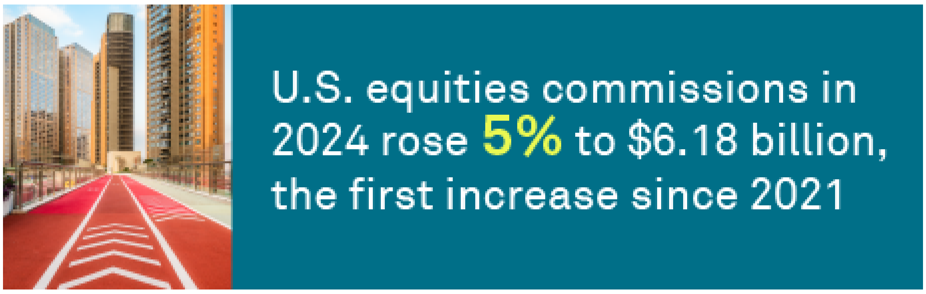
# U.S. equity market trends hold steady in 2024

January 14, 2025

Executive Summary:




U.S. equity market structure has evolved into a construct that would make Rube Goldberg blush. Complexity piled upon complexity, there's no end in sight. The Securities and Exchange Commission's recent unanimous approval of equity market reforms has brought tick size and access fee changes to the forefront of institutional investor minds. While the expected effects are hotly debated, one thing is clear: Buy-side equity traders see bluer skies ahead and are cautiously optimistic as they navigate the upcoming rule changes. A new SEC Chair brings a fresh start and renewed focus for those hoping to foster a cooperative era with regulators—those who balance the needs of institutional investors with necessary oversight.

Undeterred by regulatory developments, buy-side traders also remain resolute in their dual mandate: finding liquidity for their clients while exploring opportunities for automation within their firms. They must button-click their way to efficiency, with electronic trading via low-touch channels expected to account for nearly half their equities flow in three years' time. About a third are also leveraging algo wheels to automate their routing, using them to execute almost 40% of their electronic flow as they navigate the challenges of doing more with less.

In addition to the workflow efficiencies captured by trading more of their flow electronically, managers reported a 5% increase in commission wallets this past year, to an annualized $6.18 billion. Pressure from their underlying investors to lower commission rates has eased as asset owners recognize that brokers are pushing back against rate compression, which ultimately leads to underperformance and reduced returns.

The buy side has long said they wish to reward brokers who consistently add real value to their day. They may finally have the means to do so.

Methodology:

From January through June 2024, Coalition Greenwich interviewed 249 buy-side equity traders in North America. The study was conducted over the phone, online and in person. Respondents answered a series of qualitative and quantitative questions about the brokers they use and their business practices in the U.S. cash equity space.

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