# U.S. equity trading commissions rebound in 2024 amid electronic trading shift



In a notable turnaround from previous years, U.S. equity trading commissions experienced a significant rebound in 2024, rising to $6.2 billion from a low of $5.4 billion in 2023. This resurgence follows a consistent decline that began in 2021, when commissions reached $7.4 billion. The resurgence is largely attributed to strong performance within equity markets, according to comprehensive research conducted by Crisil Coalition Greenwich, which surveyed hundreds of institutional equity investors across the United States.

Jesse Forster, Senior Analyst at Crisil Coalition Greenwich, articulated a cautiously optimistic outlook for the future of equity trading, stating, “The buy side is cautiously optimistic about the future.” Forster emphasized the positive impact of recent reforms instituted by the Securities and Exchange Commission (SEC), noting a new leadership focus on fostering cooperation between regulatory bodies and market participants. This shift in regulatory landscape has contributed to a renewed sense of possibility in the financial sector.

A significant trend influencing this market is the ongoing migration toward electronic trading. Last year, 44% of all trading volumes were executed electronically, a category that includes algorithmic strategies as well as crossing networks. Projections indicate that this figure could increase to nearly 50% within the next three years. In contrast, traditional high-touch trading methods are expected to decline, with anticipations that they will represent only 39% of trading flows by that time.

Within this evolving trading environment, traders remain focused on striking a balance between technological solutions and the essential human touch. High-touch sales traders continue to play a pivotal role in navigating complex orders and identifying elusive liquidity sources. “Buy-side traders remain resolute in their dual mandate of finding liquidity for their clients while exploring opportunities for automation within their firms,” added Forster.

Additionally, the research sheds light on what drives buy-side commission allocation among brokers. A significant 29% of buy-side traders, along with 34% of hedge funds, prioritize the sourcing of natural liquidity as their primary concern when selecting brokers. Meanwhile, electronic trading providers are evaluated on criteria such as ease of use, reliability, and the level of technical support they offer—over two-thirds of buy-side traders highlighted these factors as critical in their decision-making process.

Forster noted, “The buy side has long said they wish to reward brokers who consistently add real value to their day. Now that the commission pool is growing again, they may finally have the means to do so.” This shift in commission dynamics may have far-reaching implications for broker relationships and strategies employed in the marketplace.

Overall, 2024 marks a pivotal year for U.S. equity trading, characterised by increased commission revenues and a heightened reliance on electronic trading, while still valuing the essential contributions of human interaction in complex market transactions.

Source: [Noah Wire Services](https://www.noahwire.com)

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