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Best vendor for dealing technology
360T

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360T made the most of 2020 by building up its MidMatch platform – a fully automated FX swaps limit order book with mid-rate matching capability. It brings long-established technology into the FX spot market and applies it to FX swaps – and 360T plans to emphasise automation further going forward

Voted by market participants as Best vendor for dealing technology at the *FX Markets* 2020 Best Banks Awards, 360T has continued to enhance its electronic FX offering across various product segments to support the evolving trading requirements of its diverse and growing client base during the Covid-19 pandemic.

“Our web-based technology continued to operate seamlessly during the volatility last year and is well suited to a decentralised working environment,” says Sebastian Hofmann-Werther, head of Europe, the Middle East and Africa at 360T. “Not only this, but we have continued to innovate throughout this period with three successful new technology releases, as well as the launch of new products and services.”

Reflecting on these points in more detail, Hofmann-Werther sees one common thread among many client demands over the past year: the need for greater automation within their FX trading operations.

For example, he says that, as their day-to-day activities continue to grow in scale and complexity, modern treasuries increasingly need to look for more ways to drive efficiencies and, in effect, do more with less. As a result, they are demanding technology solutions that enable them to optimise their workflows and automate vanilla trading activity – something 360T delivers via its execution management system (EMS).

Institutional investors face similar pressures, but for them the requirement to achieve and prove best execution looms larger when trading FX. 360T has helped solve this challenge by embedding unique data feeds, such as its award-winning Swaps Data Feed (SDF) – created in partnership with Digitec – into the EMS, allowing firms to execute even non-spot FX

instruments automatically within a predefined range of the market midpoint, even in the most volatile of trading conditions.

“Last year we conducted a case study showing that, during the three most volatile days for FX swaps, trading firms utilising our SDF to fuel their automated trading were able to consistently execute because of the continuous reference to the market midpoint. By contrast, those without that reliable reference were having to take more opaque approaches that were far from consistent with a best execution mandate,” explains Hofmann-Werther.

Algos are one form of automated trading, and 360T saw the volume of trades executed by corporates using these tools increase across its platform by 50% in 2020. Hofmann-Werther attributes this growth to the increasing comfort among buy-side firms for these tools.

“Clients at 360T are able to deploy a wide range of bank-provided algo strategies across our platform, and last year we really saw a significant uptick in firms opting to add these to their execution toolkits,” he says.

It is not just the buy side demanding greater automation within its FX operations. 360T also spent 2020 building up its new MidMatch platform, a fully automated FX swaps limit order book with mid-rate matching capability. Targeted at the interbank community, the platform effectively brings some of the technology that has long been present in the FX spot market and applies it to FX swaps – the most heavily traded products within the entire asset class.

“Based on our conversations with our



Sebastian Hofmann-Werther

bank partners we recognised some time ago that the FX swaps market was ripe for change. MidMatch is the result of this, offering improved price transparency and a more robust trading ecosystem that will ultimately help facilitate the continued growth of this market,” explains Hofmann-Werther.

But it’s not just the swaps market that 360T sees following spot FX down the path towards greater automation. A growing desire in the industry for real-time price discovery in the non-deliverable forwards (NDF) market, coupled with the advent of algorithmic execution, has driven increased demand for streaming prices.

As a result, 360T decided to leverage its existing technology infrastructure to offer live streaming pricing in four key NDF currency pairs on disclosed and anonymous channels alongside the traditional request for stream function.

“NDFs are developing down a path that we’re very familiar with at this point. Fortunately, we are able to apply our best-in-class dealing technology to this product segment as well,” comments Hofmann-Werther.

And, crucially, he sees this trend towards greater automation as something that will only accelerate in the coming years.

“If you trade the history of the FX market, the direction of travel is clear – this market will continue to look for automated solutions that help optimise workflows, reduce operational risks and increase efficiencies. And so 360T will continue to work closely with our diverse client base to produce innovative technology tools to support exactly this.” **FX**