The impact of tick sizes on trader behavior
Evidence from cryptocurrency exchanges
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Discussion:
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The paper

- Examines the impact of increase in tick size on trading behavior and market quality.
- Exploits a staggered increase in tick sizes at the cryptocurrency exchange, “Kraken”.

Findings:
- Reduced undercutting
- Restored the relevance of time priority
- Reduced quoted spreads, improved depth, reduced volatility at best prices
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   - Did the tick size increase lead to higher liquidity provision by HFTs due to speed advantage?

▶ What was the tick size on competing exchanges, and market share of Kraken?
   - Did liquidity providers move from other exchanges to Kraken after the increment?
Questions

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  - If yes, then the analysis will require a longer event window.
  - Effects of tick size increase also likely to stabilize over a longer time period, than just a week.
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► What prompted the exchange to increase the tick size within a week?
Comments: Empirical strategy

- Better identification using data from competing exchanges where tick size did not change.
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Endogeneity issues with X’s (volumes, volatility, number of trades). Include lagged returns?
Minor comments

- Intraday dummy definition not clear in the paper?
- Post event dummy for both the events allotted 1?
- Clustered standard errors?
- Any peak trading time on which to concentrate on?
Thank you