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

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

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

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
**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**
  \[ (\text{Leg2Price} \times \text{Leg2SpreadRatio} + \text{Cash}) - (\text{Leg1Price} \times \text{Leg1SpreadRatio}) \]

- **Reverse ratio**
  \[ \left(\frac{\text{Leg1Price} \times \text{Leg1SpreadRatio} \times \text{Leg1Price}}{\text{Leg2Price} \times \text{Leg2SpreadRatio} + \text{Cash}}\right) \times 100 \]

- **Ratio quote**
  \[ \left(\frac{\text{Leg1Price} \times \text{Leg1SpreadRatio} \times \text{Leg1Price}}{\text{Leg2Price} \times \text{Leg2SpreadRatio} + \text{Cash}}\right) \times 100 \]

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