

Equity Markets in Action

*The Fundamentals
of Liquidity, Market
Structure & Trading*

**ROBERT A. SCHWARTZ
RETO FRANCONI**

WILEY

John Wiley & Sons, Inc.

Contents

Preface	ix
CHAPTER 1 The Role of an Equity Market	I
CHAPTER 2 From Information to Prices	33
CHAPTER 3 Liquidity	59
CHAPTER 4 What We Want from Our Markets	111
CHAPTER 5 Institutional Order Flow	114
CHAPTER 6 Order-Driven Markets	136
CHAPTER 7 Intermediated Markets	191
CHAPTER 8 The Evolving Scene in the United States	213
CHAPTER 9 The Evolving Scene in Europe	243
CHAPTER 10 Clearing and Settlement	264
CHAPTER 11 Regulation	291
CHAPTER 12 Simulated trading	342
APPENDIX A Prices and Returns	361
APPENDIX B From Portfolio Decisions to Trading in a Frictionless Environment	370

APPI\DL\ C Dimensions of Informational Efficiency	412
APPENDIX D The Concept of Self-Regulation	424
Selected Readings	434
About the Authors	449
About the CD-ROM	451
Index	454