

Upgrade Capital Utilizes Xignite Market Data to Power Their Trade Execution Platform

Overview

The financial services sector has long been one of the most influential in the United States. A key component within the sector is the asset management industry, which collectively administers to the needs of nearly 60 percent of all retirement funds worldwide and is responsible for the guidance of nearly half of the total assets held under management globally.

The success of financial firms managing client assets is largely predicated on the human capital they are able to attract and deploy. This is especially true when it comes to making investment decisions in the critical areas of trading and portfolio management.



The skill sets and competencies required in these key areas are so specialized that asset management firms have always focused on bringing in the very best of the best—candidates deemed to have the

most potential—individuals with the best resumes and highest GPAs hailing from the elite business schools in the country.

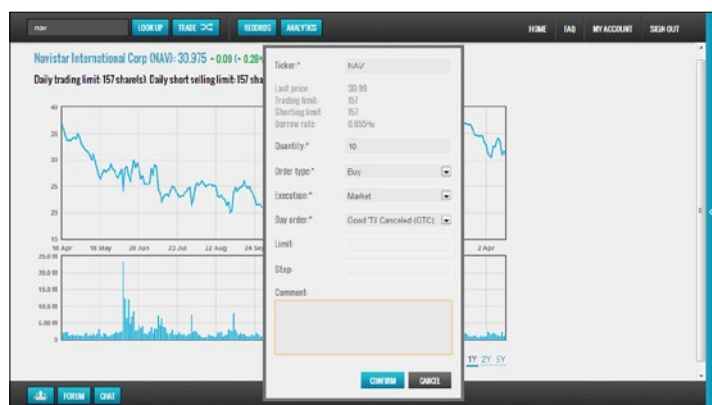
Unfortunately, mere potential doesn't automatically equate to success when it comes to identifying individuals capable of dealing with the unique rigors of trading and qualified to take on the responsibilities inherent in risk assessment and portfolio management.

Such was the experience of Alexey V Loganchuk, the founder and CEO of Upgrade Capital. He witnessed this first hand as a trader at J.P. Morgan. "Very simply, I had seen five years of interns at J.P. Morgan. Time-and-again you would have people coming in from really amazing schools—Harvard, Columbia, MIT and Oxford Cambridge—who would be there for six to eight weeks. And in those six to eight weeks we would accomplish pretty much nothing," says Loganchuk, "That got me thinking about how best to make sure that when you are bringing people on board, they are able to deliver real value."

The frustration borne of that experience gave genesis to the creation of Upgrade Capital in 2011, whose core ideal is to replace the focus on potential value that students might bring to financial firms with a focus on the quality of work students can actually deliver.

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Founder & CEO
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UC's order execution application, powered by Xignite's real-time market data, enables users to engage in live tactical trading.

Upgrade Capital Case Study

To accomplish this goal, the company created a proprietary trading platform and launched its inaugural three-month intercollegiate tactical trading competition in early 2012, which included 72 participants from six universities. Their second competition in October 2012 attracted over 600 participants from fifteen core universities.

Overall, students are benefited through the opportunity they are afforded to demonstrate tactical trading abilities and provide rationale for trading decisions. Meanwhile, client companies are benefited through the introduction of candidates with proven competencies in trading—no longer must they make decisions on such key personnel based on mere potential versus actual performance.

Challenge

Starting out, Upgrade Capital recognized they needed to create a realistic experience that would enable students to simulate true portfolio management activities and engage in real-time tactical trading. Equally important, they needed to be able to track and verify each student's results over an extended period of time in order to create the key value proposition intended for their clients—quantitative performance evaluations for participating student traders.

The real challenge facing Upgrade Capital at that point was the fact there simply wasn't an existing platform or trade execution system that met their needs. They needed to create their own proprietary trade execution platform that addressed the limitations inherent among most conventional virtual trading applications available at the time. The chief limitation was that of delayed data feeds. The company needed to utilize a real-time data feed to facilitate live trading and for performance to be accurately measured.

Solution

Costs were a major consideration for Upgrade Capital, given that the company was self funded, as was the limited time frame available to build out their trade execution platform.

Upgrade Capital elected to utilize several Xignite Application Programming Interfaces (APIs) for their trading platform, including the XigniteNASDAQLastSale API providing real-time last sale information on U.S. equities from NASDAQ, the XigniteGlobalMaster API providing security master data for more than 1.5 million active instruments offered across more than 200 popular global exchanges, and the XigniteGlobalHistorical API providing global historical stock quotes and closing prices for U.S. and international equities.

Key considerations in deciding upon the Xignite's APIs were their low costs and "plug and play" functionality. The hands-free nature of the data feed, combined with Xignite's support, allowed for quick and painless integration with Upgrade's system. The company's developers were benefited as they were able to easily work around the data feed and focus their full attention on the myriad issues they were faced with in completing their platform.

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The UC system imposes realistic restrictions that force traders to tactically adjust to real-world trading conditions.

Upgrade Capital Case Study

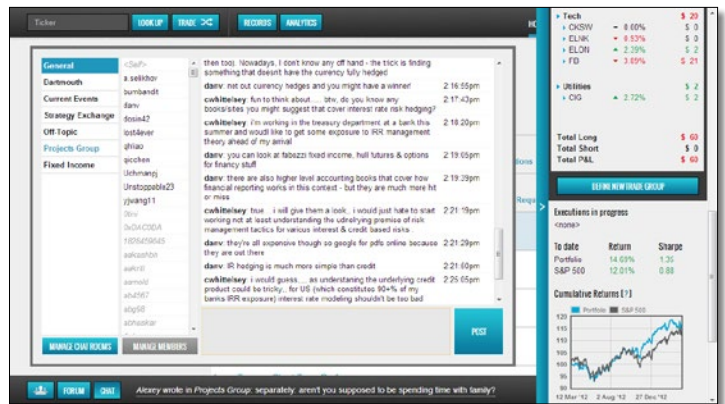
"Frankly, they were the only products at the time that were a fit for the kind of work we were looking to do in terms of developing a low-cost, compact, scalable platform geared for a large audience," offers Loganchuk. "In terms of building the platform in a cost efficient manner, there were really no alternatives to Xignite."

Results

Upgrade Capital was able to create a proprietary real-time trading platform featuring a browser-based user interface that provides students with access to historical data, a live execution interface, a variety of portfolio management tools and a suite of performance analytics. Utilizing this platform, the company recently hosted the biggest ever cross-university trading competition.

Xignite's APIs are important components within the Upgrade platform. "Very simply, the core of what we're offering is a quantitative analysis of performance," says Loganchuk. "And with that, obviously, market data is essential."

With their trade platform completed (equipped with Xignite's worry-free data feed), the company has been able to focus in other areas and expand their product offerings through strategic alliances. They recently partnered with the organizers of the Value Investing Congress to establish the Ben Graham Fellowship and created a partnership with Quantopian, the first open-source trading algorithm development and back-testing platform. They plan to jointly host the first cross-university algorithmic trading competition during 2013.



Real-time collaboration is just one of many benefits afforded students participating in the tactical trading competitions.



Xignite's historical data is utilized by student competitors to evaluate portfolio candidates.

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