

CODA Block Releases Fourth Quarter 2017 Execution Metrics

February 8, 2018 – GLENVIEW, IL – [CODA Markets](#), operator of on-demand auction markets for U.S. equities, today released metrics for [CODA Block](#), its newest stock-trading facility, for the fourth quarter of 2018 ([CODA Block Fourth Quarter 2018 Auction Activity Report](#)).

At a time when other trading venues are competing to shave further microseconds in a wasteful speed arms race, or to counteract it by simply adding a few microseconds, CODA Block is showing clear success with its contrarian strategy: 30-second on-demand auctions that stimulate and aggregate liquidity from all types of market participants, both human and machine-based.

“We launched CODA Block to create a market where every type of trader could be successful, especially in the small- and mid-cap space where liquidity, price discovery and market impact have been eternal problems,” said Don Ross, CEO of PDQ Enterprises, parent company of CODA Markets.

“While other trading venues fight over speedbumps and simplistic tweaks that are meaningless for institutional investors, the team at CODA Markets has created a unique new market structure to fix the real problems they face. And the numbers are clear: on-demand auctions are the right way forward.”

Among the highlights of the Fourth Quarter 2017 metrics are:

- 40.1% - daily unique symbol hit rate for small-cap orders.
- 38.9% - daily unique symbol hit rate for mid-cap orders.
- 22.2% - daily unique symbol hit rate for large-cap orders.
- 0.81bps - NBBO average mid-move at 30 seconds post-auction.
- 3,700 - average small-cap auction trade size.
- 4,700 - average mid-cap auction trade size.
- 16,000 - average large-cap auction trade size
- 2,947 - successful auctions, or nearly 10% hit rate for initiating orders.
- 38.6M - shares traded (using industry-standard double-counting methodology).
- 67% - share volume increase quarter over quarter.

During CODA Block’s soft launch phase, its development team worked with a variety of market participants to further optimize its structure. From its findings during this period, CODA Markets reduced CODA Block’s minimum inside-the-spread trade sizes to 1,000 shares for small-cap trades; 1,000 shares for mid-cap trades; and 5,000 shares for large-cap cap trades.

How It Works: The Four Stages of a CODA Block Auction

1. Auction Initiation

Users send marketable orders which generate symbol-only alerts to CODA Block subscribers (the minimum order size, though not displayed, is 10,000 shares for large-caps, 5,000 for mid-caps, and 2,000 for small-caps).

2. Order-Entry Period

Subscribers have 30 seconds to respond with bids and offers—at, within, or outside the National Best Bid and Offer (NBBO)—of at least 1,000 shares.

3. Price Determination and Share Allocation

At the end of the order-entry period, CODA calculates the clearing price: that is, the price (within dynamically set upper and lower bounds) for which the greatest number of shares trade, taking into account minimum fill-size instructions that may be attached to given orders. CODA fills qualifying responder-orders at the clearing price on a pro-rata basis, either against the initiator-order or, if on the same side, after the initiator-order.

4. Post-Auction Process

CODA sends a single multilateral trade print to the Trade Reporting Facility (TRF) and, if the price is outside the NBBO, performs a “top of book” sweep of protected markets in the National Market System (NMS).

“For centuries, auctions were used successfully to uncover liquidity and discover prices, but you would never know it from today’s continuous trading markets,” added Ross. “Exchanges moved away from auctions because they didn’t have the technology required to manage hundreds or thousands of simultaneous auctions, but CODA Markets has overcome this hurdle. Why wouldn’t everyone want to trade with auctions now?”

For more information, please contact subscriberservices@codamarkets.com.

About CODA Markets

CODA Markets, Inc. is the operator of an innovative on-demand auction-based alternative trading system that optimizes liquidity aggregation for all market participants. CODA Markets, Inc. is a registered broker-dealer, member FINRA and SIPC, and wholly owned by PDQ Enterprises, LLC. www.codamarkets.com