Who Is Actually in the Book

Signal Pilot Education — companion to Lesson 9: Who Else Is Here, Lesson 57: What a Large Order Actually Does, and Lesson 27: The Liquidity Lie.

> **Educational only.** Trading involves substantial risk of loss. Not financial advice. Past performance does not guarantee future results.

The split that is more useful than "smart money"

The retail version of this subject divides the world in two: institutions who know, and everybody else. It is memorable and it explains nothing, because the two groups it names do not want the same things as each other.

Lesson 9 sorts the room by what each participant is optimising for, which is the split that predicts behaviour:

Who	What they want	What that makes them do
Quoters	The spread, and a flat book by the close	Post both sides, widen when the risk of an informed counterparty rises
The informed	To trade before the information is public	Cross the spread, accept cost for speed
The uninformed	To be in or out for reasons outside the market	Trade at times unrelated to price
Hedgers	To offset a position elsewhere	Trade a schedule, price-insensitive

Where the money actually goes

Lesson 9 works one day through this split. **Of $22,500 given up by the uninformed, $5,000 goes to the quoters and $17,500 to the informed.**

That is the sentence the two-group story is reaching for and getting wrong. The quoters are not the ones taking most of it. They are being paid for supplying immediacy and are the group most exposed to the informed, which is the whole reason a spread exists at all — lesson 5 splits the quote into a fixed cost plus inventory risk plus adverse selection.

What size actually forces

An institution does not place an order. It starts a schedule, because its size will not fit.

Lesson 57 measures the constraint. **At 10 per cent of daily volume, the time to finish is ten times the order's size in days of volume, and the price risk of that wait runs from 12 to 446 times the whole spread cost of the same shares.** The waiting is the risk. The execution is almost incidental.

That is the real "size problem", and it produces the behaviour the folklore attributes to cunning: patience, working orders over hours or days, and using whatever liquidity arrives.

What you can and cannot see

The story	What is measurable
You can see accumulation on the chart	Lesson 56: an off-exchange print carries a price, a size and a venue flag, and never a side. The rule that reconstructs the side from the session average reconstructs the session instead, tracking the day's return at a correlation of 0.93
Big orders show as walls	Lesson 26: a resting order costs nothing to place or withdraw, and the same read is worth 2.6 points of win rate where 5 walls in 100 hold and 10.9 where 40 do — with the wall's size entering nowhere
You can see the size that is there	Lesson 31: showing size costs money, so it is hidden. In 100 tests the detector could not have fired at all on 80
The tape shows who was aggressive	Lesson 7: the side is inferred, and right about four times in five

The claim that does not survive

"Smart money sells to retail when retail buys" requires a single agent with a plan, aiming at you. Lesson 27 reads the enforcement record and finds the proved conduct running at institutional size against other machines, worth **$62,500 a go at a billion dollars of exposure and $25 at two contracts.**

Nobody is running that risk to take $25 from a retail stop. The economics settle it, not an opinion about anyone's character.

What is worth doing with this

- **Ask what a participant wants**, not how big they are. It is the question that predicts what they do next.

- **Assume you are the uninformed party** until you can name the information you have that the price does not. Lesson 9's $17,500 goes to whoever can.
- **Price your own immediacy.** Every time you cross the spread you are paying the quoters for it, and lesson 10 totals the four charges at $9.29 against $120 at risk on one worked trade.
- **Do not infer intent from the tape.** Three of the four things it appears to show are inferences, and lesson 7 gives the error rate on the main one.

The line to keep: the room is four kinds of participant sorted by what they want, and on one worked day the uninformed hand $17,500 to the informed and $5,000 to the people quoting. No part of that requires anybody to be hunting you.