**"A Meta-Model of Liquidity"**

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**Abstract**

Theoretical predictions about market liquidity are usually hard to test empirically because they are expressed in terms of hard-to-observe quantities. We bridge the gap between theory and practice by adding a meta-model comprised of several generic equations shared by most models. The approach yields scaling laws relating volume and volatility to liquidity variables. Resulting predictions are consistent with existing theoretical models and empirical findings if time is interpreted as security-specific business, not as a calendar time. Our approach highlights a deep connection between adverse selection, liquidity, and time.