



# Streamline Algorithmic Trading with FIX Flyer

If you've spent a lot of time executing trades, you probably remember the days when you had to manually download trade files from the orders grid and upload them to your custodian(s). You probably also remember—or have nightmares about—the cumbersome, tedious, inefficient, and costly implications of this manual process.

That's why we hope you're already familiar with [FIX Flyer](#), the third-party provider that allows advisors to send trades electronically to their custodian(s)\*.

Using FIX, the trade execution process is dramatically simplified:

1. Advisors complete their trades
2. They then send their trades straight to their custodians through FIX

That's it. Because the trades are sent through and processed immediately, there's virtually no wait time for execution, meaning advisors are far more likely to trade at their desired price, and the potential for human error is reduced.

FIX adds simplicity and efficiency to small trade orders, which is enough for some advisors.

But for advisors who want to execute big block orders — say, over 10,000 shares — there hasn't been a great solution that dramatically improves efficiency and accuracy. Until now.

## **Algorithmic Trading**

Historically, to submit block trades, an advisor needed to phone, email, or fax

critical instructions to the trade desk and list the parameters, hoping that everything ended up executed properly.

Not only did that open the door for potential human error, it also simply took a lot of time — during which the prices the advisor was trying to lock in most likely changed. And trying to lock in that same price across multiple clients using non-automated processes was at best inefficient and at worst, hazardous in the event it didn't work out as planned.

Using algorithmic trading, a computer program follows a defined set of instructions to place trades at speeds and frequencies that are impossible for human traders. These instructions, or algorithms, can be based on timing, price, quantity, or another mathematical model.

There are a host of benefits associated with algorithmic trading. Trades are executed instantly and accurately, with no possibility of human error. What's more, because they're timed so precisely, they avoid significant price changes. Risk factors associated with algorithm calibrations can be measured historically and used to create present models.

### **Popular Algorithmic Trading Strategies**

Advisors can approach algorithmic trading in a number of ways, depending on the desired outcome. Three popular strategies include:

**Volume-weighted Average Price (VWAP):** In this strategy, the algorithm breaks up a large order into smaller chunks and releases them to the market using stock-specific historical volume profiles, aiming to execute the order close to the VWAP.

**Time-weighted Average Price (TWAP):** Similar to the VWAP strategy, TWAP also breaks up a large order into smaller chunks and releases them to the market, only in this instance the algorithm uses evenly divided time slots between a start and end time. The goal of TWAP is to execute the trade order as close to the average price between the start and end times as possible.

**Percentage of Volume (POV):** This algorithm continues sending partial trade orders according to a defined participation ratio and the volume traded in the markets until an order is filled.

## **FIX and Eclipse™**

Orion's Eclipse™ trading supports the straight-through processing of algorithmic trades with a FIX integration that's free for Orion advisors. To get started, contact the Orion SME trading team, who will take care of the custodian set-up process through FIX Flyer. From there, your custodian will reach out to you with an agreement to sign.

Whether you're executing big block orders or one-off trades, enabling straight-through processing via a FIX connection can save you time, improve your trading efficiency, and ensure more accurate trades.

To learn more about Eclipse™ trading and how its integration with FIX can significantly improve your trading workflow process, join us for our [webinar](#). Register here!

Not working with Orion yet? Let's fix that! [Contact us today](#) to find out how our solutions can help power your business's growth.

\*Not all custodians support FIX trading.

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