Acceleration trading strategies, 114–117, 118–119, 142
Accumulation, strategy design impacted by, 37–38, 114
Adaptation:
  adaptive autonomous agents (see Adaptive autonomous agents)
  adaptive reactions vs. rigid anticipations, 33–37
  avenues for, 173–175
  definition of, 173
  market as complex adaptive system, 42–45
  need to adapt, 45
  research on adaptation of model portfolios, 12
  strategy evolution as (see Strategy evolution)
Adaptive autonomous agents (AAA):
  adaptation strategies for, 173–178
  aggregate agents, 139–141, 152, 170, 324
    (see also Swarm systems)
  algorithms used by (see Algorithms)
  basic trading strategies using, 105–126
  consume function of, 60, 64–65, 67, 70–71, 152, 155, 156–157, 323
  core engine layer of, 323–326
  data representation techniques for, 51, 83–104
  elements of, 49–50
  events encountered by, 60–63
    (see also “market updates to” subentry)
  feedback and fitness measures for (see Feedback and control mechanisms)
  finite-state-machine control system decision-making by, 52–55, 63–71, 73–82, 157, 275
  human traders in lieu of (see Traders)
  implementation by (see Systematic trading implementation)
  initialization of, 77, 85
  inter-agent communication, 73–82, 84, 133, 134, 143–146, 242
  internal world of, 179–180
  language recognition in, 102–103, 126
  market-making trading strategies using, 127–137
  message emission by, 75–76
  observe function of, 61, 73, 77
  order management systems of (see Order management systems)
  portfolio aggregation and, 139–143
  price and order book updates to, 84–89, 96–99
  smart system of, 174
  strategy implementation via, 66–71
    (see also Systematic trading implementation)
  trading agents as, 57–59
  trading robot as, 50–51
Aggregation:
  additive swarm system aggregation of positions, 209
  aggregate agents, 139–141, 152, 170, 324
    (see also Swarm systems)
  manual order aggregation, 313–314
Aggregation (Continued)
order aggregation/disaggregation, 299, 301–304, 313–314
portfolio aggregation by combining strategies, 139–143
systematic trading implementation
aggregation/disaggregation, 249, 251, 254, 257, 266–267, 271, 299–304
Algorithms:
aggressive order, 147, 148, 153–154, 175, 234, 237–238
commonly used, 237–240
data representation relationship to, 88, 98, 101
definition of systematic trading including use of, 3
FPGAs for physical representation of, 332
history of technological improvements including, 24, 25, 26, 27, 46, 47, 177
iceberg order, 129, 238
language-processing, 126
limit order, 148, 241, 309
market and stop-loss order, 148, 237–238
portfolio trading, 239
reductionist appearance due to use of, 6
spread, 239–240
substantial time associated with algorithmic orders, 308–309
swarm system, 208–209, 213, 226
switch, 198, 200
time-weighted average price, 239
trading as business consideration of, 8, 12, 13
volume-weighted average price, 238–239, 241, 242–243
AllegroCache, 267, 268, 271
Arbitrage, 7
Artificial life/artificial intelligence. See also Robots/robotics
adaptive autonomous agents in (see Adaptive autonomous agents)
Darwinian and Lamarkian ideas in, 24, 46–48, 177, 227–228
data representation techniques for, 51, 83–104

events encountered by, 60–63 (see also “market updates to” subentry)
feedback and fitness measures for (see Feedback and control mechanisms)
finite-state-machine control system
decision-making by, 52–55, 63–71, 73–82, 157, 275
history of systematic trading impacted by, 24–25, 26
inter-agent communication in, 73–82, 84, 133, 134, 145–146, 242
internal world of, 179–180
language recognition in, 102–103, 126
origins of, 45–48
strategy implementation via, 66–71 (see also Systematic trading implementation)
systematic trading analogies with, 49–55
trading agents as, 57–59

Backup of data. See Data persistence
Bars and candles compression technique, 90–96
Behavior, swarm system exploitation and exploration of, 225–226, 227
Bootstrapping, 161
Box compression technique, 96–97, 98
Brooks, Rodney, 24
Business, trading as:
capital, costs and critical mass in, 16–19
marketing and distribution in, 15–16
overview of, 7–8
product and its design in, 10–12
profitability and track record in, 8–10, 13, 15
trading factory or process focus in, 12–14

Capacity, 16
Capital:
cost of, 18
initial, 16–17
liquidity of (see Liquidity)
Index

operational, 17–18
trading as business consideration of, 16–19
Channel breakout trading strategies, 106, 107
Church, Alonzo, 283
Cloud computing, 331
Commodity trading advisors (CTAs):
  capital of, 18
  profitability and track records of, 30, 35
  trend-following trading strategies of, 105, 186
Communications and language:
  artificial life language recognition, 102–103, 126
  communication breakdowns, 273–274
  ECN communication translation, 247, 249, 292–294
  inter-agent communication, 73–82, 84, 133, 134, 145–146, 242
  inter-component communication, 257–259
  language-agnostic domain model, 253–254, 255, 325–326
  language-processing algorithms, 126
  language selection for solving tasks, 254–256
  latency of communication (see Latency)
  LISP computer language, 46, 102–103, 159, 249, 254–256, 259, 263, 271, 283
  messaging bus infrastructure, 257–258, 260–261, 278
  Prolog computer language, 46, 103
Compression:
  bars and candles techniques in, 90–96
  box technique in, 96–97, 98
  data relevance impacted by, 22
  market distribution technique in, 97–99
Computational efficiency, 281–290
Computers and computational abilities:
  algorithms used by (see Algorithms)
  artificial life/artificial intelligence via (see Artificial life/artificial intelligence; Robots/robotics)
  build and patch releases for, 327–329
  cloud computing, 331
  computational efficiency of, 281–290
  CPU spikes in, 281–282
  databases on, 269–272, 304
  distributed computing and modularity, 260–261
  electronic trading using (see Electronic trading)
  FPGAs, 26, 297, 332
  garbage collection and memory control for, 263, 278, 282, 297, 330
  GPUs, 26, 297, 331
  hardware considerations for, 294–295, 329–332
  history of systematic trading impacted by, 23–26
  LISP computer language, 46, 102–103, 159, 249, 254–256, 259, 263, 271, 283
  numeric efficiency of, 285–290
  parallel processing by, 261–262, 330, 331–332
  preservation and recovery of data in, 252, 265–272, 273–279
  Prolog computer language, 46, 103
  recursive computation of model signals and performance, 282–285
  systematic trading implementation computer language issues, 253–259, 325–326
Continuous statistics, 163, 187
Cooperation, 14, 21, 37–38, 114
CORBA (Common Object Request Broker Architecture) project, 259
Core engine layer, 323–326
Costs:
  analysis of trading costs, 231–235
  capital and leverage, 18
  deterministic vs. non-deterministic, 231–232
  latency, 231–232
  liquidity, 18, 231, 232–235
  management fees as, 17
  market-making arena fee management, 130–131
  minimization of, 12
  operational, 17–18
  research on, 12
  slippage, 232–233
  switching strategies impacting, 203, 209
INDEX

Dark pools, 25
Darwinian ideas, 24, 46, 47, 48, 177, 227–228
Dashboards, 311–313
Data persistence:
  ancillary data, 266–267
  business critical data, 265–267
  databases for, 269–272, 304
  external data, 265–266, 274–275
  fault tolerance and, 273–279
  internal data, 266
  logs generated for, 277–278
  maintenance and upgrades impacting, 277
  monitoring and prevention as tools for, 278–279
  object persistence and cached memory, 267–269
  recovery of data and, 252, 273–279
  research and development data, 271–272
  systematic trading implementation dependence on, 252, 265–272, 273–279, 304
Data representation:
  bars and candles techniques in, 90–96
  box technique in, 96–97, 98
  charts and technical analysis in, 99–101
  clock time vs. event time in, 89–90
  compression in, 22, 90–99
  indicators in, 23, 51
  market distribution technique in, 97–99
  market updates communicated via, 84–104
  news into numbers translation in, 102–103
  patterns into symbols translation in, 101–102
  price and order book updates in, 84–89, 96–99
  psychology of data and alerts in, 103–104
  relevance and filtering of data in, 22–23, 51, 83–84
  representation techniques in, 99–104
  sampling in, 89–90
  strategy design and testing using, 51, 83–104
  tick data in, 88–89
Derivatives, 40–41
Discretionary trading:
  arbitrage effects on, 7
  business of, 7–19
  capital for, 16–19
  complexity of, 5–6, 7
  cooperation in, 14, 21
  costs in, 12, 17–18
  information importance in, 10–11
  learning from others in, 21–22
  marketing and distribution of, 15–16
  philosophy of trading for, 3–7
  product and design of, 10–12
  profitability and track record of, 8–10, 13, 15
  psychology and emotions of, 19–22
  reactive vs. predictive features of, 6
  reductionist aspect of, 6
  research role in, 11–12, 13, 14
  risk management in, 13, 15–16
  systematic trading comparison to, 2, 5–22
  traders’ role in, 8–10, 13, 14, 15, 19–22
  trading factory or process in, 12–14
Distributed computing and modularity, 260–261
Distribution:
  market distribution compression technique, 97–99
  trading as business consideration of, 15–16
Divestment, strategy design impacted by, 37–38, 114
Donchian, Richard/Donchian channel, 106
Dow, Charles, 23
Electronic commerce networks (ECNs):
  adaptors for, 291–292, 293
  aggregation/disaggregation of information from, 299–304
  communication translation by, 247, 249, 292–294
  connectivity to, 291–297
  electronic market-making via, 130–131
  history of systematic trading impacted by, 25
  latency in, 25, 87, 88–89, 147, 239–240, 250, 293, 294–297, 301, 330
  order management systems for (see Order management systems)
  trading robots’/AAA’s interaction with, 51, 54, 84–89, 146–157
**Index**

<table>
<thead>
<tr>
<th>Electronic trading:</th>
<th>Fitness:</th>
</tr>
</thead>
<tbody>
<tr>
<td>algorithms used in (see Algorithms)</td>
<td>fitness feedback control, 177, 184–192, 193–196, 197–217, 219–221, 223–228</td>
</tr>
<tr>
<td>electronic commerce networks for (see Electronic commerce networks)</td>
<td>measures of, in strategy evolution, 170, 177, 179–196, 197–217, 219–221, 223–228</td>
</tr>
<tr>
<td>electronic market-making as, 129–131</td>
<td>of models, 14, 179–184</td>
</tr>
<tr>
<td>open outcry/pit trading impacted by, 1–2, 25, 27, 127, 129, 130</td>
<td>path-length fitness, 190–192, 224</td>
</tr>
<tr>
<td>systematic trading as (see Systematic trading)</td>
<td>swarm systems based on, 197–217, 219–221, 223–228</td>
</tr>
</tbody>
</table>

**Feedback and control mechanisms:**

- efficiency of control in, 193–196, 224–225
- fitness feedback control, 177, 184–192, 193–196, 197–217, 219–221, 223–228
- fitness measures as, 14, 170, 177, 179–196, 197–217, 219–221, 223–228
- global performance, 214–217
- implicit market regimes based on, 181–183
- internal world view impacting, 179–180
- optimization of control parameters for, 196
- path-length fitness in, 190–192, 224
- persistence of regimes impacting, 183–184
- rolling profit factors in, 190
- rolling trade NAV in, 189–190, 198–204, 225
- strategy performance as, 180–183, 197
- swarm system decision-making based on, 197–217, 219–221, 223–228
- triggering control in, 193

**Financial matters. See Capital; Costs; Price; Profitability**

**Financial theory, strategy design and testing based on, 33–42**

**Finite-state-machine (FSM) representation:**

- of AAA control system, 52–55, 63–71, 73–82, 157, 275
- initialization of, 67, 77
- inter-agent communication via, 73–82
- order management system de-coupling from, 157
- strategy implementation using, 66–71

**Flash Crash (May 6, 2010),**

- 27, 216–217, 301

**Flexibility,**

- as strategy evolution goal, 169

**Foreign function interfaces,**

- 259

**FPGAs (Field Programmable Gate Arrays),**

- 26, 297, 332

**Gann, W. D.,**

- 23

**Garbage collection,**

- computerized, 263, 278, 282, 297, 330

**GPUs (Graphics Processing Units),**

- 26, 297, 331

**Hedge funds:**

- capital and costs of, 16–19
- fitness feedback control mechanisms used by, 186
- profitability and track records of, 8–10
- research by, 11
- systematic vs. discretionary trading by, 8–10, 11, 16–19

**ICE (Internet communications engine),**

- 258

**Implementation. See Systematic trading implementation**

**Indicators,**

- 23, 51, 266

**Information:**

- communication of (see Communications and language)
- news-driven trading strategies based on, 124–126
- trading as business reliance on, 10–11
- translation into numbers, in data representation, 102–103

**Innovation:**

- behavior exploration and, 227
- simulated distribution of, 161–162
- trading as business reliance on, 8, 12, 15, 18, 25, 26
INDEX

Intraday trading:
   intraday patterns trading strategies, 122–124, 125
   intraday seasonality of liquidity, 233–234
   Ising spin-glass model, 44

Lamarkian ideas, 24, 46, 48, 177, 228
Langton, Chris, 24, 47
Language. See Communications and language

Latency:
   costs associated with, 231–232
   ECN latency issues, 25, 87, 88–89, 147, 239–240, 250, 293, 294–297, 301, 330
   external vs. internal, 294–297
   systematic trading implementation impacted by, 250, 252, 293, 294–297, 301, 330

Learning, swarm system, 223–228

Leverage, 18, 38–40

Liquidity:
   acceleration events impacting, 116, 117
   capacity relationship to, 16
   costs related to, 18, 231, 232–235
   electronic trading impacting, 25, 27, 127, 129, 131
   intraday seasonality of, 233–234
   market-making architecture impacting, 127, 128, 129, 131, 136
   market news impacting, 103
   order management system using, 148, 149–150, 154, 234–235, 237
   quantitative measure of, 233
   risk management rules based on, 23
   slippage relationship to, 149, 154, 232–233
   trading as business consideration of, 16, 18

LISP (computer language), 46, 102–103, 159, 249, 254–256, 259, 263, 271, 283
Livermore, Jesse, 23

Market crashes:
   Flash Crash (May 6, 2010), 27, 216–217, 301
   phase transitions under leverage leading to, 39–40
   Market distribution compression technique, 97–99

Market-making trading strategies:
   architecture for market-making desk, 134–137
   conditional or open outcry market-making, 128–129
   electronic market-making, 129–131
   leading market-makers in, 130
   mixed market-making model, 131–134
   traditional market-making, 127–128

Market reality:
   accumulation vs. divestment approaches as, 37–38, 114
   adaptive reactions vs. rigid anticipations to, 33–37
   derivative risk and hedging as, 40–41
   market as complex adaptive system as, 42–45
   market regimes as, 181–184, 197–217, 219–221, 223–228
   phase transitions under leverage as, 38–40
   socio-political dynamics and feedbacks as, 41–42
   strategy design and testing based on, 33–42, 124–125
   swarm system adaptation to, 197–217

McCarthy, John, 24

Mean-reversion trading strategies:
   computational efficiency for implementation of, 287–290
   strategy design and testing of, 117–122, 133, 142
   strategy evolution and fitness of, 182, 187–189, 198–203, 204, 206

Messaging buses, 257–258, 260–261, 278

Models:
   fitness of, 14, 179–184
   Ising spin-glass model, 44
   order management system, 147–157
   research on, 12, 13
   robots and, 49–50
   simulations testing (see Simulations)
   strategies for developing (see Strategy design and testing; Strategy evolution)
   trading process optimization of, 13–14
   zero-intelligence models of agent behavior, 45
Index

Monetary matters. See Capital; Costs; Price; Profitability
Moving averages trading strategies, 106–112, 113, 133

News. See Information
New York Stock Exchange (NYSE), 23
NoSQL (no structured query language) databases, 270–271

Object-oriented middleware, 259
Ontology-driven trading strategies, 126
Opening range breakout trading strategies, 122, 124, 125
Open outcry/pit trading:
electronic trading impacting, 1–2, 25, 27, 127, 129, 130
opening range breakout trading strategies based on, 122, 124, 125
open outcry market-making, 128–129
psychology and emotions in, 103
risk management rules impacted by, 23
Opportunism, as strategy evolution goal, 169, 170
Order book data:
data representation of, 84–89
electronic trading availability of, 129
synchronous synthetic order book of, 301
Order management systems:
aggregation/disaggregation layer impacting, 299, 301–304
algorithms used in (see Algorithms) control of, under stress, 309–310
data preservation and recovery for, 266
flexibility of, 310
iceberg orders in, 129, 238
latency impacting (see Latency) limit orders in, 148, 235, 241, 309
manual aggregation of, 313–314
market orders in, 237–238
modeling, for simulations, 147–157
models for, 155–156
operational controls for, 246
operation of, 156–157
order execution simulations for, 153–154, 240–243
order placement simulations for, 151–153
orders and algorithms for, 148–149
passive orders in, 148, 152, 234, 306–308, 310
recursive controller role of, 305–309
slippage simulations for, 149–151, 240–241
stop or stop-loss orders in, 148, 237–238
systematic trading implementation using,
triggering of, 51, 54, 147–157
Parallel processing, 261–262, 330, 331–332
Per-trade statistics, 164, 187
Phase transitions, 38–40
Pit trading. See Open outcry/pit trading
Political dynamics, 41–42
Portfolios:
modern portfolio theory on, 141–143
research on adaptation of model, 12
risk management of, 13, 142–143, 239, 320
strategies combined into, 139–143
stylized equity curves for, 141–142
trading execution of, 239
trading process optimization of, 13–14, 141–142
Price:
bars and candles compression technique representing, 90–96
box compression technique representing, 96–97, 98
data representation of price events, 84–89, 96–99
ECN connectivity to price sources, 293–294
market distribution technique representing, 97–99
time-weighted average price, 239
trends in (see Trends) volume-weighted average price, 238–239, 241, 242–243
Profitability:
marketing of, 15
rolling profit factor, 190
Profitability (Continued)
strategy evolution to achieve (see Strategy evolution)
track record of, 8–10, 13, 15, 30, 35
Prolog (computer language), 46, 103
Psychology and emotions, 19–22, 103–104
Range projection trading strategies, 120–122, 123
RDBMS (relational database management system), 270–271
Regulation of systematic trading, 27
Reinforcement learning, 224
Remote procedure calls, 258–259
Research:
cooperation in, 14
data persistence of, 271–272
data representation techniques in, 22–23, 51, 83–104
simulations as (see Simulations)
trading as business reliance on, 11–12, 13
Risk management:
automated, 251, 320
feedback and fitness measures as tool for (see Feedback and control mechanisms)
manual risk control, 320–322
marketing of risk management robustness, 15–16
operational, 16
portfolio risk management, 13, 142–143, 239, 320
rule development for, 23
trading as business consideration of, 13, 15–16
types and mitigation of risk, 319–320
Robots/robotics. See also Artificial life/artificial intelligence
adaptive autonomous agents in (see Adaptive autonomous agents)
Darwinian and Lamarckian ideas in, 24, 46–48, 177, 227–228
data representation techniques for, 51, 83–104
events encountered by, 60–63 (see also “market updates to” subentry)
finite-state-machine control system
decision-making by, 52–55, 63–71, 73–82, 157, 275
inter-agent communication in, 73–82, 84, 133, 134, 145–146, 242
internal world of, 179–180
language recognition in, 102–103, 126
origins of, 45–48
strategy implementation via, 66–71
(see also Systematic trading implementation)
systematic trading analogies with, 49–55
trading agents as, 57–59
Robustness:
of risk management, marketing of, 15–16
as strategy evolution goal, 169, 175, 192–193, 194, 224–225
Rolling profit factors, 190
Rolling trade NAV, 189–190, 198–204, 225
Sampling, 89–90
Santa Fe Institute, 43, 47
Seasonality:
intraday seasonality of liquidity, 233–234
seasonality of volatility trading strategies, 122–124
Securities and Exchange Commission (SEC), 27
Shadow indexes, 116–117
Signal-to-noise ratio (SNR), 108–109, 111–112, 188
Simulations:
algorithms for, 147, 148–150, 152–156, 161–162, 240–243
back-tests in, 158–160, 225, 226, 240
code testing in, 327–328
continuous statistics from, 163
fitness feedback control mechanism in, 184, 225–226
forward-tests in, 160–162, 225
order execution simulations, 153–154, 240–243
Index

order management system modeling for, 147–157
order placement simulations, 151–153
orders for, 148–149
over-fitting of, 167–168, 225
overview of, 145–146
parameter search and optimization from, 165–167
per-trade statistics from, 164
problems with, 146–147
results analysis from, 162–167
running of, 75–76, 81, 158–162
slippage simulations, 149–151, 240–241
systematic trading implementation preparation via, 325–326, 327–328
Slippage:
costs associated with, 232–233
liquidity relationship to, 149, 154, 232–233
slippage simulations, 149–151, 240–241
Smart schedulers, 311–313
SOAP (simple object access protocol), 258
Socio-political dynamics and feedbacks, 41–42
Spreads, trading execution of, 239–240
Strategy design and testing:
acceleration trading strategies in, 114–117, 142
accumulation vs. divestment in, 37–38, 114
adaptive reactions vs. rigid anticipations in, 33–37
basic trading strategies in, 105–126
channel breakout strategies in, 106, 107
data representation techniques in, 51, 83–104
derivative risk and hedging in, 40–41
directional vs. contrarian strategies, 105
financial theory vs. market reality in, 33–42
finite-state-machine representation of control system in, 52–53, 63–71, 73–82, 157
inter-agent communication in, 73–82, 84, 133, 134, 145–146
intraday patterns strategies in, 122–124, 125
market as complex adaptive system in, 42–45
market-making strategies in, 127–137
mean-reversion strategies in, 117–122, 133, 142
moving averages strategies in, 106–112, 113, 133
news-driven strategies in, 124–126
ontology-driven strategies in, 126
opening range breakout strategies in, 122, 124, 125
overview of, 29–31
phase transitions under leverage in, 38–40
portfolio aggregation by combining strategies, 139–143
range projection strategies in, 120–122, 123
robotics and artificial life in, 45–48
(see also “adaptive autonomous agents in” subentry)
seasonality of volatility strategies in, 122–124
shadow indexes in, 116–117
simulations in, 75–76, 81–82, 145–168
socio-political dynamics and feedbacks in, 41–42
strategy implementation after, 66–71
(see also Systematic trading implementation)
swing breakout strategies in, 112–114, 115
swing reversal strategies in, 117, 119–120, 121
trend asymmetry in, 115–116
trend-following strategies in, 105–114, 133, 142
Strategy evolution:
adaptation strategies in, 173–178
choosing individual from population in, 206–208
cost implications of, 203, 209
feedback and control mechanisms in, 170, 175–178, 179–196, 197–217, 219–221, 223–228
flexibility in, 169
goals of, 169, 170, 175–176, 192–193, 194, 224–225
Strategy evolution (Continued)
learning elements and abilities impacting, 223–228
opportunism in, 169, 170
overview of, 169–171
robustness in, 169, 175, 192–193, 194, 224–225
simulations used in, 184, 225–226
smart systems in, 174
strategy neighborhoods in, 204–206
switching strategies in, 197–204
Stylized equity curves, 141–142, 188
Swarm systems:
additive swarm system, 208–212, 215, 221, 225, 226
behavior exploitation by, 225–226
behavior exploration with, 227
choosing individual from population in, 206–208
cost implications of, 203, 209
data preservation and recovery for, 266
efficiency of, 224–225, 281–290
feedback and fitness measures underlying, 197–217, 219–221, 223–228
global performance considered in, 214–217
implementation of, 219–221
learning elements and abilities of, 223–228
maximizing swarm system, 212–214, 221, 225, 226
overview of, 170–171
running swarm, 220–221
setting up swarm strategy set, 220
simple swarm systems, 197–217
simulations used in, 225–226
strategy neighborhoods in, 204–206
switching strategies via, 197–204
Systematic trading:
algorithm used for (see Algorithms)
algorithm used for (see Algorithms)
arbitrage effects on, 7
business of, 7–19
capital for (see Capital)
communication in (see Communications and language)
complexity of, 5–6, 7, 42–45
computers and technology in (see Computers and computational abilities)
cooperation in, 14, 21, 37–38, 114
costs in (see Costs)
data representation in, 22–23, 51, 83–104
definition of, 2–3
discretionary trading comparison to, 2, 5–22
financial theory vs. market reality in, 33–42
history of, 22–28
implementation of (see Systematic trading implementation)
information importance in, 10–11
learning from others in, 21–22
marketing and distribution of, 15–16
models used in (see Models; Simulations)
overview of, 1–28
philosophy of trading for, 3–7
portfolios in (see Portfolios)
product and design of, 10–12
profitability and track record of, 8–10, 13, 15
psychology and emotions of, 19–22, 103–104
reactive vs. predictive features of, 6
reductionist aspect of, 6
regulation of, 27
research role in, 11–12, 13, 14, 271–272
(see also Data representation; Simulations)
risk management in (see Risk management)
robotics analogies with, 49–55
strategies for (see Strategy design and testing; Strategy evolution)
traders' role in (see Traders)
trading process in (see Trading process)
Systematic trading implementation:
aggregation/disaggregation layer of, 249, 251, 254, 257, 266–267, 271, 299–304
architecture and infrastructure for, 247–252, 253–263, 265–272, 323–326, 327–332
bottleneck analysis for, 329–330
build and patch releases impacting, 327–329
computational efficiency for, 281–290
core engine layer for, 323–326
CPU spikes impacting, 281–282
dashboard and smart scheduler for, 311–313
data persistence for, 252, 265–272, 273–279, 304
decision-making during, 251
design patterns for, 253–263
foreign function interfaces for, 259
garbage collection and memory control in, 263, 278, 282, 297, 330
hardware considerations for, 294–295, 329–332
human control layer for, 250, 311–317, 320–322
information translation for, 247, 249, 292–294
inter-component communication for, 257–259
language-agnostic domain model for, 253–254, 255, 325–326
language selection for solving tasks, 254–256
latency impacting, 250, 252, 293, 294–297, 301, 330
messaging bus infrastructure for, 257–258, 260–261, 278
middle and back office systems for, 251–252, 303–304
numeric efficiency for, 285–290
object-oriented middleware for, 259
operational controls in, 246, 254, 263, 309–310
order management system in, 246, 250, 251, 254, 257, 261, 262, 266, 271, 291–293, 299, 301–304, 305–310
overview of, 245–246
parallel processing for, 261–262, 330, 331–332
performance controls in, 245, 250–251
recovery and backup of data in, 252, 265–272, 273–279
recursive computation of model signals and performance for, 282–285
remote procedure call infrastructure for, 258–259
simulations prior to, 325–326, 327–328
swarm systems in, 245–246, 266, 281–290, 332

Technology. See Computers and computational abilities
Terracotta, 267, 269
Tick data, 88–89
Time:
back- and forward-test chronological sorting, 158–162, 225, 226, 240
clock time vs. event time, 89–90, 281
compression into bars and candles, 90–96
latency as time lag (see Latency)
market distribution technique representing, 97–99
time-weighted average price, 239
Traders:
cooperation among, 14, 21, 37–38, 114
dashboard and smart scheduler for, 311–313
features or characteristics of successful, 13
human control of systematic trading implementation via, 250, 311–317, 320–322
learning from others, 21–22
manual order aggregation by, 313–314
manual risk control by, 320–322
monitoring of position and P&L by, 314–317
profitability and track record of, 8–10, 13, 15, 30, 35
psychology and emotions of, 19–22, 103–104
Trading:
arbitrage effects on, 7
business of, 7–19
capital for (see Capital)
Trading (Continued)
communication in (see Communications and language)
complexity of, 5–6, 7, 42–45
cooperation in, 14, 21, 37–38, 114
costs associated with (see Costs)
discretionary, 2–22
electronic (see Electronic trading)
implementation of (see Systematic trading implementation)
information importance in, 10–11
learning from others in, 21–22
marketing and distribution of,
15–16
market lessons in, 3–4
mechanism vs. organism debate in, 5
models used in (see Models; Simulations)
philosophy of, 3–7
pit (see Open outcry/pit trading)
portfolios in (see Portfolios)
product and design of, 10–12
profitability and track record of, 8–10, 13, 15
psychology and emotions of, 19–22, 103–104
reactive vs. predictive features of, 6
reductionist aspect of, 6
regulation of, 27
research role in, 11–12, 13, 14, 271–272
(see also Data representation; Simulations)
risk management in (see Risk management)
strategies for (see Strategy design and testing; Strategy evolution)
systematic (see Systematic trading)
traders’ role in (see Traders)
trading process (see Trading process)
Trading process:
analysis of trading costs in, 231–235
psychology and emotions impacting, 19–22, 103–104
research on, 12, 13, 14
strategies for (see Strategy design and testing; Strategy evolution)
trading as business focus on, 12–14
Trends:
channel breakout trading strategies based on, 106, 107
moving averages trading strategies based on, 106–112, 113, 133
phase transitions under leverage creating, 39
signal-to-noise ratio for, 108–109, 111–112, 188
swing breakout trading strategies based on, 112–114, 115
trend asymmetry, 115–116
trend-following trading strategies,
Turing, Alan, 24, 46
Volume-weighted average price, 238–239, 241, 242–243
von Neumann, John, 24, 46
Wars and revolutions, market impacts of, 41–42
Zero-intelligence models of agent behavior, 45