

Global Equities Trading: Broker, Algo and EMS Selection

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Executive Summary:



In the dynamic landscape of institutional equity trading, asset managers face an ever-expanding array of choices, challenges and opportunities. Central to their success is selecting the right trading counterparties for their unique needs. The best providers not only facilitate their buy-side clients' daily trading workflow but also add value to the process in their own unique ways.

The keystone of this relationship lies in day-to-day, frontline coverage—the “blocking and tackling.” This is true regardless of the trading channel. Whether high-touch (aka cash) or low-touch (aka electronic or algo) channels, the buy side demands high-quality customer service. The sell side should take note that over half of buy-side firms say that getting proper coverage from their brokers is one of their biggest pain points. Perhaps related, almost half also want separate coverage relationships with their brokers' high- and low-touch desks.

Fintech platforms should observe a similar sentiment, with over half the buy side using separate order management system (OMS) and execution management system (EMS) platforms rather than consolidated systems. Whether human or technology, it seems many still feel a jack-of-all-trades is a master of none. The buy side desires specialists.

Methodology:

From September through November 2023, Coalition Greenwich interviewed 103 buy-side equity traders globally. The study was conducted over the phone, online and in-person. Respondents answered a series of qualitative and quantitative questions about their daily workflow, broker selection and evaluation, technology platforms used, commissions, technology budgets, and business practices in the U.S. cash equity space.

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