

# Tackling Desk Operations & Regulatory Environment

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# Agenda

- Different Trading Paradigms
- Steps for starting an Algorithmic Trading desk
- Regulatory & Compliance Requirements
- Financial plan: How much money do you need?
- *Interactive Session: ask and tell!*

# Trading Paradigms

- Different Trading Paradigms
  - Classification just for our relevance!
  - Beyond the definition by the 
    - LFT
    - MFT
    - HFT

# What all do we need?

- People: Traders, Developers, Risk Managers, Back-office, RM
- Colocation
- Capital
- Hardware
- Network
- Market Data
- Market Access
- Corporate structure: Entity that we can trade in
- Regulation & Taxation
- Strategy
- Risk Management
- Office Space
- Trading Platform

# Setting up a company

- Individual/Proprietor, Partnership, LLP, Company/LLC
- India
  - 2-7 weeks...USD 500 OT...USD 1000 p.a.
- Singapore
  - 1-2 days to 4 weeks...USD 1500 ot...USD 2000 p.a.
- How about setting up a fund!
  - MF...NW, Exp, Leveraged not allowed, Derivs only for hedging...
  - HF/AIF...Some/more leverage...multi-assets...long/short...can't promote publicly...can't offer to everyone (only accredited or qualified investors)
  - Portfolio Mgmt Serv...
  - MA...
  - IA/RIA...

# Q & A

# Office Infra

- Developing markets
  - 800...1000 pm...
- Developed markets
  - 800...2k-3k pm
  - Remote/arcades...
  - SEZ...

# Market Access

- Own Membership:
  - No brokerage...Faster access...Secrecy...Clients...Capital efficiency
  - Cost...compliance...
- Broker Access
  - Vice versa...
  - Credit risk...
    - Well regulated
    - Accounts segregated: Pro/Client...Client to client...
    - BV...
- FX?



# Q & A

# Physical Infra (Trading)



1 rack...42 units...

Half rack...

4-6U...

Per unit...(thru vendors)...

15k pm...250-750 pm per unit

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# Network Infra

MD

CME...4k-5k pm

OR

Msg per second...

40, 100, 200, 400, 1000

1-2k pm

P2P

Arb

2k pm...82 ms...

5k pm...78 ms...

45k pm...71 ms

125k pm..68ms

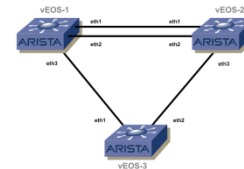
# Q & A

# Hardware Infra



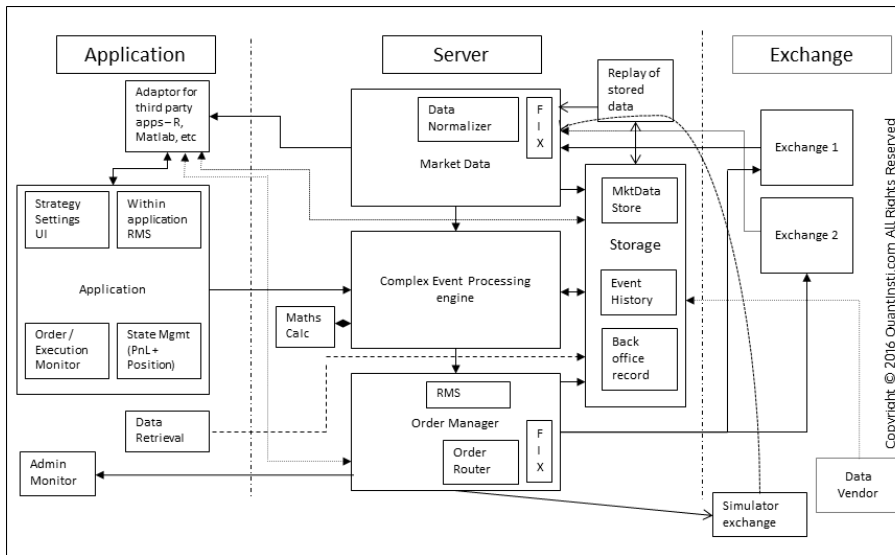
How long?

Accessories?



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# Algorithmic Trading Platform



Broker  
Free to ~100 pm

Vendor  
Few 100s pm

HF Vendor  
5k to 25k pm

FPGA

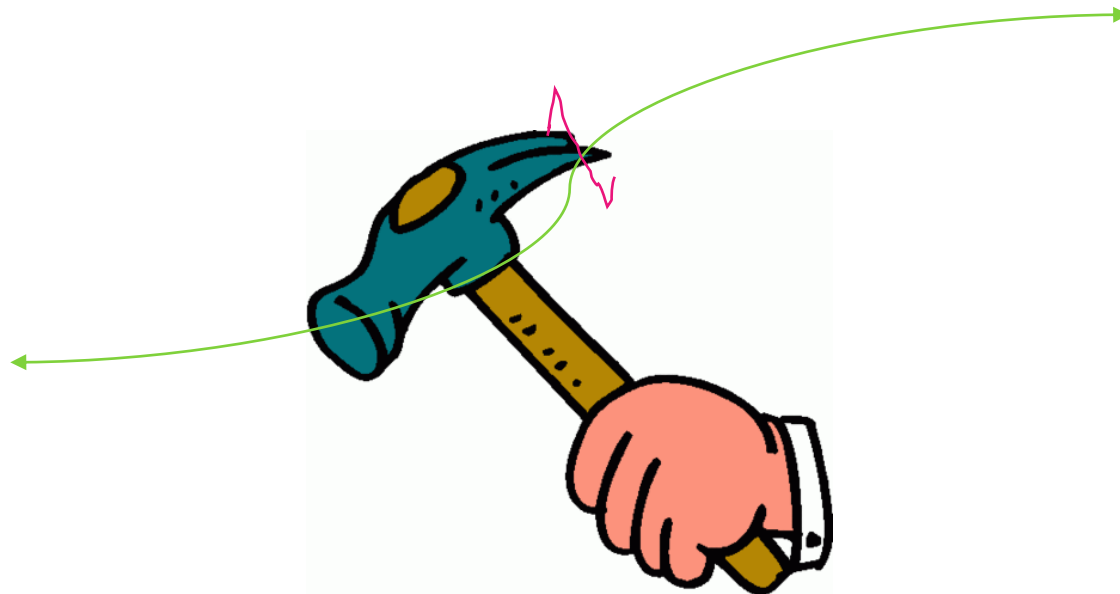


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# Q & A

# Risk Management



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# Q & A

# Regulation and Compliance

- Conformance/Empanelment
- Audit logs
- Other?

# Is this much, much?



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# Q & A