

## SZEMINÁRIUM

Az ELTE TTK Valószínűségelméleti és Statisztika Tanszékének szemináriumán 2013. október 4-én, pénteken 10 óra 30 perckor

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*Optimal liquidity provision in limit-order markets*

címmel tart előadást.

Az előadás helye: ELTE látgymányosi campus, déli épület (1117 Budapest, Pázmány Péter s.1/A), 3-316.

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Kivonat:

In today's electronic markets, investors can choose to trade by either market or limit orders. Market orders guarantee immediate execution, but investors have to pay the bid-ask spread for taking liquidity out of the order book in this way. In contrast, limit orders allow to earn the spread by providing liquidity, but a posted order is only executed when a suitable counterparty arrives. We study the resulting tradeoff between profits from liquidity provision and inventory risk in a general setting, allowing for arbitrary preferences, asset price and cost dynamics, and arrival rates. In the limit for small spreads, the corresponding non-Markovian singular control problem can be solved in closed form, leading to explicit formulas for the optimal policy and welfare. (Joint work with Christoph Kühn)