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360T responds to trends with clearing launch



It would be difficult to describe 2017 as a bumper year in terms of trading activity and volumes, but this does not mean shifts in client behaviour have not occurred during this time.

A contraction in the credit space after the Swiss National Bank (SNB) event of January 2015, coupled with collateral management requirements such as the credit valuation adjustment charge, have both had an impact on the way customers trade.

For 360T, the winner in the Best Professional e-Trading Venue category at the 2017 FX Week Best Banks Awards, these shifts have translated into a busy year of launches and preparation.

Following the €725 million sale of trading platform 360T to Deutsche Börse in 2015, the traditionally corporate-dominated FX venue has started exploring opportunities outside its client base.

“We responded to regulatory changes and market trends by gearing up to offer a clearing solution, working together with Eurex within the Deutsche Börse Group,” says Carlo Koelzer, group chief executive officer at 360T Group and global head of FX at Deutsche Börse Group.

The clearing offering – planned to go live in the second quarter of 2018 – will allow members to clear spot, forwards, swaps and cross-currency swaps. In the second stage of



Carlo Koelzer

the roll-out, the venue will offer spot clearing as an alternative to the current FX prime brokerage model.

Spot-clearing solutions have popped up in the market before, but have seen little success due to the cost. Koelzer says the question is whether the netting effect that clients will be able to achieve as part of the solution and the clearing fee will prove cheaper than FXPB prices.

“We think there are market participants for which clearing spot is more beneficial in terms of access and cost than FXPB,” Koelzer says.

To address the problems caused by the retrenchment from FXPB after the SNB event, 360T launched an anonymous ECN in May, with JP Morgan as the central counterparty.

Client acquisition on the traditional 360T platform has been strong, with growth of 9% year-on-year compensating for lacklustre trading to result in a revenue increase of 5% overall.

The third area of focus for Koelzer and his team has been investing in and improving 360T’s software offering for asset managers.

“Workflow is becoming increasingly important for asset managers and, despite the existing competition in this segment of the buy side, we think we have a lot to offer asset manager clients,” Koelzer adds. ▣

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