



## VIABLEMKTS' 12-MONTH ANALYSIS OF CODA BLOCK FINDS MINIMAL LEAKAGE, LITTLE IMPACT AND STRONG LIQUIDITY ACROSS ALL MARKET CAPS

**GLENVIEW, IL – December 2018** – [CODA Markets](#), operator of on-demand auction markets for U.S. equities, today announced the release of a ViableMkts research report that evaluates execution quality over one full year of trading activity on CODA Block, titled "[CODA Block Execution Quality Report](#)."

CODA Block, a 30-second on-demand equity auction facility, was launched in February 2017 to help institutional investors discover and aggregate natural liquidity, reduce information leakage and minimize market impact.

For the report, ViableMkts analyzed CODA Block auction initiation and trade data, from October 1, 2017 to September 30, 2018, a period which included approximately 100,000 on-demand auctions in over 2,400 symbols, with more than 63 million shares traded across 1,100 symbols.

"This ViableMkts report sends an important message to US equity investors, that on-demand auctions are the answer for any investor or trading desk concerned with tipping their hand when buying or selling large orders," said Don Ross, CEO of PDQ Enterprises, parent of the CODA Markets ATS. "At all market capitalization levels, ViableMkts saw no evidence of information leakage and found that completed auctions were beneficial to the initiator, particularly with order sizes much larger than the displayed market."

When a user initiates a trade on CODA Block, a symbol-only alert is sent out to other market participants, hiding the desired size and price, and whether it is a buy or sell order. During the subsequent 30-second trading window, CODA Block aggregates multilateral liquidity from manned trading desks, algorithmic desks and low-latency trading firms.

"Despite an average order that was 50 times greater than the displayed size for the last year, the move within the NBBO was only seven percent of the bid-offer spread at 30 seconds and 12 percent at 60 seconds," said the report's author, David Weisberger, Head of Equities at ViableMkts. "Considering that these small movements take place despite the likelihood that users may also be trading outside of CODA Block, it seems reasonable to conclude that initiating an auction does not leak the direction or size of the order to the market."

Among the highlights of ViableMkts' findings:

- **No discernible leakage** – Considering the 12 months of data in full, ViableMkts found it reasonable to conclude that initiating an auction does not leak the direction or size of the order to the market. Further, according to Weisberger, "It is particularly compelling that prices moved an average of just 8 percent and 12 percent of the spread after 30 and 60 seconds, respectively, for auctions where the initiator was not completely filled."
- **Success executing large size within NBBO** – 97 percent of all executions took place at or better than the NBBO despite a share-weighted fill quantity of 441 percent of displayed liquidity.
- **Strong hit rates, particularly for small and mid-cap stocks** – Small-cap stock auctions resulted in completed trades more than 10 percent of the time over the 12-month period. Specifically, mid-cap stocks and small-cap stocks had hit rates of 12 percent and 11 percent, respectively.

"At a time when regulators are continuously seeking new ways to ensure that investors get fair treatment in the markets, CODA Block shows that the answer is innovation, not endless pilot projects or technical gimmickry," said Ross. "CODA Block proves that on-demand auctions can put power back in the hands of investors by making the market come to them."

For more information, please contact [subscriberservices@codamarkets.com](mailto: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](http://www.codamarkets.com)

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