

# Reducing time to market.

CASE STUDY  
BLOOMBERG PROFESSIONAL SERVICES

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Baader Bank AG

**Bloomberg**

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# Baader Bank AG

## Location

Unterschleißheim  
near Munich, Germany

## Industry

Banking

## Customer profile

- Baader Bank AG is Germany's leading securities trading bank, with 400 employees
- Specialist for around 800,000 financial instruments
- Founder Uto Baader was a pioneer of the foreign share market in the German stock exchanges
- Currently active across six business lines: market making, capital markets, multi-asset brokerage, asset management services, banking services and research

## Business situation

Baader Bank's buy-side trading desk was seeking to route its trades to market as quickly as possible, reducing trading decision time to achieve better prices and minimise exposure to market volatility. It aimed to use these time savings to better serve its clients and get ahead in the market.

## Bloomberg buy-side solutions

- Bloomberg Asset and Investment Manager (AIM)
- Bloomberg Execution Management System (EMSX)
- Bloomberg Transaction Cost Analysis (BTCA)
- Bloomberg Rule Builder (RBLD)

## Results

Bloomberg's Enterprise Products have materially enhanced the execution performance of Baader Bank's buy-side desk through the seamless adoption of automation and TCA capabilities.

## A flying start.

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**“We needed a versatile tool that would take us from zero to best practice in a short period of time.”**

–**Andreas Nomrowski**

Head of Asset Management & Services,  
Baader Bank

Since Baader Bank AG (Baader Bank) launched its buy-side trading desk in 2009, it has been part of the Bloomberg universe, using Bloomberg solutions to manage multiple customer portfolios and execute their trading strategies.

The engagement started with Bloomberg Asset and Investment Manager (AIM), a product that enabled the desk to rapidly begin trading effectively – and compliantly – across multiple global asset classes.

Delivered on a hosted infrastructure, the technology runs without the need for expensive on-premises workstations or servers, which made it a cost-effective choice for Baader Bank, too.

“We needed a versatile tool that would take us from zero to best practice in a short period of time,” Andreas Nomrowski, Head of Asset Management & Services at Baader Bank explains. “Bloomberg AIM was the best tool for us. It helped us in many ways, mainly the straight-through processing (STP) workflows, which is crucial for us.”

AIM offered the agility Baader Bank was hoping for, as it is a scalable asset management technology that drives fast and seamless expansion into new asset classes and markets. It has also enabled Baader Bank to seamlessly deploy other Bloomberg products to continually enhance performance.

## Measuring up to the competition.

**With the changing regulatory landscape in Europe driven by MiFID II, in 2017 Baader Bank was in search of a compliance and best execution solution. The Bloomberg TCA product (BTCA) was a natural fit for their workflow. For an existing AIM client like Baader Bank, adding BTCA was seamless and offered a predictable route to market.**

While initial demand was driven by compliance, Baader Bank's execution desk started to see the additional performance benefits that come through monitoring and analysing trade performance across Cash Equity, Futures, Options and Cash Fixed Income asset classes through BTCA.

Crucially, the BTCA tool offered enhanced transparency as to the desk's performance compared to competitors. Baader Bank used the ability to perform peer benchmarking to go beyond traditional absolute benchmarking to see how well its trades within the business line were performing in comparison to similar order flow from peers.

This powerful feature, using the community aspect of BTCA, provided Baader Bank with a way to contextualize their trader's execution in the hope of unlocking actionable insights. In this case it soon exposed a key target for improvement: speed to market.

Baader Bank has always been willing to try new approaches and strategies, and when Bloomberg suggested using its new Rule Builder (RBLD) solution alongside BTCA to enhance its trading performance in this area, Baader Bank decided to run the solutions together for its Equities trading business.

But it wasn't a complete leap of faith. "At all the buy-side trader events and discussions, the industry was looking for a solution like this," explains Andreas. "We compared other solutions as well, but [Bloomberg's] fully integrated offering was definitely an advantage, and that's why we took the decision."

With trader's desktop real-estate at a premium, there is also clear benefit in not having to switch between systems. "It helps us monitor the best execution, without leaving the [Bloomberg] Terminal," says Andreas. "We also benefit from the fact BTCA offers an API providing a path to take data out if we wish."

## Automating and accelerating trades.

**The ability to stand out in the market depends, to a large extent, on how fast asset managers can get their order to market. The BTCA tool was showing Baader Bank's execution desk that, compared to its peers, it could benefit from getting its orders to market faster to improve its performance against the Arrival Price benchmark. At this point, Baader Bank started to run Bloomberg's RBLD solution to tackle its trading pace.**

The RBLD offering enables traders to write rules to facilitate automation of trade execution across Equities, Fixed Income and FX. These rules consider the attributes of the order and can overlay that with custom information from the portfolio manager (PM) as well as taking into consideration a wide array of market data available in the Bloomberg ecosystem. RBLD can be invoked on any order staged into one of Bloomberg Execution Management Systems (EMS), in this case, for Equities that is EMSX.

The primary benefit of automation is freeing up time for traders to spend on higher value tasks, such as nurturing client relationships. But Baader Bank wanted to go further, based on the BTCA analysis, and realise an additional advantage of better execution performance afforded through fast, zero-touch automation.

For Baader Bank, the setup was seamless and there was no need for any build work to deploy RBLD's automation on the trading desk in combination with BTCA. Orders were sent from AIM to EMSX where RBLD would then process them based on the trader defined rules.

As a post-trade storytelling tool, BTCA gives Baader Bank greater insight into how its trades are performing, revealing what adjustment to the strategy is delivering for its clients. Through interactive reporting that reveals both broker and RBLD trades, Baader Bank can compare performance against multiple benchmarks, such as Arrival, Interval volume-weighted average price (VWAP) and EMI measurements.

## Solutions seamlessly working together.

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—**Andreas Nomrowski**

Head of Asset Management & Services,  
Baader Bank

While it is early days, performance has been very good. In the first three months of 2022, the trades executed using RBLD have outperformed manual trades, leading to a 16% performance increase against their arrival price benchmark. In addition, automated trades have performed better in comparison to VWAP benchmarks.

“Rule Builder makes the buy-side trading desk workflow much more efficient with a rule-based approach [and] the order routing function,” Andreas explains. “Behind that BTCA creates transparency and helps us monitor our flows.”

Most importantly, Bloomberg solutions have not only saved time and increased the level of analysis Baader Bank can draw on, they have also bolstered Baader Bank’s client relationships. “Continuously moving away from time-consuming manual processes to automated processes has given us much more time, which we can use to concentrate on our customers’ individual needs,” Andreas says. “That’s a big advantage of automation that we are capturing.”

The same applies to investors. Baader Bank has been able to demonstrate to investors that they are committed to innovation and using the latest technology, while simultaneously cutting transactional costs and being as competitive and forward-thinking as possible.

Baader Bank has also been impressed with Bloomberg’s customer service and benefited from the expertise of an account manager, too. “[Bloomberg] has improved the quality of the AIM help desk, but it’s still very important to have one person, a direct contact, who really knows the product, our set-up and our needs. This is very important for cooperation,” Andreas explains.

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Baader Bank has several goals for the future. First, as it continues to work with the RBLD and BTCA solutions, it hopes to employ the tools as a full lifecycle product, where BTCA offers robust hypothesis-driven analysis to inform future trading strategies through optimising RBLD. Any change here could then be observed back in BTCA after execution to prove out the hypothesis.

“It’s impossible for me, even as a head of desk, to know all the individual flows. I’m curious about what additional information and transparency it can create, and from there what knowledge it will bring us,” Andreas explains.

Andreas is also hoping that the products will soon cover all asset classes and aims to expand the suite of Bloomberg solutions Baader Bank works with to fulfil growing regulation demands.

## Key insights.



Combining RBLD and BTCA demonstrates automation can yield execution performance alpha as well as saving trader's time



BTCA's peer benchmarking enables clients to achieve actionable insights which benefit from the community aspect of the product



Seamless and predictable integration of Bloomberg Enterprise Products enables buy-side trading desks to improve their outcomes and keep ahead of the competition





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