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MARKET DATA

### **Back to the Past**

Nuwave Investment peruses historical data through Tick Data's new Tick Equity Database.

Traditionally, data users in need of historical US equity intra-day data practically needed to build a time machine to get it and actually use it. Now, however, users can travel back in time on Tick Data's machines rather than struggle to construct their own.

Previously, data users in need of US equity historical intra-day data had to obtain the raw data from NYSE's Trade and Quote (TAQ) database, which provides historical intra-day data for all equities on major and regional US exchanges. Then they had to buy or build a system to clean the data, which was an expensive proposition, says Neal Falkenberry, president of Tick Data, a historical data vendor. However, Tick Data has launched a "ready-to-use" database of the information, under the moniker Tick Equity Database.

"In the past, a firm had to pay to acquire the data from exchanges and get data programmers to get the database structures or buy the TAQ database and buy a system to clean that data," says Falkenberry.

For users looking to save money, Tick Data might help, says Falkenberry. "For users who decide to build their own system and take NYSE TAQ data, it takes about a year to build. They would pay about \$100,000 to NYSE for the TAQ data, about \$40,000 for corporate actions data to normalize the data and two junior analysts to cleanse it at about \$100,000 each, for a total of approximately \$300,000," he says. The Tick Equity Database, however, costs \$80,000 a year.

The industry is also demanding historical intra-day data, according to Falkenberry. "Trading firms are moving towards intra-day trading strategies that require them to research trading scenarios with historical intra-day data rather than historical end-of-day prices," he says. Higher-frequency trading decisions are being pushed, which is also

driving demand for historical tick data, he says. For instance, he points out that technological advantages, improving modeling techniques and pressure from ECNs and hedge funds that pursue short-term trading strategies are all driving forces, he says.

Troy Buckner, president of Nuwave Investment Corp., an investment management and trading organization, says the company's short-term trading strategies can be as fast as seconds to minutes. "Our models are trading on high-frequency data, and all of our research work is based on history," he says.

"Historical research data is hard to maintain; it needs to be cleansed and scrubbed. We could collect the TAQ data straight from NYSE but we need research quality data," and the raw NYSE data would need to be cleansed, which would require the company to stray from its main business, says Buckner.

"We used to maintain our own database, but it took immense time and focus and became a part- to full-time job," he says. Now that the company is using the Tick Data database, however, the company is able to focus on using the data for research, rather than researching the data.

by Arielle Weliky