

Transparency, Technology and Trading

High-frequency trading – which describes how faster computer networks may give some traders at high-speed electronic trading firms a price advantage when fulfilling investment orders – has been in the news recently. I wanted to reach out to you to address any questions you may have about the practice.

First, it's important to point out that nobody is suggesting investors should avoid the markets, which are critical drivers of the global economy and personal wealth. Raymond James has long held that investing in the markets, with the assistance of an advisor, can help clients best meet their long-term goals through strategic, customized financial planning. We encourage our clients to buy and sell in context of those long-term plans, rather than make quick trades.

The issue in the news mostly impacts those who are in the actual business of trading stocks. And more narrowly still, the debate concerns a particular segment of traders who leverage speed to gain an advantage over other traders.

History has shown that when advantages are identified by market participants, a combination of market forces, investor sentiment and regulation will intervene to level the playing field. That evolutionary cycle has resulted in investors trading with lower costs and more efficiency than ever before.

Regulators have ongoing investigations into high-frequency computerized stock trading to ensure investors are being treated fairly and equally, and others are conducting their own research and analysis on these trading practices. We look forward to working with regulators, exchanges and industry groups to help them address this issue in a timely manner.

As a firm, our philosophy has always been to keep our clients' best interests at the forefront of what we do. And, we welcome any improvements that benefit all investors through greater transparency, fairness and integrity within the equity and capital markets and financial services in general.

Please know that we remain focused on helping you achieve your goals through long-term financial planning. If you have any questions – about this, the markets in general or your portfolio – please feel free to reach out to me.