

The STAC Backtesting Special Interest Group

Questions and Answers

28 August 2013

Q: What is STAC?

A: STAC (the Securities Technology Analysis Center) facilitates the STAC Benchmark Council (www.STACresearch.com/members), which is a group of trading organizations and vendors with two missions: 1) to define and deploy standard technology benchmarks that are useful to financial firms, 2) to facilitate substantive dialog among customers and vendors with respect to technology topics. The Council started several years ago by focusing on low-latency, real-time workloads in automated trading. In recent years, it has expanded into tick data analytics, derivatives risk management, and other areas where the size or complexity of the workload is a bigger challenge than the speed of the data. Backtesting is such a workload.

Q: What is backtesting?

A: Broadly speaking, backtesting is the use of historical data to forecast the profitability of new algorithms and their parameters. It is a highly parallel, data-intensive simulation workload that has a large impact on trading revenues at many firms.

Q: What is the STAC Backtesting SIG?

A: This SIG consists of end-user organizations and vendors with an interest in the engineering challenges associated with backtesting.

Q: How often does the SIG meet?

A: Meetings are held by teleconference as often as required to progress SIG activities, starting with a call on September 13, 2013. For past meeting notes and future meeting details, see www.stacresearch.com/?q=taxonomy/term/44,614. Backtesting topics are also covered at STAC Summits in cities around the world (see www.STACresearch.com/meetings).

Q: Are trading organizations expected to discuss their trading algorithms?

A: Absolutely not. As in other analytics-related STAC Benchmark suites (e.g., STAC-A2), what's important is that the algorithms used in the benchmarks exercise the SUT in ways similar to how real algorithms would. The SIG aims to achieve that via textbook examples and other non-proprietary sources.

Q: What are the benefits of participation for end user firms?

A: The primary benefit is to influence industry standard benchmarks to ensure they will be useful to your firm. Once the benchmark tests are developed, SIG members will also have the option of specifying architectures they would like to see tested and to use the benchmark tools internally, if desired (subject to membership level).

**For more information or to indicate your interest, visit
STACresearch.com/backtesting**

Q: What are the benefits of participation for vendor firms?

A: Several:

- Understand the backtesting challenges that this market faces.
- Meet some of the key players in this market.
- Influence and understand benchmark standards for backtesting solutions.
- Shorten the sales cycle for new products.

Q: What firms can participate?

A: The SIG is currently open to Contributing Members of the STAC Benchmark Council anywhere in the world, including vendor members. To determine what kind of membership your firm has, see www.STACresearch.com/MyMemberInfo. For membership information, see www.STACresearch.com/council.

Q: What does it cost to participate?

A: There is no additional fee for the members above to participate in the SIG at this time. Taking full advantage of the output of the SIG (e.g., accessing non-public benchmark reports, using benchmark tools) will be subject to the standard terms for premium membership (see www.STACresearch.com/council). Other interested organizations (e.g., academia, consultants, etc.) should discuss with STAC.

Q: What kind of individuals should be on this SIG?

A: Depending on the meeting topic, CTOs, architects, and performance engineers may be interested, as may quants. On the vendor side, both business and technical functionaries may be interested, such as product managers, heads of engineering, solution architects, business development managers, pre-sales engineers, and performance engineers.

Q: Can multiple people represent a single firm on the SIG?

A: Yes. However, in-person meetings (and perhaps even some teleconferences) may have limits on the number of reps per firm.

Q: Where do I go to find out what's happening with the SIG?

A: www.STACresearch.com/backtesting. Note that most materials will only be accessible to the member types above.

**For more information or to indicate your interest, visit
STACresearch.com/backtesting**