

Swissquote Conference 2014 on Algorithmic and High-Frequency Trading

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Title: The Future of Digital Markets

Abstract: The talk focuses on the big picture of change. Algorithmic and high frequency trading have transformed financial markets both in the positive and negative. I report on a new method to queue limit orders based on spread-price-time priority and show how this methodology can redress some of the negative effects. The needs of algorithmic and high frequency trading require a new approach to modeling. I introduce the concept of event based intrinsic time and report on the discovery of a large number of scaling laws. I show, how this approach can satisfy the new requirements. The financial market architecture as it exists today is a pile of spaghetti; I report, how the decentralized ledger technology of Bitcoin will revolutionize financial market structure and will lead to the creation of one large Internet market for all financial instruments. I outline the plan for creating a WikiFinClimate, the analogous of Wikipedia in the context of high frequency data. These developments will pave the way for an explosion of volume of algorithmic and high frequency trading.