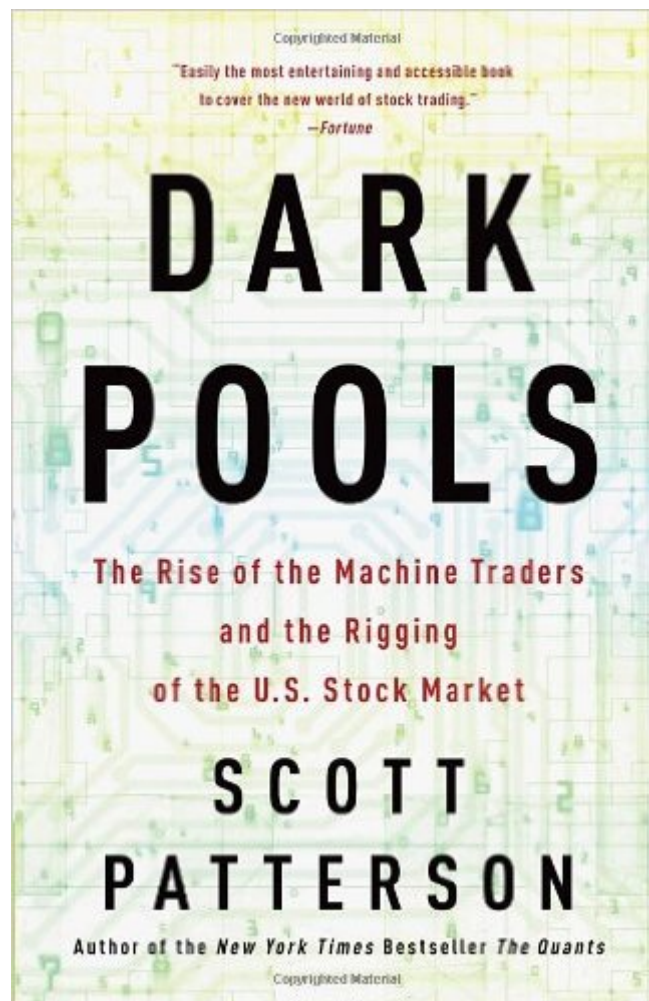


The book was found

Dark Pools: The Rise Of The Machine Traders And The Rigging Of The U.S. Stock Market



Synopsis

A news-breaking account of the global stock market's subterranean battles, *Dark Pools* portrays the rise of the "bots"- artificially intelligent systems that execute trades in milliseconds and use the cover of darkness to out-manuever the humans who've created them. In the beginning was Josh Levine, an idealistic programming genius who dreamed of wresting control of the market from the big exchanges that, again and again, gave the giant institutions an advantage over the little guy. Levine created a computerized trading hub named Island where small traders swapped stocks, and over time his invention morphed into a global electronic stock market that sent trillions in capital through a vast jungle of fiber-optic cables. By then, the market that Levine had sought to fix had turned upside down, birthing secretive exchanges called dark pools and a new species of trading machines that could think, and that seemed, ominously, to be slipping the control of their human masters. *Dark Pools* is the fascinating story of how global markets have been hijacked by trading robots--many so self-directed that humans can't predict what they'll do next.

Book Information

Paperback: 384 pages

Publisher: Crown Business; Reprint edition (June 25, 2013)

Language: English

ISBN-10: 0307887189

ISBN-13: 978-0307887184

Product Dimensions: 5.2 x 0.8 x 8 inches

Shipping Weight: 9.9 ounces (View shipping rates and policies)

Average Customer Review: 4.5 out of 5 stars See all reviews (200 customer reviews)

Best Sellers Rank: #31,645 in Books (See Top 100 in Books) #9 in Books > Business & Money > Investing > Online Trading #50 in Books > Business & Money > Investing > Stocks #115 in Books > Business & Money > Processes & Infrastructure > E-Commerce

Customer Reviews

This book does 2 things: (1) goes through the historical events that led to our modern stock market and (2) tries to explain what is going on in market microstructure. The book does very well on (1) -- it's really an enjoyable book to read. But on (2) there's almost no information, no analytic discussion about microstructure, and some of the comparisons and conclusions are simply wrong. For example, the Patterson compares the immediate liquidity with the days of the past comparing the top of the book orders and noticing that today you have fewer orders at the top of the book. But this

is misleading. In the past when the spread was at least 25 cents (due to regulation, ie, in increments on 1/8ths, but also in part of the gentleman's agreement between specialists to keep the spreads large) and now the spread is mostly 1 cent for most stocks. To compare apples to apples you need to sum up the liquidity on 25 levels in the current market, because basically these 25 levels would have been aggregated into 1 level in the past. Once you do this comparison, it's clear that the order book today has much more immediate liquidity. In spite of the title, another thing that's missing in the book is a discussion of dark pools. Obviously, there's a much bigger problem with dark pools today than with the lit market, mainly because the dark pools can legally do prop trading (and they do) on the flow they see, but in the same time they are marketing a hidden market. This is simply wrong and should have been discussed. The author points out that the market is unfair, in the sense knowledge of market micro-structure gives some players an advantage. But the market was never fair.

As an insider in the world of electronic trading, I thought Scott Patterson did a great job in turning a highly complex subject into an easy-to-read and compelling narrative. As investor confidence continues to wane, it will further fuel the already heated discussion on the fairness of the market for every day investors. He didn't hit all the major conflicts that are present in the electronic trading industry, but those will hopefully make for a good sequel to his book. After reading thousands of pieces on the topic of market structure, this book stands out among the very best. Most literature on the subject falls into the trap of being too academic (and falling short of explaining the true nuances of market structure) or too biased (from both the HFT and anti-HFT camps). In anticipation of those who will be critical of the author for missing some key pieces of information or misrepresenting a particular subject, readers need to realize that this is an industry that is shrouded in intense secrecy. Those who have intimate knowledge of this subject are rarely willing to talk about it, and many firms go to great lengths to protect their secrets and immense profits. As a "non-insider," it is impressive how the author was able to link together pieces of the puzzle, and thorough research was evident in his writings. To take a quote from the author's previous book, *The Quants*: "The market was like a coin with a small flaw that makes it slightly more likely to come up heads than tails (or tails than heads). Out of a hundred flips, it was likely to come up heads fifty-two times, rather than fifty. The key to success was discovering those hidden flaws, as many as possible."

[Download to continue reading...](#)

Dark Pools: The Rise of the Machine Traders and the Rigging of the U.S. Stock Market
Stock Market: Beginner's Guide to Stock Trading: Everything a Beginner Should Know About the Stock

Market and Stock Trading (Stock Market, Stock Trading, Stocks) Stock Trading: The Definitive Beginner's Guide - Make Money Trading The Stock Market Like A Pro (Stock Trading, Stock Trading For Beginners, Stock Trading Strategies, Investing Basics) Smart Investor: Warren Buffett Way: How to know the stock market has bottomed? (Market Crash, Intelligent Investor, Stock Market, Financial Freedom, Stock Valuation, Wealth Creation Book 1) Stock Market Wizards: Interviews with America's Top Stock Traders Dark Pools: High-Speed Traders, A.I. Bandits, and the Threat to the Global Financial System Penny Stocks: Complete Beginners Guide To Building Riches Through The Stock Market (Penny Stock Mastery, Penny Stock 101) Demographics and the Stock Market Crash of 2015 - 2016: Baby Boomer Retirement and How to Survive the Stock Market Crash and The Coming Economic Depression (WDS: World Demographics Series) You Can Be a Stock Market Genius: Uncover the Secret Hiding Places of Stock Market Profits You Can Be a Stock Market Genius: Uncover the Secret Hiding Places of Stock Market P Stock Investing: The Revolutionary Stock Investing Strategies For Beginners - The Complete Guide To Get Started With Stock Investing And To Maximize Your ... Trading, Investing, Investing Basics) Meltdown: A Free-Market Look at Why the Stock Market Collapsed, the Economy Tanked, and the Government Bailout Trade Like a Stock Market Wizard: How to Achieve Super Performance in Stocks in Any Market Forex Dreaming: The hard truth of why retail traders don't stand a chance... and how YOU can rise above and start WINNING The New Market Wizards: Conversations with America's Top Traders Market Wizards, Updated: Interviews With Top Traders Market Wizards: Interviews with Top Traders Rigging Your Cinema Camera: A practical guide to product, cost, fabrication, assembly, and usage Rigging Period Fore-and-Aft Craft Rig it Right! Maya Animation Rigging Concepts (Computers and People)

[Dmca](#)