

## **EBBO Booster**

For most Brokers, minimising information leakage and price impact are key components when sourcing liquidity. Brokers are also required to work within the parameters of European Best Bid and Offer (EBBO), so finding additional block liquidity at the EBBO can often be a complex process.

Equiduct has developed the EBBO Booster, an exclusive feature available within SpotVBBO. It enables Liquidity Providers (LPs) to offer bespoke liquidity to selected brokers by providing more shares to trade at the EBBO than what is available within the virtual consolidated order book.

The quantity provided by an LP is pegged to the EBBO price, and the EBBO Booster allows brokers that are using a smart order router (SOR) to submit order flow with an immediate Time-In-Force to interact with this additional liquidity.

## What are the advantages of the EBBO Booster?

- It allows trading of additional liquidity at the EBBO
- It provides brokers with access to natural block liquidity
- Interacting with this liquidity will result in zero to low post-trade impact

## How does it work?

1

The calculation of the EBBO (price and volume) is based on the virtual consolidated order book created from visible pre-trade book depth data from the relevant markets.

BID			OFFER		
VENUE	SIZE	PRICE	PRICE	SIZE	VENUE
CHIX	5,000	12.335	12.340	1,000	XPAR
TRQX	10,000	12.335	12.340	3,000	BATE
XPAR	10,000	12.335	12.340	2,000	CHIX
BATE	5,000	12.335	12.345	4,000	TRQX

SIZE	PRICE	PRICE	SIZE
30,000	12.335	12.340	10,000

2

A Liquidity Provider (LP1) is willing to provide a broker (Broker1) with more shares to trade at the EBBO. LP1 then sends a quote using our exclusive **EBBO Booster functionality**.

In this example, Broker1's client specific market data feed will display the following size:

SIZE	PRICE	PRICE	SIZE
90,000	12.335	12.340	20,000

- LP1 is providing Buy Side Liquidity of **90,000 shares** – in this case, a maximum number<sup>1</sup> of trades executed is three as there are **30,000 available shares** in the virtual consolidated order book at the EBBO.
- LP1 is providing Sell Side Liquidity of **20,000 shares** – equally, a maximum number of trades is executed in this scenario is two as there are **10,000 available shares** in the virtual consolidated order book at the EBBO.

<sup>1</sup> As a protection mechanism, in order to avoid the execution of a large number of trades, Equiduct will limit the maximum number of trades and will limit this size as what is available within the client specific market data feed.

- 3 Broker1 submits a sell order (priced at market of 12.335) for 90,000 shares. The volume within the virtual consolidated order book is then compared to what is being offered by LP1 using the EBBO Booster.
- 4 Equiduct will then fully execute the order in increments of the quantity available in the virtual consolidated order book. In this example, this would mean: **90,000 shares / 30,000 shares = 3**

Therefore, generating 3 executions for 30,000 shares each.



Contact us now to find out more about how to take advantage of this exclusive feature.

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