

The role of floor brokers in the supply of liquidity: An empirical analysis

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Abstract

This article analyses the role of floor brokers in the supply of liquidity on the Australian Stock Exchange Derivatives market. Floor brokers have valuable order execution skills because of their information advantage over off-floor traders and their ability to mitigate some problems related to the option-like characteristics of limit orders. Our results indicate that floor broker participation in the execution of limit orders tends to be high when the above qualities are most valuable. © 2000 John Wiley & Sons, Inc. Jrl Fut Mark 20:205–218, 2000

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