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Editor's Letter

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The spring issue of *The Journal of Trading* begins with Lin, Van Ness, and Van Ness examining the determinants of canceled orders and hidden orders and their effects on market quality. Besson and Lasnier address trading algorithms and show that standard "volume-driven" algorithm performance could be greatly improved simply by changing "Standard Volume" indexing to "Passive Volume" indexing, whereby passive volume is defined as the volume traded passively, according to the side of the transaction.

Next, Gomber, Clapham, Lausen, and Panz present the views of leading financial market experts concerning the impact of MiFID II/MiFIR on European market structure and the future relative importance of different types of trading venues and over-the-counter (OTC) trading. Buehler and Cusatis examine the use of exchange-traded funds (ETFs) in the implied volatility market and find that although the ETF trading strategies produce excess returns, these returns come with significant downside volatility.

To continue, Lundström systematically analyzes the effect of leverage on profit when trading a popular day trading strategy and clarifies the relation to two optimal leverage strategies proposed for maximizing trading profit, the Kelly criterion and the optimal fraction criterion.

To conclude this issue, Hessel, Nam, Wang, Xing, and Zhang study the strategy of shorting a leveraged ETF and an inverse leveraged ETF pair of the same index and show that it can generate mean monthly returns of over 1% in four markets.

As always, we welcome your submissions. We value your comments and suggestions, so please email us at journals@investmentresearch.org.

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