



Market Structure Primer

Get Started!

The purpose of this document is to provide an overview of the US equity trading landscape. It started as an onboarding document to help new hires who aren't as well versed in market structure. It can be read start to finish in order, or you can jump around. The visual Life Cycle of an Order also provides a handy view of the various events and entities involved in the process of a trade - from conception to completion. For those with little to no prior knowledge, the three core sections on market participants, mechanisms of communication between participants, and a birds-eye view of overall market activity should provide a working understanding of trading in the US equities market as it is today. Over time, we will be adding material that delves more deeply into further topics, especially into market structure history and the conflicts of interest that evolve along with market structure.

External Resources

[100 Years of Market Structure Improvement \(KCG 2016, Page 27\)](#) ↗

[The New Stock Market: Sense and Nonsense \(Fox, Glosten, Rauterberg 2015\)](#) ↗

[The Hidden Alpha in Equity Trading \(Oliver Wyman 2014\)](#) ↗

[Will the Market Fix the Market? A Theory of Stock Exchange Competition and Innovation \(Budish, Lee, Shim 2019\)](#) ↗

[Equity Market Structure Primer \(Sifma 2018\)](#) ↗

[Yardeni Research US Flow of Funds: Equities \(2019\)](#) ↗

[Incentivizing Trading Behavior Through Market Design \(Aisen 2017\)](#) ↗