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THE FINANCE HIVE LIVE

London Global FX Steering Meeting

What you said today was all about...

1. UNDERSTANDING FX

Deeper understanding of FX market structure.

2. IMPACT OF REGULATION

The role of regulation in reducing bank appetite for risk; FX market regulations; how liquidity will be affected. The impact of regulation on buy-side interaction with brokers. How the FX markets will counter the inefficiencies imposed by regulation?

3. LIQUIDITY

Changing liquidity landscape, banks vs non banks; Solving liquidity challenges. ECN liquidity and its accessibility. TCA – pre and post trade emerging market liquidity is an issue.

4. POLITICS

Political impacts on FX.

5. NETWORKING

Networking with colleagues in the FX market.

6. ASIA

Understand how FX players are looking to take advantage of increasing volumes in Asia; Trading Asian FX markets from an infrastructure perspective.

7. ALGO

Algo trading styles and costs.

8. PLATFORMS

Aspects of platforms and how multi/single platforms can help on trades; Gain insight to understand current and future requirements for platforms.

9. RESTRICTED CURRENCIES

Interrupting or removing custodian FX on restricted currencies.

10. BEST EXECUTION

What does “best execution” in FX look like? Optimising execution in terms of large volume with minimal market impact and low cost access to TCA; Learn more about FX execution and infrastructure advancements; Peer group concerns on use of platforms to prove (real) best execution.

11. POST ELECTION VOLATILITY

Views on post election volatility 2017 onwards.

12. BANK OF ENGLAND

Insight from Bank of England on FX Global Code of Conduct.



PLATFORMS

HOSTED BY EBS BROKERTEC

PROBLEM

There is no “best overall platform” so platform choice is dependent on client workflow.

Challenges of recording data and demonstrating you made the right decision.

VIEWPOINT

What is essential to ALL platforms: a function of increased regulatory and legislative oversight.

It is important to know how platforms are managing their LPs.

Platforms increasingly necessary to prove best execution; becoming important as price.

SOLUTION

Your platform must include native data recording and retrieval to support pre and post-trade TCA. The Platform must also support:

1. Custom price feeds from LPs.
2. Robust 24 hour operations.

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I had promised Julie I would attend so I did. My objective was to leave early. My objective was not met because the format, topics and level of interaction made it too interesting to leave!

Insch Invest

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BEST EXECUTION

HOSTED BY ACI

PROBLEM

‘Best Execution’ means different things to different people.

VIEWPOINT

Best execution becomes opaque when purely equated to ‘best price at time of execution’, as the price is not always the most efficient measurable of the best transaction obtained for a client.

Price is a reflection of best execution, but best execution cannot be defined just by price.

Market impact of liquidity access, rejection ratios, TCA all need to be show with help from the liquidity provider / direct / broker / ECN / aggregators.

Prime brokers are closing – less non bank liquidity.

Liquidity providers and market makers need an infrastructure that assesses Post trade TCA, rejection ratios, market impacts to tier quality of liquidity provider.

SOLUTION

Internal policies should clarify parameters to measure best execution and to prove compliance.

Parameters must include measurable variables (eg price/market volatility) as well as sustainability variables eg. the quality of liquidity provider, impact on future liquidity etc.



LIQUIDITY

HOSTED BY CURENEX & FX CONNECT

PROBLEM

The combined impact of FX market regulatory/ structural changes and the macroeconomic environment (eg election of Trump) have led to liquidity issues in even the most-liquid currency pairs (e.g. EUR/USD).

Quality of liquidity; regulation hampering the ability to execute large trades.

VIEWPOINT

TCA will ultimately need to be done in house to take account of the entire lifecycle of the order.

SOLUTION

Execution via bank agency algo services mitigates some of these liquidity issues.

Execution needs to be combined with comprehensive TCA for the entire trade lifecycle and TCA needs to be applied to both the Spot and Forward/Swap components.

Need for LPs to provide prices at all times (with reasonable spread).

Bank algo services also can provide the buy-side with access to non bank liquidity.

Comprehensive transparency with regards to the intended behaviour of such bank algo execution strategies and those algos' pre-determined utilisation of execution venues is critical in meeting the buy-side's best execution needs.

ASIA

HOSTED BY TELSTRA

PROBLEM

Much volatility in the Asian FX markets due to changing global political landscape and the possible impact of the Trump presidency on the region. e.g. possible change in interest rate and USA inflation.

VIEWPOINT

Potential sign of rebound in China; China's recent moves to globalise the RMB will lead to new opportunities in the region. Firms need to think about what kind of partnerships/ infrastructure they will need to best capitalise on this.

All Asian currencies in the shadow of Japan, China and Korea.

Impact on strategies and the ability to execute trade spreads widens as politics becomes a bigger driver than fundamentals in east Asian currencies – Will Trump and China mean tougher environment for Asian currencies this year?

China is not as strong as they would like the world to think – taking short term measures to prop up the economy.

Focus on interactions of currency and economies within the region – not necessarily simply versus the US\$.

SOLUTION

Asia to be self sufficient against US protectionism.

Discretionary or systematic trading and investment strategies could be more suited to the environment. The importance of accurate and timely data is paramount.

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I always look forward to the FX Steering Meetings... the new format of roundtable discussions is a refreshing way to have open and honest conversations with other buy side participants.

C View

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EXCHANGES

HOSTED BY CME GROUP

PROBLEM

Stresses the buy side have:

1. Unclear market rules.
2. Getting cash ready: availability of brokerage houses.
3. Conduct.
4. Liquidity and pricing.

VIEWPOINT

Liquidity is interlinked.

Limited use of listed FX present amongst participants.

FX Forwards pricing affects OTC.

NDF clearing not yet prevalent.

SOLUTION

Increase in electronic trading.

Engage with partners to solve Innovation in futures, Rolling spot contracts, Clearing, OC environment.

Prime brokerage and cash settled cleared solutions.

RUSSIA

MOSCOW EXCHANGE & RAIFFEISEN BANK

VIEWPOINT

Russia: get to know client and liquidity providers and figure out what they require in terms of trading & Settlement.

Why is Russia is investing so heavily in gold?

On exchange FX trade: what are processes and controls for major USD/EU/RUB venues?

What are the issues with BS tracking FX via DMA?

Moscow Exchange as a reliable way to disintermediate banks if they are unavailable or unwilling to trade.

Regulatory change and policy change - effect on US/Eu/UK/Russia/EMs.

SOLUTION

Important to break down perceptions on execution, settlement and safety of Russian markets.

The Russia markets are more stable / regulated than any other market.

Available FX-Rouble instruments and routes to market.

Access to rouble market in an open cost efficient way.

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Great networking. New ideas, key strategies, policy and product development. Time well spent away from the markets!

ACP

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ALGOS

HOSTED BY STATE STREET

PROBLEM

Algos are still needing more flexibility: not much is automated. More of a hybrid model.

Lack of confidence in third party algos; challenging to appraise.

Temporary footprint for Algos can be a real concern.

VIEWPOINT

All about managing and generating liquidity

Transparency is key:

1. How the algo is executed e.g. with MiFID
2. Risk Management: being able to change/control according to market conditions. Is the algo signalling something to the market?

Is it possible to back-test your algo with real data?

Selecting an algo is a multi-faceted process.

SOLUTION

Internal algos are good at the moment.

Algos helps provider to cope with new regulations.

BREXIT: POST-VOTE VOLATILITY

HOSTED BY THE HIVE

VIEWPOINT

Still unsure of the situation – even post all the elections in 2017

There are differences between buy side and sell side when dealing with extreme conditions;

How do you plan for key events e.g. Brexit, Trump election, France election – depends on time zone e.g. overnight? Spot? Do you trade with off market prices? What are the Central Bank's responsibilities?

Disappearance of liquidity at extreme times because of regulation. Therefore should central banks intervene? Two sides of the argument:

1. Yes, why wouldn't you take out extreme volatility in the market?
2. No, let the markets decide and let the markets recover.

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It's the best event I have been to this year and thoroughly enjoyed the experience.

TCS Wealth

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JOIN US FOR OUR NEXT EVENT

TUESDAY 9TH MAY 2017

THE FINANCE HIVE: 3RD ANNUAL USA
GLOBAL FX STEERING MEETING, NEW YORK
Liquidity, Trading & Technology for the people
who drive the global FX trading industry

- Interactive plenary and private roundtable programme.
- 80-100 US based senior FX trading professionals.
- 10 best-of-breed solution providers.
- Tailored for Global Heads of Trading, Senior FX Traders, Portfolio Managers, Managing Directors, CEOs from long-only asset management companies, hedge funds, currency managers and systematic trading companies.

The USA Global FX Steering meeting is the only meeting created for senior buy side professionals; it is designed to foster active dialogue and debate around TCA and best execution, regulation, non-bank liquidity providers, post-election impact on FX, the role of exchanges vs. OTC, platforms, Brexit, Latin America, Russia and China.

VALUE FOR SPONSORS

- 100 senior buy side FX traders.
- Total AUM from representing buy side firms on the day c.\$8.264 trillion.
- Over 150 project specific connections.
- 100+ one-to-one meetings.
- Over 75% meetings onsite led to follow-ups.
- 85% of sponsor wish lists connected with onsite.
- 1:8 sponsor:buy side ratio onsite.
- The only meeting created by and designed for fully engaged senior buy side professionals.

GET IN TOUCH



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THANK YOU TO OUR EVENT PARTNERS

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