

360T

Extending the value chain for all their clients



Andrew Cromie

e-Forex talks with Andrew Cromie, Global Head of Product Management for Institutional Investors, 360T Group, the award-winning multi-bank, multi-asset trading platform for OTC financial instruments.

Andrew, what are the latest products and services 360T is focusing on and in what ways are you helping senior FX buy-side traders to add more value to their trading desks?

AC: Our conversations have changed dramatically from more functional requirements, to working side by side with the buy side to implement change whilst minimizing operational risk. Regulatory change, driven by the recent scandals in FX, is clearly having a contagion effect on the buy side where their FX execution will be a focus of regulators, management and, in some cases, their own clients. This has presented an opportunity for the buy side to formulate a more holistic view on how they process orders and execute risk. These conversations are leading to solutions that include:

1. Enhanced order management
2. Increased automation
3. More quantifiable data for both pre and post trade analytics to achieve:

- Validation and improvement of decisions
- Increased counterparty measurement
- Greater oversight for management and risk controls
- Greater transparency in decision making

At a higher level, since 360T became part of Deutsche Börse, our clients are thinking about the market defining possibilities in connection with the products and market infrastructure offered by Deutsche Börse, which, in turn can allow them to help re-define their execution as well as capital usage in the context of a new market structure.

Who are typical 360T customers and what are their key drivers for seeking your FX solutions?

AC: 360T customers all have different workflows but what they have in common is a need

to achieve efficiencies and transparency in the way they organize and execute FX risk and the way they interact with the wholesale market.

Almost all have challenges in:

- Accessing transparent market data, execution performance and analytics data
- Maximizing efficiency and scalability of their trading operations
- Tightly controlling the risk around their trading operations

The key drivers for customers seeking 360T's FX Solutions are the interest in what the market structure will look like in the future and how regulatory change will impact them. The customers are thus embarking on finding partners to work with that are capable to help them create better outcomes from their trading. This is where 360T comes into play.

PROVIDER PROFILE

How is 360T customising their service to meet the need of the buy-side and what innovations are being developed in this respect?

AC: There are really two answers to that question in terms of what we can do now and the capabilities we will have in the future as the market structure changes. Bilateral execution and credit in FX presents unique challenges for the buy side.

360T has an absolute focus on:

- Delivering decision support tools to aid in better pre-trade actions
- Delivering a solution to help with transparent execution
- Delivering data and analytics to demonstrate best practice
- Developing new market structures to provide even more transparency in the future

With the purchase of 360T by Deutsche Börse Group there is rapidly growing excitement from the buy side about the long term opportunities to fundamentally change the market structure to facilitate more efficient and transparent exchange of FX risk. Realizing this requires new ways of ability to manage net risk and execute in an open access marketplace with an underlying credit model. Working through the value chain and leveraging the assets of Deutsche Börse

Group in clearing and collateral management will make this possible. This is why we are engaged by the largest buy sides in the market when formulating short and long term strategies.

How do you stand out from the competition and what do you do differently?

AC: There are very clear differentiators between 360T and the competition, in terms of our core business structure and capabilities, potential for conflicts and approach.

- 360T is owned by a global market infrastructure company with assets that cover the entire value chain of market data, indices, execution, clearing, settlement and custody, this is a fundamentally unique structure in the FX market
- As a technology company at the core, our trading venue represents a completely un-conflicted solution acting in the best interest of its clients
- 360T has a very consultative, solution oriented engagement model where the constant focus is on improving the outcome of our clients.

In your opinion, what are the main factors that influence how buy-side traders choose their trading technology?

AC: Even 5 years ago the answer would be different where relationship based trading and STP were the most important things that you could get from the technology employed on the desk-top. There is a new breed of traders who are questioning inherited archaic practices and are looking at regulatory modifications as a way to drive change in their organizations. They are looking at time consuming, in-transparent and in-efficient work practices and thinking about how they can be improved. These advanced thinkers will definitely take advantage in being well prepared for regulators looking into practices and enforceable rules around, acting in the best interests of clients.

What are 360T's objectives for the next 12 months?

AC: 360T will continue to innovate and work closely with its buy and sell side clients to meet their objectives. We will extend the value chain for our clients using group infrastructure assets to lay the foundations for a hybrid market. We really see two types of conversations that we will have, one is the buy sides who are trying to formulate or have a strategy in place to drive their organizations. The other is panic when the buy side has not thought about these issues and has been hit by a train when they realize they don't have an effective solution in place. Either way we are ready.