

To coincide with the release of '**Flash Boys**' by **Michael Lewis**, BestEx has compiled **6 practical tips** for dealing with HFT in Australia.

1. Ensure that you have a **basic understanding of the types and strategies of HFT**, the way different brokers route orders, the brokers that facilitate HFT in their dark pools and the impact of trading with HFT on your performance.
2. Execute exclusively through '**smart** **brokers**' and use tools that specialise in searching for liquidity without signalling your intentions to the market. HFT will prey on the most vulnerable managers and brokers so traditional managers must become invisible to keep HFT at bay.
3. **Avoid submitting round lot orders** that signal to HFT the presence of a human operator. The size of each order placed into the market should be randomised.
4. **Avoid giving VWAP or participation rate instructions** (ie. 'percent of volume' or 'over the day'). These types of orders follow a predictable trading schedule and are easily picked off by HFT. Instead, determine the optimal execution that fits the prevalent market conditions.
5. Consider **other ways to pay brokers for research** if their execution methods are harming your performance.
6. **Choose trading venues** that incorporate smart matching engines that benefit you more than the venue operator or other participants.

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