

Aegisoft Rolls Out Algo Back Tester

NEW YORK—Execution management system (EMS) and FIX validation vendor Aegisoft has recently launched its Java-based Algo Back Tester (ABT) platform, which allows developers to hone their algorithms using real-time and historical market data.

“It will allow people to measure the success of their algorithms against real-time or historical market data,” says Steve Oppenheimer, director of marketing with Aegisoft. “They can see [their algorithm’s performance] in their order book before they put them in production.”

The new offering is based on technology that the vendor has been using in its Exchange Simulator product, which has been available since 2001, says Norm Friedman, a vice president with Aegisoft.

According to Friedman, unlike other back-testing platforms available on the market that only read data from a file stored on a hard disk drive, ABT mimics the market data velocity from exchange feeds.

“It’s all about timing—everything comes down to timing,” says Friedman. “If you are half a second faster or slower than the whole world is off, you’re different and you’re not trading in the real world.”

By using versions of the exchanges’ drivers, ABT can “pump the data into your system using the same protocol and with the same timing as if it were coming from the Chicago Mercantile Exchange (CME), for example,” explains Friedman.

The vendor includes versions of the proprietary drivers from most of the North American electronic exchanges, including the CME, IntercontinentalExchange (ICE) and

NYSE Euronext’s Arca Equities. Aegisoft officials plan to add drivers for NYSE Euronext Liffe, Eurex and the London Stock Exchange (LSE) in the future, but “currently, we are focusing on the North American exchanges,” says Friedman. The platform also supports the proprietary formats of the major market data aggregators, such as Thomson Reuters’ RFA market data application programming interface (API).

Users of the platform can choose to test their algorithms against a real-time market data feed or use historical market data, which allows them to repeatedly re-test their algorithms, says Friedman.

The platform includes an exposed API, which clients can use to integrate their historical market data database.

It also includes a SQL interface so that data can be retrieved from relational databases. For those who store historical data in flat files, ABT includes templates to help align a flat file’s fields with ABT, says Friedman.

The platform also sports a feature that allows users to skew the market performance in their simulations. “If I start taking appreciable liquidity from the market, the prices are going to move—it won’t be just what I took, but the market will move against me,” explains Friedman. This feature helps reflect that market reality.

Additionally, users can use ABT’s single-stepping function to pause the simulation in order to examine the results. “For example, in a 10-minute run during a market open, users can pause 30 seconds in to see how their algorithm is performing, and then pause 30 seconds later and so forth,” says Friedman.

Rob Daly