

# Trading Fees and Efficiency in Limit Order Markets

[Get access >](#)

Jean-Edouard Colliard, Thierry Foucault

*The Review of Financial Studies*, Volume 25, Issue 11, November 2012, Pages 3389–3421, <https://doi.org/10.1093/rfs/hhs089>

**Published:** 01 September 2012

## Abstract

Competition among trading platforms has considerably reduced trading fees in stock markets. We show that this evolution is not necessarily beneficial to investors. Although they increase gains from trade when a trade happens, lower trading costs can induce investors to post limit orders with a smaller execution probability. In this case, gains from trade are realized less frequently and investors can be worse off. Our model has testable implications for the effects of trading fees and their breakdown between liquidity suppliers and liquidity demanders on limit order fill rates and bid–ask spreads.

© The Author 2012. Published by Oxford University Press on behalf of The Society for Financial Studies. All rights reserved. For Permissions, please e-mail: [journals.permissions@oup.com](mailto:journals.permissions@oup.com).

**Issue Section:** [Articles](#)

**Collection:** [SFS Journals](#)

You do not currently have access to this article.


## Sign in

 [Get help with access](#)

### Personal account

- Sign in with email/username & password
- Get email alerts


### Institutional access

 [Sign in through your institution](#)

- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

[Sign in >](#)

[Register](#)

 [Sign in through your institution >](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

### **Institutional account management**

[Sign in as administrator](#)

## Purchase

---

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

## Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Trading Fees and Efficiency in Limit Order Markets - 24 Hours access

EUR €53.00

GBP £44.00

USD \$58.00

## Rental



This article is also available for rental through DeepDyve.