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Katya Malinova* (katya.malinova@utoronto.ca), **Andreas Park** and **Ryan Riordan**. *The Impact of High Frequency Traders on Retail and Institutional Traders*.

We study the intra-day trading profits and losses of retail and institutional traders from 2006 to 2012, using granular data from the Toronto Stock Exchange. We find that retail traders lose on their market orders, these losses are closely related to the bid-ask spread, and they decline over time. In our sample, retail traders trade 45% of their volume with limit orders, and our findings on retail traders' costs and benefits to limit orders over the long run are mixed. To analyze the causal impact of algorithmic trading activities, we employ a change in regulatory fees in Canada in April 2012 that affected high-frequency quote submissions and cancellations. Following the change, the number of trades, quotes, and cancellations dropped by 30% and market-wide bid-ask spreads rose by 9%. Trading costs for market orders, measured by bid-ask spreads, increased for institutions, but remained unaffected for retail traders. Both groups incur higher adverse selection costs on their limit orders. Retail traders' intraday returns, especially from limit orders, declined, while institutions' returns from market orders increased. (Received January 19, 2015)