REFINITIV™

REDI® EMS

TRADE GLOBAL, MARKET-NEUTRAL SPREADS THROUGH REFINITIV™ REDI® EMS

Spread Trader

With Refinitiv™ REDI® EMS Spread Trader, users can easily trade pairs of equities and futures using a variety of market-neutral strategies – including ratio, risk arbitrage and relative price – designed to help maximize spread capture and minimize execution risk.

Multi-strategy

- Leverage ratio, price differential and relative change strategies
- Persistent spreads across trading sessions
- Real-time FX rates for cross-border and notional-based trading

Spread management

- Blotter shows detailed status of spreads, legs and child orders
- In-grid formatting highlights exceptions (e.g., suspended spreads)
- Ability to manually "catch up" and split orders against pairs
- Risk controls for order quantity, value and more
- Simple workflow to enable/disable spreads

Global broker network

- Access REDI EMS's extensive global network of brokers for smart order routing and direct market access
- Route all legs to the same broker or choose to split legs across different brokers
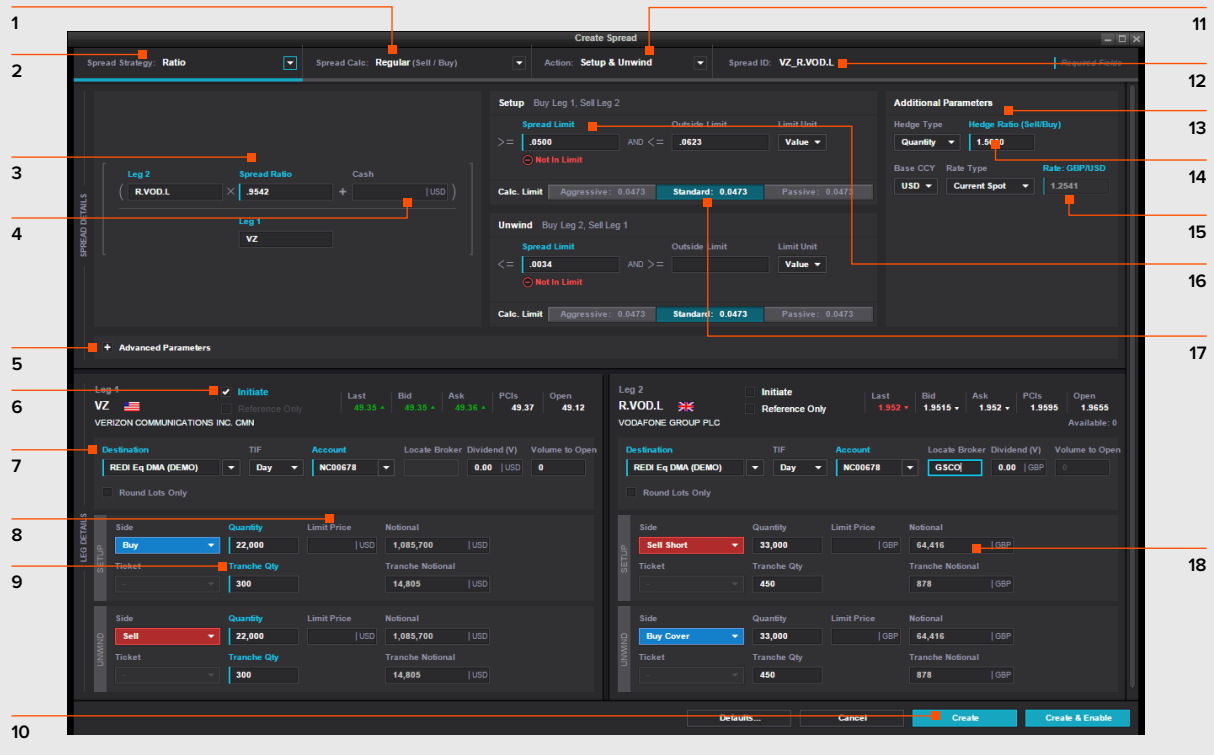
Child order management

- User-defined initiation method and discretion
- Manage hedge risk by setting unhedged limits
- Volume constraints to dictate participation strategy
- Aggressiveness settings to balance across execution quality, liquidity capture and hedge risk preferences

Spread blotter

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DATA IS JUST
THE BEGINNING™

Key features

1. **Spread Calc:** Controls the direction of the spread calculation (e.g., for Ratio, Regular is Sell/Buy, while Reverse is Buy/Sell)
2. **Strategy Type:** Ratio (Security/Security); Risk Arbitrage (Security/Security); Pct Spread (Security/Benchmark)
3. **Spread Ratio:** Ratio used in spread calculation (note: order quantities governed by Hedge Ratio)
4. **Cash:** Stub value applied to the spread calculation
5. **Advanced Parameters:** Click to expand
6. **Initiate:** Specifies the leg that will be initiated first (note that both legs can be set to initiate, which can result in accelerated liquidity capture)
7. **Destination:** Choose the broker route to which the child orders will be routed
8. **Limit Price:** Optionally, specify child order limit prices
9. **Tranche Quantity:** The maximum quantity of shares or value that Spread Trader will send for a leg at one time
10. **Create:** Creates, but doesn't enable; **Create & Enable:** creates and enables
11. **Action:** Spread Side (Setup, Unwind or both)
12. **Spread ID:** Symbol name used by default but can be changed
13. **Hedge Type:** Specifies whether the hedge should be based on quantity (share for share) or notional (value)
14. **Hedge Ratio:** Determines relative size of the child orders (e.g., trade one share of AAPL for every one share of MSFT)
15. **FX Parameters:** Choose currency or rate type or apply a static rate
16. **Spread Limit:** The target spread differential (price or percentage) sought
17. **Outside Limit:** Sets an outside threshold (i.e., stop); once reached, trading is suspended
18. **Notional:** Enter notional value; quantity will be automatically calculated

Spread calculation equations (prices based on "Strategy" selection located on Spread Trader's Advanced Tab)

Price differential

$[(Leg2Price \times Leg2SpreadRatio) + Cash] - (Leg1Price \times Leg1SpreadRatio)$

Ratio day change

$$[(\frac{Leg2SpreadRatio \times Leg2Price}{Leg2PrevClose}) + Cash - (\frac{Leg1SpreadRatio \times Leg1Price}{Leg1PrevClose})] \times 100$$

Reverse ratio

$$(\frac{Leg1SpreadRatio \times Leg1Price}{Leg2SpreadRatio \times Leg2Price + Cash}) \times 100$$

Ratio quote

$$(\frac{(Leg2SpreadRatio \times Leg2Price) + Cash}{Leg1SpreadRatio \times Leg1Price}) \times 100$$

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