

## A Boutique for Sophisticated Options Traders

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*TradingBlock Professional offers unique routing and advanced scanning tools.*

An upstart brokerage recently launched some tools of interest to sophisticated options traders. TradingBlock Professional bills itself as the "ultimate boutique options and equity trading offering specifically designed for high frequency traders, proprietary trading firms, and active money managers."

The Pro offering ([tradingblockpro.com](http://tradingblockpro.com)) is aimed at equity and options traders who execute 20-200 trades per month. "Our goal is to provide active traders with customizable tools so they can get an edge on the market," says Tom Heffernan, who heads online broker TradingBlock, an affiliate run by the same team. TradingBlock also emphasizes education and tools, but for a broader group of traders.

TradingBlock Pro's order-routing capabilities are unique: there are 11 standard routes, plus another 11 proprietary smart-routing algorithms that can help an options trader find opportunities across multiple exchanges as well as the so-called dark pools that operate outside the exchanges.

One of the routes is called TB Swipe, which is useful for traders going after large numbers of contracts in a single order. A similar routing algorithm, TB SmartSweep, routes orders only to exchanges that don't tack on additional fees. (Most execution venues charge a small fee per contract or block of shares traded, which can add to the cost of a trade.) The TB SmartSweep algorithm will either fill the order immediately, or cancel it if there's no quantity available at a no-charge exchange. Another routing engine, TB PIP, is designed to seek out and maximize price improvement.

TradingBlock Pro's order routers now include the fully electronic Miami Options Exchange (MIAAX), which launched in December. This new exchange's technology center is located in Princeton, N.J., but there are training, meeting, and conference facilities in Miami. (I suppose the Princeton Options Exchange doesn't sound as snappy.) According to TradingBlock executives, not many routing engines take advantage of this new exchange yet. Mark Patel, director of sales for Trading Block Pro, estimates that only 10% of brokers are routing orders there at this time, but he believes its technology and pricing make it a very attractive venue.



# BARRON'S

TradingBlock Pro also offers a customizable real-time scanner, Edge Finder, to its customers for \$199 per month and up, depending on the number of bells and whistles you choose to attach. The new scanner's filter operates in real-time across a wide variety of fields that include price, exchange, trading volume, open interest, and options greeks. There are over 30 different variables from which to choose, including a proprietary calculation called Edge, which calculates whether a particular contract is trading above or below the bid or offer. According to Patel, Edge tells you whether another trader is willing to give up some price advantage in order to get into or out of a particular position. "This can add up for helping professional traders find opportunities, and act on them," says Patel.

You can also set up the scanner to find mispriced contracts, which can result in more profitable trades. Though \$199 per month sounds pricey, during a demo session Patel was able to point out a roughly \$9,000 trade that could generate an additional \$4,000 in profits due to mispriced contracts. The scans are for options trading only, which is the core customer base that TradingBlock Pro is pursuing.

The brokerage doesn't publish a commission schedule, as the rates are negotiated with each trader based on activity. One of the reports available to customers on the site's statistics page shows how much the exchange fees are costing each month, which can help frequent traders manage their expenses. TradingBlock Pro customers can qualify for portfolio margining as well.

