade TCA?

Yes, religiously		7%
Sometimes		47%
No		47%

Do you expect your usage of pre-trade TCA to grow in the next year?

Yes		43%
No		57%

What benchmarks do you use? (Choose more than one if applicable)

Peer Group		21%
Arrival Price		47%
VWAP		64%
Open/High/Low/Close		27%
Degree of difficulty (i.e. PAEGL or ACE)		23%