



Playing Front-End Survivor

Give traders choices. That's the philosophy of Stuart George, who was named head of trading at Delaware Investments in July. The trading desk at the Philadelphia-based firm, with \$51 billion in equities, is undergoing a mini-overhaul of its systems.

"In '06, we will be a revamped trading desk from what we were just six months ago," says George, who still trades small- and mid-cap growth stocks. He joined Delaware in 1997.

As the firm gears up its electronic trading effort in a big way, George brought in three new front ends.

ity and more direct access."

Delaware currently executes between 10 percent and 15 percent of its business on systems. Crossing networks like Pipeline, ITG's Posit and Liquidnet are primary destinations, George says. Liquidnet is the desk's favorite.

NYFIX Natural, which delivers executable indications (See article in Industry Watch), was just installed. "It's important for the traders to be able to find liquidity in all the various pools," George says. "We have to be there."

Delaware accesses broker algorithms through FutureTrade. The system has CSFB's algorithms imbedded in the system. George is agnostic as to which of the four front ends traders choose.

On the post-trade cost analysis front, Delaware just installed QSG. That brings the total of trade cost analysis systems to three. Here, too,

Delaware is ramping up the competition. QSG joins Plexus Group and Elkins/McSherry on the desk. "We'll evaluate them and make a decision down the road," George says. The nascent science of pre-trade analysis is only now on George's radar screen. Delaware plans to use QSG's pre-trade product once it is launched. But for now the traders can experiment with the three new front ends, which all have pre-trade components.

Delaware Investments

Equity AUM: \$51 billion

Desk: 6 Traders

Broker List: 88 Firms

Avg. Comm.: 3.6 cents

OMS: Macgregor

Trade Cost Analysis: QSG, Plexus Group & Elkins/McSherry

Slugging it out with FutureTrade, its current system, are Goldman Sachs' REDIPlus; Morgan Stanley's Passport; and ITG's Triton. In an industry that prides itself on competition, there is a Darwinian element in this informal contest of survival.

The electronic brawl unofficially began when George decided he wouldn't unilaterally select a single system for the entire desk. He let each trader pick one. Consequently, each trader could end up using a different trading front end. "These are the systems that I think will allow our traders to find the best price, and I wanted to give them the ability to have as many systems as possible so they could find the one that was right for them," George explains.

The technology upgrade was prompted by the pending changes in the industry that George and others believe will increase the amount of electronic trading. George declined to estimate how much the firm's electronic trading volume would increase. But he believes there will be much "more connectiv-



Stuart George

"I want to be on the forefront of where technology is going," George says, "and I want us to be able to say that 'we're doing the best we can for our clients.'"