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題目：High-Frequency Trading and Risk Sharing Capacity in Market Making with Asymmetric Information

アブストラクト：

We examine how the impact of asymmetric information on market liquidity and informational efficiency in a market where some of the market makers have high-frequency trading capabilities.

Our proposed market microstructure model consists of heterogeneous-speed market makers and liquidity traders, the latter bringing private information. We find that the degree of information asymmetry may or may not improve liquidity, depending on the market structure. We also show that the increase in the number of high-frequency market makers basically improves the market liquidity, but degrades the liquidity in some situations. Our theoretical results imply that financial authorities need to examine the effect of high-frequency market making carefully, especially if asymmetric information is significant among traders. This is a joint work with Katsumasa Nishide (Waseda University).