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360TGTx to roll out NDF streaming

Complementary offering set to go live next quarter, reports **Laura Matthews**

Deutsche Börse-owned 360TGTx plans to unveil a streaming technology in the next quarter that is designed to help facilitate the entry of bank algos into the growing non-deliverable forwards (NDF) market, as well as support credit intermediation.

Part of a trend of creeping electrification from spot into non-spot FX products, the move will help extend digital and automated trading to markets that have previously lacked the capability.

FX Week understands the anonymous trading venue has been exploring opportunities in both the over-the-counter and on-swap execution facility (Sef) spaces for some time. However, the firm decided to move on the OTC side first because it presented fewer regulatory challenges.

360T acquired the GTX ECN last year in a \$100 million deal, which did not include GTX Sef.

Now, the integrated firms will operate one Sef with two distinct offerings: 360T's existing request-for-stream Sef offering and a complementary streaming component to be introduced that leverages the GTX ECN technology.

The firm has already been engaging market participants. When it launches it will introduce the power behind GTX to an ecosystem of more than 800 buy- and sell-side clients in some 75 countries.

"One of the things that we did not have when we were at GTX was the distribution that 360T brought to us," says 360TGTx head of regulated trading Edward Brown.

The NDF segment is one of the fastest growing in the foreign exchange market, with average daily volumes in the UK alone rising from \$90 billion to \$139 billion in 12 months, according to Bank of England



The technology will launch to an ecosystem of more than 800 buy- and sell-side clients in 75 countries

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Edward Brown, 360TGTx

Foreign Exchange Joint Standing Committee reports for October 2017 and 2018.

The uptick has not gone unnoticed. Earlier this year, Goldman Sachs introduced what it called the first "smart" algorithm for trading NDFs, highlighting a "real sea change" in the amount of NDFs being traded electronically in the market by its clients. Other venues such as ParFX are exploring opportunities in that universe of currency market players.

The 360TGTx offering will also increase competition in the market. "As you see algorithmic trading gain a foothold in a particular market segment the need for streaming pricing grows," Brown says. "We are seeing banks are starting to roll out

algos to their clients to facilitate NDF trading. There is a need for streaming NDFs and the need for that capability. 360T, in acquiring GTX, now has that capability."

With respect to prime brokerage and credit intermediation, Brown tells *FX Week* the new entity wants to provide clients with solutions that suit their individual trading needs, whether they are providers of liquidity or consumers of it.

"We feel that is a critical component if we are to engage with the non-bank community or the non-traditional market participant community," he says.

"The GTX model has been dependent on prime banks to provide credit intermediation, whether as a traditional prime broker or acting as a credit hub. We are looking to leverage that model as well. We are not looking to dictate how any particular client profile trades on our platform," Brown adds. "Whether it is intermediated credit or bilateral credit, it's disclosed, it's anonymous – we want to be able to support that streaming or request for streaming." ■