Smart solution

An application with an intellect: that's the sales pitch for IQ-Trader. Patsystems' new trading tool has been designed to interpret markets, analyse opportunities and define strategies. So, what features make IQ-Trader a thinking person's front-end?

Patsystems', the independent software vendor best known for its J-Trader front-end, has been busy this year. Not only has it introduced a range of 'platinum' enhancements to its trading platform, improving overall performance and resilience, it has also launched two new front-ends for professional traders. You may remember a preview of Pro-Mark, one of these front-ends, in the November 2004 issue of *Traders'* magazine.

Strengthened and refined since last year, Pro-Mark was launched in June 2005. At the same time, and with no advance publicity, Patsystems' also released IQ-Trader.

High Spec, High Performance

As a stablemate of Pro-Mark, IQ-Trader is strongly focused on professionals who need a highly specified trading tool. In this case, the name is a clue to the specifications: IQ-Trader is a front-end for

strategists, a tool for traders who want an insight to markets and products.

The new front-end supports a broad range of trading styles, such as discretionary trading, scalping, fully automated trading, real-time monitoring, and database screening. The target audience is advanced users who want to benefit from detailed strategies – for example, technical and system traders, hedge fund managers, and commodity trading advisors. But, although user needs may be sophisticated, there is no need for high-level programming skills; rather, as Patsystems' maintains, one of the key benefits of IQ-Trader is that it offers 'intelligent trading made simple'.

Everything on One Platform

IQ-Trader provides a versatile platform where you choose the functionality you need and the trading style that is right for your goals.

You have the choice of manual or automatic entry, and can build your trades with a wide variety of charts and studies. You can place orders directly from charts, create exit strategies with stops and bracket orders, use fully automated entries and exits, and backtest and optimise your trades. Another benefit is that, in addition to analytical tools, you have access to the latest market news. That means your trading decisions are based on up-to-date information.

Automation Without Programming

IQ-Trader has been designed to perform complex operations that would normally require a high degree of programming expertise. Thanks to Express, an easy to use programming language, intelligence is in-built. Simple pointing and clicking is all you need to create trading studies, trade guards (ie, defensive tactics) and many other detailed strategies. In addition, the backtesting and optimisation facilities mean that trades are carefully engineered from start to finish, and ensure the maximum likelihood of success. In other words, because the approach is 'scientific', IQ-Trader leaves less to chance.

Building Your Trades

You research, configure and build your trades step-by-step, using third-party data and analytical tools to explore opportunities. Take charting analytics, for example. You can combine Patsystems' real-time data with historical data from third-parties, and you have a choice of popular charting tools such as Candlesticks, Bollinger Bands, and Fibonacci Retracements. You can create individual studies and layouts with filters, drawing tools and sentimentors (see below), and you can drag and drop information onto charts and place orders directly from the charts.

Creating Focus With Sentimentors

A sentimentor is a key indicator or trading perspective. What sentimentors do is compute a 'sentiment' value in a numerical range. This value refers to a point in time for a specific underlying feature –

F1) Trade management

The blue trendline drawn by trader and used to determine stop placement.
Source: www.patsystems.com

for example, interest rates, a particular market, or business news. The sentimentors can be programmed or manually created, and any number of sentimentors can be combined to create a so-called meta sentiment. The meta sentiment will define the overall strategy or study, based on all the variables, and can be enriched by filters and stop techniques.

Backtesting and Optimising

As already mentioned, IQ-Trader allows you to backtest and optimise your trades. Backtesting is a key part of a total trading strategy; it allows you to reconstruct trades using historical data, based on a given strategy, to see how they would have performed in the past. After you have backtested the strategy and are confident it is sound, you can start optimising it.

F2) Depth of Market One-Click Trading

(A) Slide to change the limit price. (B) Click to enter order.
Source: www.patsystems.com

F3) The IQ Principle

Candlesticks: moving average

Meta sentiment   Intuition

Individual sentiments are combined in a meta sentiment.
Source: www.patsystems.com

F4) Chart Trading

One-click trading directly from the chart.

Optimising means that parameter settings can be finely tuned to discover the most effective setting for a particular indicator. Optimisation allows you to play with your strategy parameters, but without changing the foundations of that strategy. You simply sharpen your strategic focus, using the knowledge gained from backtesting, and pinpoint what works best in different markets and circumstances.

With IQ-Trader you also have walk-forward testing. This allows you to see if the performance of a trading strategy is valid under optimisation and how the strategy might perform in the future.

Market Depth with Reflector

IQ-Trader benefits from Patsystems' new (patent pending) trading technique that reveals depth of market. Called Reflector, the technology allows you to see your orders and their distance from market. You have single-click trading, cancelling and amending; dynamic prices; price and order locking; dime features; easily visible last-traded price (day 'high' and 'low' indicators); simple, swift order-cancels-order entry; market fulcrum bars to graphically display weight of book; an outside display order indicator; trade direction bars to track market movements; and the history of last-traded prices.

Colour-coded indicators help you to see the spread patterns and to identify breakout, support and resistance levels. You also have smart, multi-order amendment. This allows you to swiftly amend multiple orders at the same level, using either a pro-rata or 'last in/first out' function.

Three IQ levels

Patsystems' has launched IQ-Trader with three levels of functionality. IQ *Premier* has the highest specification, followed by IQ *Advanced* and IQ *Standard*. All three versions include sophisticated charting, direct order entry from charts, and paper trading.

You also have bracket orders, trendline stops, ladder order and order management as standard features. Backtesting and optimisation are among the features that distinguish the premier and advanced versions.

Key Benefits
Charting analytics
- Combines Patsystems' real-time data with historical data from third-party data providers
- Direct order entry from charts
- Creates trading signals based on analytic studies with auto order entry
- Choice of popular technical studies and charting tools such as Candlesticks, Bollinger bands, and Fibonacci retracements
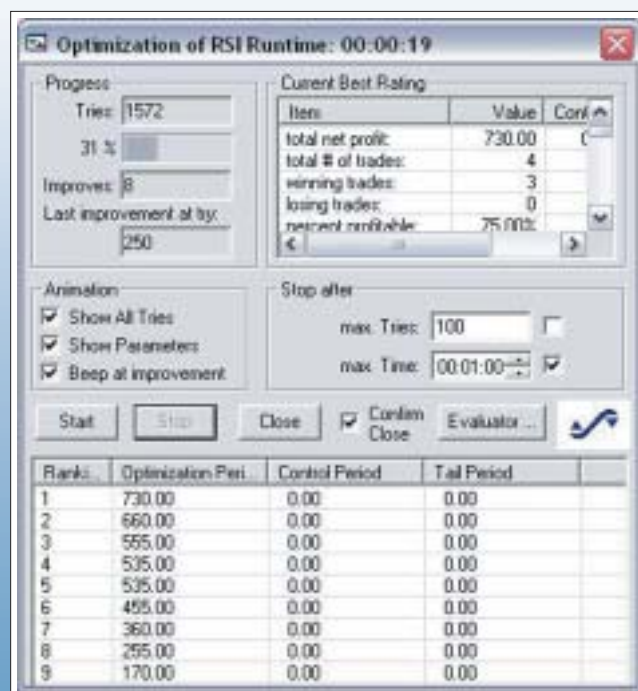- Optimises strategies to create winning plans

Trading Style
- Drag-and-drop trading window for pricing, order entry and cancellation
- Position and P&L display in quotes window
- Tabbed working order/completed order display
- Ladder-style depth of market order entry (like Reflector functionality in Pro-Mark and J-Trader, including volume at price display and market weight indicators)
- Order entry directly from charts
- Bracket orders to automate exit and stop loss
- Simple ticket order entry
- News window for use with third-party news feeds

Advanced Trading Tools
- Create trading systems and strategies graphically or through simple

F5) Optmisation of Results

Meta sentiment: vary all sentimentor parameters, their weights and buy/sell thresholds using 'Tabu Search', one of the fastest optimisation techniques available today.

Express programming language
- Functionality to optimise trading strategies
- Backtesting and forward simulation strategies
- Money management tools to control trading systems
- Event-driven trading strategies

Spread Technology
- Cross-product and cross-market spreading
- Any number of legs
- Active quoting of one or more legs in the market
- Allows spread of spreads
- Charting of spreads with historical and intra-day views
- Create trading signals on spreads for automated trading
- Position management and brackets on spreads

IQ-Level
IQ-Trader is available in three versions with the following functionality:
Premier
- Inter-product spreading
- Strategy scripting tool (Express)
- Strategy simulation tool
- Automated trading
- Trading signals from indicators
- Strategy backtesting
- Strategy optimisation
- Position management on signals
- Advanced charting
- Chart trade indicators
- Chart order entry
- Fills and orders visualised in charts
- Bracket orders
- Trendline stops
- Ladder order entry
- Order management
- Paper trading

Advanced
- Automated trading
- Trading signals from indicators
- Strategy backtesting
- Strategy optimisation
- Position management on signals
- Advanced charting
- Chart trade indicators
- Chart order entry
- Fills and orders visualised in charts
- Bracket orders
- Trendline stops
- Ladder order entry
- Order management
- Paper trading

Standard
- Advanced charting
- Chart trade indicators

F6) Direct Trade

(A) Assign a study via drag and drop. (B) Convert signals to orders. (Look at the picture on top.)

Source: www.patsystems.com

- Chart order entry
- Fills and orders visualised in charts
- Bracket orders
- Trendline stops
- Ladder order entry
- Order management
- Paper trading

More information
See Patsystems' website at *www.patsystems.com* for more details on IQ-Trader, including a 'quick tour' of key trading screens.