



My Account

(/)

My Account (/openid-connect/sams-sigma/login-redirect?prompt=login&openid_connect_destination=/content/ijitrade/12/1/35&custom_message=You%27ll%20need)

Find topics, articles or authors...

Selected Topic: All topics

Unrecognized Odd Lot Liquidity Supply: A Hidden Trading Cost for High Priced Stocks

Robert Battalio, Shane A. Corwin, Robert Jennings

The Journal of Trading Winter 2017, 12 (1) 35 - 41
DOI: 10.3905/jot.2017.12.1.035

- Download PDF
- Add to Favorites
- Share
- Labels
- Cite
- Alerts



The Journal of Trading Vol 12 Issue 1
(/content/ijitrade/12/1)
Volume 12, Issue 1
Winter 2017 (/content/ijitrade/12/1)

(/content/ijitrade/12/1)

Log in (/openid-connect/sams-sigma/login-redirect?prompt=login&openid_connect_destination=/content/ijitrade/12/1/35) to access this content or Request a Demo (/Request-Demo)



Log in (/openid-connect/sams-sigma/login-redirect?prompt=login&openid_connect_destination=/content/ijitrade/12/1/35)

Request a Demo (/Request-Demo)

Focus (/highwire_display/entity_view/node/141525/content_tabs)

- Article
- Authors

Abstract

Current National Market System rules do not recognize odd lots in the protected intermarket quote. Thus, liquidity demanders can receive worse prices than they would receive if odd lots were protected. The effect of ignoring odd lots is magnified because off-exchange trades (over one-third of total volume) benchmark executions against the protected quote. The authors identify time intervals with an unprotected odd lot limit order at a price better than the protected quote and examine trades during those intervals for 10 high-priced stocks during one week in 2015. They find over 406,000 intervals, representing 37% of sample stock trading time, in which an odd lot order betters the protected quote. Examining trades within these intervals, they

Cookie Settings

Reject All

Accept All Cookies

find nearly 55,000 cases in which the trade price is worse than the odd lot price. In total, the price disimprovement in their 10 stocks is \$554,675 for the week examined. This previously undocumented trading cost is associated with the corporate decision not to split a stock’s price in a market in which odd lot orders are excluded from the protected quote.

TOPICS: [Exchanges/markets/clearinghouses](https://www.pm-research.com/topic/exchangesmarketsclearinghouses) (<https://www.pm-research.com/topic/exchangesmarketsclearinghouses>), [performance measurement](https://www.pm-research.com/topic/performance-measurement-0) (<https://www.pm-research.com/topic/performance-measurement-0>).

Download PDF

Add to Favorites

Share

Labels

Cite

Alerts

Previous (<https://www.pm-research.com/content/lijtrade/12/1/22>)

Next

Back to top 

Related Topics

- Portfolio Management in Theory and Practice
- Performance Measurement
- Quantitative Finance
- Statistical Methods
- Regulation, Taxation, Governance, and Compliance
- Exchanges, Markets, Clearinghouses
- Asset Classes
- Equities

THE JOURNAL OF

INVESTING

Special Issue on Trading

We're searching for articles on Trading that could include:

✓ Recent trends in institutional trading costs across all asset classes

✓ Using pre-trade TCA to construct and implement optimal portfolios

✓ Advances in global post-trade TCA

✓ Dynamics in Systematic Internalizer and Central Risk Book liquidity

✓ New venues and novel trading methodologies

✓ Effects of recent volatility and interest rate movements on trading costs

✓ Impact of retail investor activity on institutional trading

✓ Innovation and the role of data and analytics in fixed income trading

Submit your research NOW

By clicking "Accept All Cookies", you agree to the storing of cookies on your device to enhance site navigation, analyze site usage, and assist in our marketing efforts.

[Cookies Settings](#)

Reject All

Accept All Cookies



Part of the With Intelligence Group

About [\(/about-us\)](/about-us)

Contact [\(/contact-us\)](/contact-us)

<https://www.withintelligence.com/company/pmresearch/>

Locations

New York

41 Madison Avenue
20th Floor
New York, NY 10010
646 931 9045

London

One London Wall
By clicking "Accept All Cookies", you agree to the storing of cookies on your device to enhance site navigation, analyze site usage, and assist in our marketing efforts.
London, EC2Y 5EA
0207 139 1600

Hong Kong

[Cookies Settings](#)

Reject All

Accept All Cookies

Explore our Research

By Topic

- [Portfolio Management in Theory and Practice \(/topic/portfolio-management-theory-and-practice\)](/topic/portfolio-management-theory-and-practice)
- [Quantitative Finance \(/topic/quantitative-finance\)](/topic/quantitative-finance)
- [Economics and Financial History \(/topic/economics-and-financial-history\)](/topic/economics-and-financial-history)
- [Risk Management in Theory and Practice \(/topic/risk-management-theory-and-practice\)](/topic/risk-management-theory-and-practice)
- [Asset Classes \(/topic/asset-classes\)](/topic/asset-classes)
- [Regulation, Taxation, Governance, and Compliance \(/topic/regulation-taxation-governance-and-compliance\)](/topic/regulation-taxation-governance-and-compliance)

By Journal

- [Portfolio Management \(/content/iijpormgmt\)](/content/iijpormgmt)
- [Financial Data Science \(/content/iijjfds\)](/content/iijjfds)
- [Impact & ESG Investing \(/content/pmrjesg\)](/content/pmrjesg)
- [Fixed Income \(/content/iijfixinc\)](/content/iijfixinc)
- [Investing \(/content/iijinvest\)](/content/iijinvest)
- [Derivatives \(/content/iijderiv\)](/content/iijderiv)
- [Alternative Investments \(/content/iijaltinv\)](/content/iijaltinv)
- [Retirement \(/content/iijretire\)](/content/iijretire)
- [Wealth Management \(/content/iijwealthmgmt\)](/content/iijwealthmgmt)
- [Beta Investment Strategies \(/content/iijindinv\)](/content/iijindinv)
- [Structured Finance \(/content/iijstrfin\)](/content/iijstrfin)
- [Trading \(/content/iijtrade\)](/content/iijtrade)
- [Private Equity \(/content/iijpriveq\)](/content/iijpriveq)
- [Practical Applications \(/pa-reports\)](/pa-reports)

© 2023 With Intelligence Ltd (<https://withintelligence.com/>) | All material subject to strictly enforced copyright laws.

- [Cookies \(https://www.pageantmedia.com/cookies/\)](https://www.pageantmedia.com/cookies/)
- [Code of ethics \(/code-of-ethics\)](/code-of-ethics)
- [Terms & conditions \(https://www.pageantmedia.com/terms/\)](https://www.pageantmedia.com/terms/)
- [Privacy policy \(https://withintelligence.com/privacy/\)](https://withintelligence.com/privacy/)

By clicking "Accept All Cookies", you agree to the storing of cookies on your device to enhance site navigation, analyze site usage, and assist in our marketing efforts.

[Cookies Settings](#)

Reject All

Accept All Cookies