



MANAGED FUNDS  
ASSOCIATION

CONTACT: NICK SIMPSON  
202-730-2600

[NSIMPSON@MANAGEDFUNDS.ORG](mailto:NSIMPSON@MANAGEDFUNDS.ORG)

# News Release

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## **MFA Publishes Paper on Investor Benefits of Automated Trading *Outlines how different investors use automation, explores various types of automated trading & discusses marketplace regulation***

NEW YORK – Managed Funds Association (MFA) today published a white paper discussing the benefits investors have received due to the growth of electronic and automated trading.

The paper, “Trading in the 21st Century: An Investor Perspective,” provides historical background on the development of electronic trading and explains how trading algorithms are used by managers of private funds and institutional investors.

[Click here](#) to read MFA’s paper and watch a short video on automated trading.

“Whether you pay bills online, get travel directions on your smart phone or book a restaurant reservation with the latest app, technology has had a profound impact on nearly every aspect of our lives,” MFA President and CEO Richard H. Baker said. “Automation is a result of living in a modern, technologically advanced society. In the U.S. and beyond, market participants are using computer programs and automation in increasingly sophisticated ways.

“Our newest paper details how trading costs have decreased and market efficiency has increased over the past several years, and the important role technology and automated trading have played in bringing about each of these changes.”

MFA’s paper, [available here](#), offers the following key takeaways about the impact automated trading has had on our markets, the benefits it has provided investors and current regulatory oversight:

- Automated trading has helped lower costs for investors. Before orders could be submitted electronically, investors had to rely on brokers for trading and liquidity. Execution fees were significantly higher, often making trading more cumbersome and expensive.
- Automated trading has made markets more efficient. New market structure regulations and the use of technology have worked together to enhance market liquidity and to lower transaction costs.
- U.S. and European regulators and exchanges have enhanced electronic trading regulations and closely oversee trading, including automated trading practices.
- The terms “automated trading” and “algorithmic trading” have become catchall terms. But it is important to understand that there are widespread uses for automated trading and not all automated trading is the same – therefore regulations should not be imposed in a “one size fits all” fashion.

### **About Managed Funds Association**

Managed Funds Association (MFA) represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry’s contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, the Americas, Australia and all other regions where MFA members are market participants. For more information, please visit: [www.managedfunds.org](http://www.managedfunds.org).

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