

Comment

Lightspeed Trading has two sides to its business. The Electronic Trading division provides clients with access to the Lightspeed Trading Platform, a direct market access trading platform that enables clients with electronic-based trading strategies to enter and execute equities, options and futures trades from a single trading screen. Meanwhile the Algorithmic Trading division, through its HUBB Automated Trading Solutions operation, offers low-latency, high-throughput technology through which traders can execute high-frequency algorithmic or black box trading strategies. The Lightspeed Trading Platform already offers trading in equities, options and futures, while the HUBB business is only for equities right now.

There has also already been an extension of the Electronic Trading division with a less customized, more “vanilla” service for customers coming in via the company’s website vis-à-vis ones it acquires through its more personalized, institutional channel, and the putative extension of the HUBB service into trading with the FIX protocol follows a similar rationale.

Of course, HUBB runs its own proprietary protocol which is, in essence, predicated on being faster than FIX, so adding a FIX capability, presumably through some form of FIX converter with the HUBB protocol still running in the core, would be done with a view to broaden Lightspeed’s addressable market, seeking to appeal to people working with FIX today. The idea is to get them onboard with a service from Lightspeed that is FIX at the edge and HUBB at the core and then, hopefully, upsell them to an all-HUBB service. That last step will entail a degree of rewriting of their application to the proprietary protocol, however.

This move will be part of a broader processing of enhancing and expanding the reach of both product/service offerings. On the algorithmic trading side, there are also plans to extend the platform to handle other asset classes and the potential for a capability at the front end for automating strategies for back-testing, along the lines of what TradeStation does for the less intensive retail traders with its proprietary EasyLanguage technology.

On the electronic trading side, meanwhile, Lightspeed is in the process of expanding its current options offer beyond Level 1 options (i.e. puts and calls) to enable complex order entry and Level 2 (quotes and more sophisticated strategies). And on both sides of the Lightspeed business, the company wants to expand geographically from its current US market focus. The first new geography is Canada, but Lightspeed also wants to add Europe and APAC over time.

Ask the analyst

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