Inside Market Data

Greenmoor Cuts Costs, Latency with Essex

Trading arcade-turned-small broker-dealer Greenmoor Capital is planning to implement new low-latency datafeeds from Chicago-based vendor Essex Radez.

Greenmoor will take direct feeds for Archipelago and Nasdaq's INET ECN in the next three months, says Evan Jones, CTO at Greenmoor Technology Partners, an affiliate of Greenmoor Capital Management. Greenmoor has been in business for a year, has eight staff, and provides trading services to around 50 professional day traders.

Jones says the firm is implementing the feeds to expand its business into equities and equity options trading as it makes the transition from trading arcade to broker-dealer. "We haven't had the need for them before, as we have primarily been an options firm," he says. "Until now, we were mostly looking at the best bid and offer to get an idea of underlying prices."

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>
> *Evan Jones, CTO, Greenmoor Technology Partners*

Greenmoor has been using Essex Radez's low-latency Options Price Reporting Authority feed of North American options data for around five months. It is delivered over servers hosted by the vendor at an Equinex hosting facility in Chicago, so adding extra feeds will be easy, says Jones.

Jones built his own feed handler for the data because he did not require the full functionality of Essex Radez's KMD ticker plant. As a result, "he would have to create individual feed handlers for these [new] feeds," says Mike Eichin, director of market data technology at Essex Radez. "It would literally be a five-minute job for me to log on and permission him for those feeds, and he'd have instant access to them," Eichin adds.

The Equinex center is the same one used by Opra as the local hub for its SIAC feed, which helps cut latency. "We don't have to go through a carrier—it's just a patch cable, basically," Eichin says.

To cut latency further, Greenmoor locates its proprietary pricing servers inside the facility. "It made sense to put the servers right there in their location," Jones says. "Between their facility and ours is just one more potential point of failure."

Jones says the results speak for themselves: The feeds can be a quarter of a second faster than those delivered via Greenmoor's previous suppliers and the data that appears in some of its vendor-supplied front ends, he says. "I think our traders are now more successful. In this kind of trading—scalping—a quarter of a second makes all the difference in the world. And it can be several seconds if the [other] vendors are having trouble."

In addition, the new solution is proving cheaper, both in terms of the feeds themselves and because Greenmoor does not have to pay the hardware and communications costs involved in collecting comparable data directly.

"We charge a minimal fee for the hosting, so it's a painless way for firms to set up the links they need," Eichin says. "We price on a per-feed basis. Everything else is pretty much pass-through, and we give them our open-source software for free."

"We wanted data in its raw form from SIAC and Opra… in an affordable way," Jones adds. "Essex Radez provides the facilities, which probably costs them $40,000 to $50,000 per month. That makes it very affordable to me… To do it all myself—multicast feeds, switches—would cost many times what I'm paying now."

Max Bowie