



■ David Karat is co-founder and chief creative officer of Dash Financial Technologies and has over 20 years of experience in the trading industry. Karat's primary areas of responsibility include Dash's brand and marketing portfolio, business development and the Dash360 suite of real-time analytics and data visualisation products. Prior to co-founding Dash, he was a director at Credit Suisse, managing key electronic trading relationships and 10 years at ITG, where he helped launch the firm's quantitative research unit in London and served in various sales, trading and product management roles for its PT and algorithmic trading offerings. David began his career in corporate finance advisory at Société Générale in London.



■ Glenn Lesko, a chartered financial analyst (CFA), has nearly 30 years of experience. At Dash Financial Technologies, he is responsible for driving the firm's revenue growth objectives globally, both organically and inorganically. Prior to Dash, he served as CEO of Bloomberg Tradebook and before that he spent nearly 10 years at Instinet, serving as CEO of Instinet Asia and later head of Americas Equities. Lesko also served as a partner at outsourced trading firm CF Global; managing director at Deutsche Bank, directing the firm's international trading desk; and managing director at ABN AMRO, first heading its Asian trading desk in Hong Kong and later its international trading desk in New York.

# Shining an ever brighter light onto the execution lifecycle

Dash Financial's David Karat, co-founder and chief creative officer, and Glenn Lesko, chief growth officer discuss how they are meeting client demands and managing their own expanding business.

## How did the company start?

**David Karat:** Peter Maragos (co-founder) and I met in 2009 but we came from different parts of the industry. He had more of a derivatives background while I came from more of a quantitative equity background. However, it was obvious at the time that there was a demand for real time transparency and an agnostic approach to performance, regardless of the asset class. Our objective was to let the client define what performance meant to them versus a broker just giving them a product in what they thought was their best interests.

We formally launched Dash in 2011, a time when the buy-side was under pressure and were culling brokers. While our platform was multi-asset from the beginning, most of the broker contraction was occurring in equities, so options is where the most immediate interest was. We launched a suite of execution and transparency tools tailored to market microstructure and quickly gained market share. Our product broke down where, how and why each order and its child slices were routed, how long it took each venue to acknowledge each message and how long it rested on each venue, which was revolutionary at the time and is still uncommon. We now route approximately 14% of the daily OCC (Options Clearing Corp) volume and an additional 30% touches our workflow and compliance tools.



**How have you managed your substantial growth over the last few years, and what challenges has this posed?**

**David Karat:** We have grown over the past seven years to 150 people, which has included us acquiring Convergenx’s LiquidPoint options business and an introducing prime brokerage called eRoom Securities, but the culture has not changed. Our focus is the same and we still look to hire intelligent people who want to learn and be developed. Sarah Hall, who we hired last year as Managing Director, Chief People Officer, is responsible for all aspects of the firm’s human capital investment, employee relations and mentoring and development programmes. By professionalising the function and adopting industry best practices, it has helped us pivot from being a classic fintech growth story to a larger, more mature organisation. However, I think we have managed to keep the buzz that we started with and the aim continues to be the same: to offer clients full transparency into every aspect of every order and a level of performance they will not find elsewhere.

**Glenn Lesko:** And, regardless of our growth, common sense and logic continues to be part of the company’s DNA – we do not want to make

the mistake of becoming a second-generation company that loses sight of the client. We continue to be laser-focused on being responsive and nimble enough to innovate and customise best-of-breed solutions as our clients require them.

**What was the driver behind the merger with LiquidPoint to create Dash Financial Technologies and how are you developing the business?**

**Glenn Lesko:** Scale is important in the options business and while there were many synergies in merging the two businesses, there was little overlap in the client base and the product suites were complimentary. Having LiquidPoint’s front-end/workflow solutions and combining it with Dash’s routing and analytics prowess gave us the ability to solve a wider set of problems. We now have four verticals: Execution Services, Trading Technologies, Analytics/Data Visualisation and Regulatory Technologies.

Execution Services include a wide range of highly configurable algorithms and routers, including SENSOR, our flexible routing solution that provides industry-leading volume capture rates and cost optimisation. Also under this vertical is our newly launched, next-generation portfolio trading (PT) algorithm, which we believe includes some extremely advanced portfolio workflow, benchmarking, venue selection and real-time analytics/measurement capabilities.

Trading Technologies includes Blaze, our OEMS solution and BrokerPoint (a proprietary routing network, with access to a comprehensive network of brokers on the floor of the exchanges and the inter-dealer community) that adds a compliance layer to voice-brokered trades.

Analytics/Data Visualisation tools includes Dash360, our web-based dashboard that provides real-time transparency into every aspect of the routing and execution cycle, from pre-trade analytics



and cost estimates to advanced TCA and reporting.

And the Regulatory Technology suite includes a selection of reporting tools and analytics for the sellside community who custody client assets and require multi-asset, intra-day haircut calculations.

### What was the catalyst behind the equities push?

**David Karat:** We've been in equities since we launched, but for a confluence of factors options is where we saw the most immediate growth. But with MiFID II, best execution, and the transparency required to achieve it, has become a much more critical aspect for institutional traders globally, and that is precisely what our platform solves.

As a result, we've been expanding our team in this area, for instance adding a very accomplished portfolio trading (PT) team in early 2018. As Glenn mentioned, their efforts culminated in the launch of our advanced portfolio trading solution in September that is fully transparent, fully configurable and EMS/OMS-neutral, which is the type of PT solution we think the market now demands. We have a significant number of blue-chip buy-side institutions who are looking to adopt the product.

### Can you tell me the rationale behind the recent acquisition of eRoom Securities?

**Glenn Lesko:** eRoom provides multi-asset trading technology, agency execution, risk management, reporting and clearing services to professional traders, institutions and hedge funds. The team is run by two highly talented individuals, Collin Carrico and Ben Schwartz, who will bring to Dash capabilities and a client base that is very complimentary to our current business. eRoom clients will gain access to the highly advanced Dash technology platform and service offering, while we'll be able to bring prime services to Dash clients for whom it makes sense, as well as



additional size and scale that should benefit our entire client community. We're very excited to get them into the fold and officially launch Dash Prime.

### Looking ahead, what are some of the biggest challenges for the industry?

**Glenn Lesko:** One of the biggest challenges is the data requirements of the CAT (Consolidated Audit Trail – a single data warehouse to collect millions of orders and quotes that pass daily across US equity and options markets in real time), which went into effect for equities exchanges in November and will require brokers to start reporting to it next year. Complying with this will be relatively straightforward for us since our platform was built so recently, but there are stories you hear about the preparedness of the overall brokerage community being behind.

For the buy-side, one of the biggest challenges is that trading desks continue to be expected to do more with less. For example, you regularly see situations where desks that had ten people and are now expected to do the same amount with two or three. In both cases, it'll be technology that helps solve these issues, which is why we think that Dash, which launched as a technology firm less than 10 years ago, is so well positioned to solve some of these massive challenges the industry faces. ■