

Project Evaluation – In the era of high frequency trading, has the principle of limited liability outlived its usefulness?

On the whole, I feel that I have made a fairly good attempt at addressing the question posed in the title. I have certainly found out a lot more about high-frequency trading, how it works and some of the controversial issues that surround it and to this end, I have achieved one of my main aims. I feel that I structured the report well; however, I could have obtained more quantitative research to back up some of my points, rather than focusing on accounts from books or online articles.

I feel that I probably haven't answered the question as fully as I would have liked. I have focussed more on understanding how HFT works and the problems it poses for investors, with less focus on the implications on the principle of limited liability. I probably should have explored further into whether limited liability goes far enough, rather than looking more at whether limited liability no longer applies. Perhaps this would be a line of enquiry for future work. This would probably have involved more focussed research on the regulatory changes proposed and how sophisticated this would need to be to combat the risks posed by HFT. Part of the reason for this is because I didn't plan things as well as I should have. On reflection, HFT is a very technical area; therefore I needed to understand some of the intricacies first. I hadn't allowed myself enough time to gain a good understanding of the subject and apply it to the question in the way I would have liked. I should have commenced my research much earlier and spread it over a longer period of time so as to gain the knowledge about the subject before further research was carried out to apply it to the question.

In retrospect, I probably would have chosen a less technical question to answer. This was very challenging to get my head around. I very much enjoyed this challenge but in part, this overshadowed my ability to more effectively answer the question. What made this even more challenging was that there is so much information online about HFT, with most of it being quite negative. There is so much out there about the potential problems that HFT can cause and most if it is opinion rather than fact, as it is an area still not fully understood. This may have even slightly skewed my thoughts and conclusions. I found the sheer quantity of information difficult to digest and should have spent more time filtering out the most valuable pieces of research to answer the question.

In terms of my research, I would certainly broaden my horizons when tackling something like this again. Although primary research is not required here, I believe that interviewing those working in the industry or for regulators would have been hugely beneficial and offered me greater insight and balance to more fully answer the question. Perhaps even interviewing shareholders to get their take on HFT and whether they felt limited liability offers enough protection. I should have also made better use of the library facilities available to me. I could have accessed journals via the school's network; however, my lack of time management meant that I focused

my time on online research. My tutor offered me guidance on the research side of things but as a result of my planning, I wasn't able to effectively use the information offered to me.