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- Most properly designed automated trading systems are amenable to rigorous statistical analysis that can assess performance measures such as expected future performance and the probability that the system could have come into existence due to good luck rather than true power.
- Unattended operation is possible.

Automated trading systems are usually used for one or both of two applications. TSSB is a state-of-the-art program that is able to generate trading systems that perform both applications:

- TSSB produces a complete, stand-alone trading system which makes all trading decisions.
- TSSB produces a model which may be used to filter the trades of an existing trading system in order to improve performance. It is often the case that by intelligently selecting a subset of the trades ordered by an existing system, and rejecting the other trades, we can improve the risk/reward ratio. TSSB can also suggest position sizes according to the likelihood of the trade's success.

## Two Approaches to Automated Trading

Whether the user's goal is development of a stand-alone trading system or a system to filter signals from an existing trading system, there are two common approaches to its development and implementation: *rules-based* (IF/THEN rules proposed by a human) and *predictive modeling*.

A rules-based trading system requires that the user specify the exact rules that make trade decisions, although one or more parameters associated with these rules may be optimized by the development software. Here is a simple example of an algorithm-based trading system.