Discussion
Speed Acquisition
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Summary

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  - Complementarity/substitutability between speed and information
  - Lower cost to acquiring information can reduce "long-run" informativeness
    - Complementarity between speed and information
    - More information makes speed investments more profitable, so there are fewer informed "long-run" investors

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- Two assets
  - Risk-free technology
  - Risky asset, terminal payoff

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  1. Investors (unit measure)
  2. Noise traders
  3. Competitive market makers

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- Noise traders (each round)

$$U_t \sim N\left(0, \tau_{Ut}^{-1}\right)$$

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- Competitive market makers
  - Set

$$P_1 = \mathbb{E}\left[V|L_1\right]$$
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- Ex-ante choices:
  - Acquire "speed" (discrete choice, fixed cost)
  - Acquire information (continuous signal precision, convex cost)
- "Fast" investors trade at $t = 1$
- "Slow" investors trade at $t = 2$

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3. Faster investors acquire more information

Key Comparative Statics

1. Exogenous speed
   - Cheaper to acquire information $\Rightarrow$ More information, higher informativeness
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2. Exogenous information (interior equilibrium)
   - Cheaper to acquire speed $\Rightarrow$ More investors become "fast"
   - Informativeness at $t = 1$ goes up
   - Informativeness at $t = 2$ goes down, then up **(non-monotonic)**
     - "Fragmentation"

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4. Extensions

Comments

How general/robust are the results?

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   - ▶ Noise traders in this paper cannot adjust to changes in technology. How should they react to technology changes?
   - ▶ Who are the "fast" noise traders?
   - ▶ If fast traders acquire more information, shouldn't noise traders trade slowly?

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   - Who are the "fast" noise traders?
   - If fast traders acquire more information, shouldn't noise traders trade slowly?
   - Doable: Ganguli/Yang 09, Manzano/Vives 11, DP17, and others

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   - *"The purpose of having such a market maker is that he helps ensure the trading price p t is always semi-strong efficient (as in Kyle, 1985; and Vives, 1995) and this suits the focus on price informativeness of this study."*
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3. Why not strategic investors?
    - Fast investors should anticipate the impact on information revelation through prices
    - Information disclosure
    - Kyle 85, Du-Zhu 17

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5. Other dimensions of speed?
   - Sniping
   - Contact rates

Final Remarks

- Interesting question and results
- Nice results highlighting the potential mechanisms
  - Complementarity/Substitutability
- Scope to further qualify the role some of the assumptions