

Monex and 360GTX

Supporting a New Generation of Anonymous Trading in Mexico

360TGTx Mexico: An Overview

360TGTx is a fully managed anonymous trading venue that offers customized liquidity pools for every client, multiple credit hubs and a dedicated in-house liquidity management team that specializes in helping users achieve their execution goals.

In a new partnership with Banco Monex, 360TGTx is establishing the first local credit hub for MXN and other currencies, enabling a new generation of anonymous trading. This partnership will cater to every possible trading style without compromising the principles of low impact, low latency execution.

Today, 360TGTx is part of 360T's ecosystem of over 2,200 buy- and sell-side clients, which are well diversified by geography (over 75 countries) and segment (Tier 1 banks / non-banks, Corporates, Asset Managers, Regional Banks, Hedge Funds, Systematic trading firms etc).

With Banco Monex as the new local credit hub (CCP), 360TGTx will provide efficient credit intermediation for the local Mexican market whilst also enabling full access to the global liquidity ecosystem across the venue.



What Benefits Can 360TGTX Offer Local Mexican Firms?

> A Diverse Liquidity Pool

Utilizing Banco Monex as a credit hub to access 360TGTX, local market participants with limited bilateral credit can trade directly and anonymously and with a wide array of international liquidity providers.

> Resting Orders

The 360TGTX platform offers liquidity from leading market makers and peers on our Central Limit Order Book (CLOB).

> Live Real-Time Market Data

360TGTX streams live market data via GUI, FIX API as well as ultra-low latency binary protocols to best match each client's information needs and data infrastructure.

> Liquidity Management Services

We offer 24-hour attention from a team of experienced liquidity managers focused on building and curating sustainable pools of liquidity for users of 360TGTX.

> A World-Class Trading Platform

Today, 360TGTX is already deeply experienced at working with the most sophisticated participants in the FX market, providing proven, robust, high performance trading technology.



What is the Challenge Facing Mexican Firms Today?

Right now, many local FX market participants cannot face a wide range of top tier liquidity providers directly due to credit limitations. As a result, they have turned to alternative channels – such as voice brokers, disclosed electronic multibank platforms and single bank portals (SBPs) – to access FX liquidity.

These solutions are suboptimal though as they provide access to only a limited number of liquidity providers, meaning that local market participants in Mexico might not be seeing the best FX prices available. For example:

- SBPs offer liquidity from only one source where the pricing is not in competition.
- Voice broking does not solve the credit issue and is expensive and inefficient for many FX transactions, as well as being an opaque execution channel.
- The limited international credit profile of these local firms means that even on disclosed multibank platforms only a fraction of the LPs will be able to face them as a counterparty.

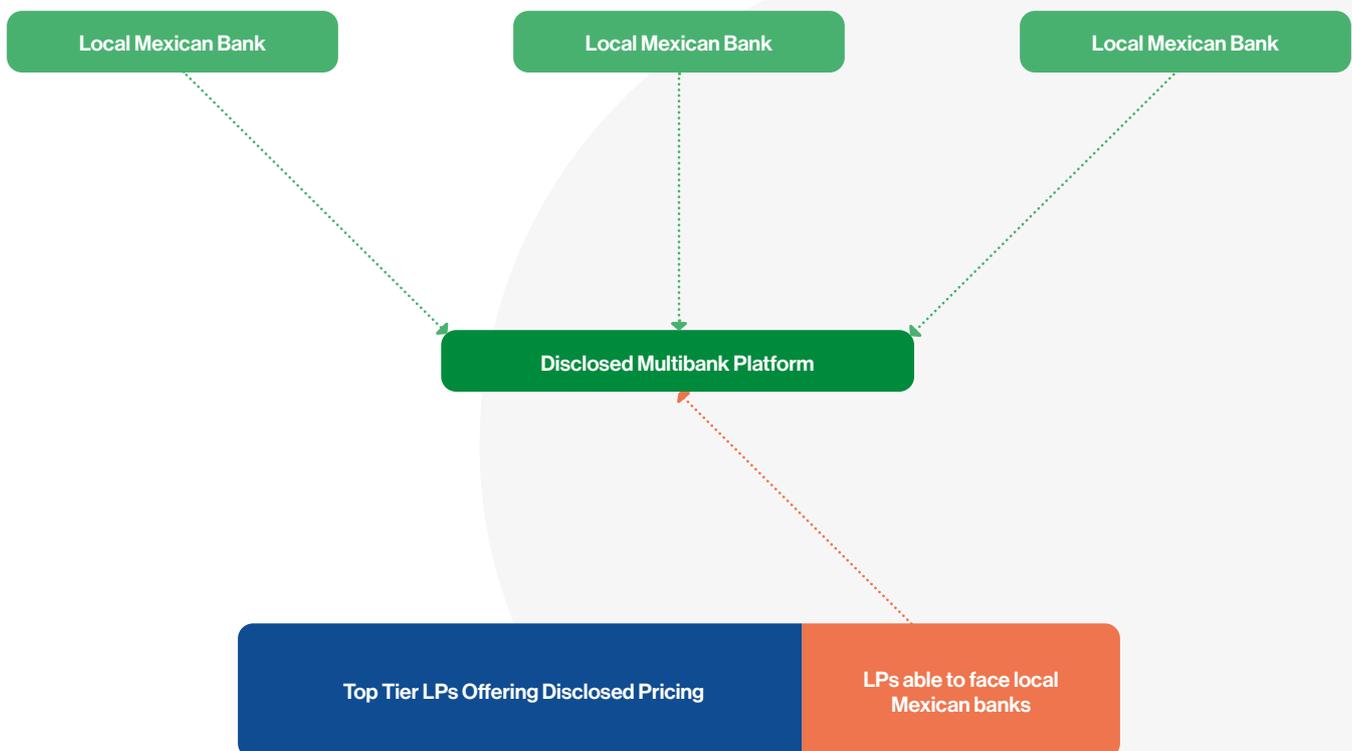


Figure 1: A representation of how even on disclosed multibank platforms FX market participants are able to access only a small fraction of the potential liquidity available.

How 360TGTx is Partnering with Monex to Solve This Credit Issue

Banco Monex has excellent credit, meaning that it is able to face off against a broad spectrum of top tier LPs. And even more than this, as a member of CLS the firm is able to act as a credit hub for 360TGTx.

Many of the local firms trading FX in Mexico have an established credit arrangement with Monex so they could utilize Monex as a credit hub to access 360TGTx and the pricing available there.

Because 360TGTx is an anonymous trading venue, the LPs pricing there will not see the local Mexican firms or their credit profile and will be able to price them as they would any other counterparty on the platform.

Banks operating in Mexico that have credit arrangements with our other credit hub providers – JPM, Citi, UBS or Standard Chartered – can use them to access 360TGTx. Alternatively, the platform supports direct bilateral credit arrangements if they have the credit available to allow this.

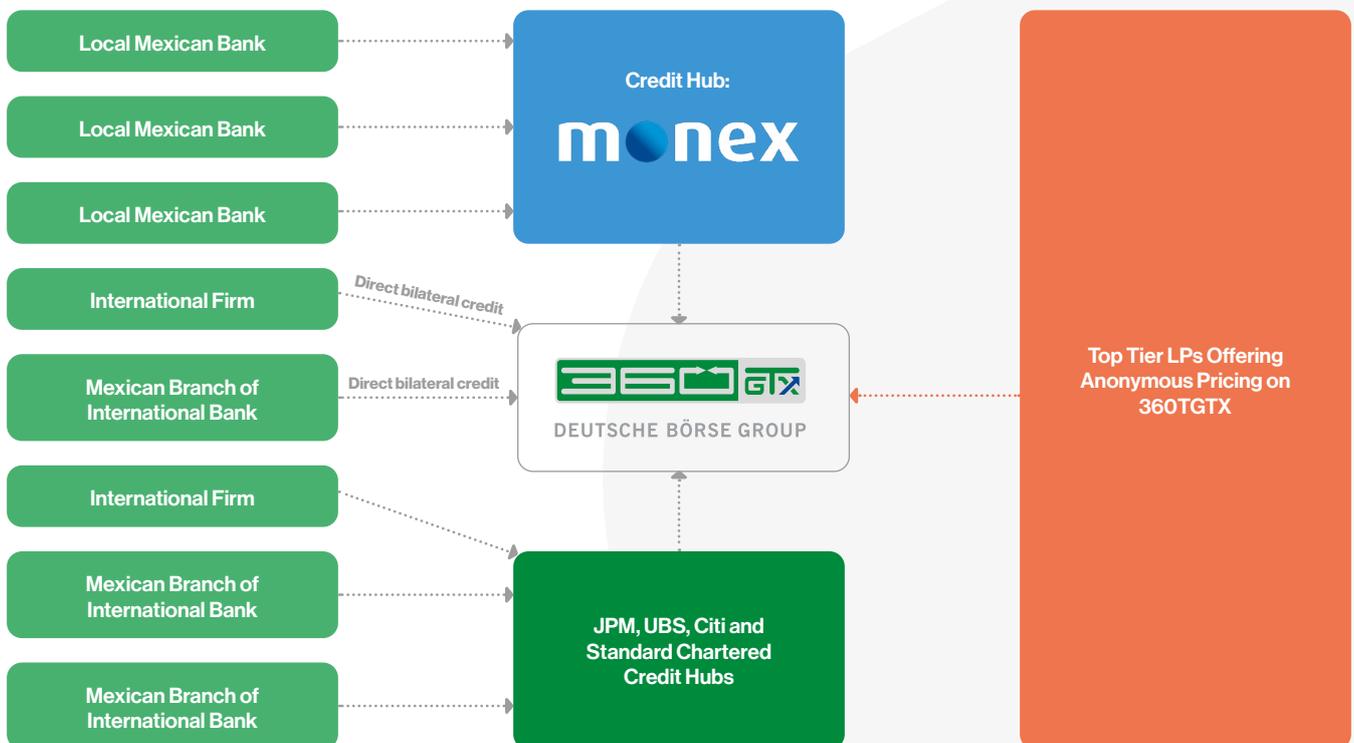


Figure 2: A representation of how, by using Monex as a credit hub, local market participants in Mexico could access a deep pool of high-quality FX liquidity via 360TGTx.

Supporting the Local Market

While the solution to this existing credit challenge being proposed by 360TGTX and Monex can help local firms improve and expand their FX trading operations, it also offers multiple benefits to the onshore market in Mexico more broadly. These include:

> Improved MXN Liquidity

By more effectively connecting the onshore and offshore market participants 360GTX and Monex will help deepen liquidity in the MXN market.

> Better Conduct

360TGTX and Monex are fully compliant with the FX Global Code of Conduct, offering a fair and transparent method of FX execution.

> Tighter Pricing

By accessing a wider set of international liquidity providers, local firms in Mexico will receive better FX pricing.

> Best-In-Class Technology

360TGTX supports multiple credit models and offers world-class technology, data and support services for local firms trading FX.

Contacts



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FAQs

1. How soon can I begin utilizing the Monex hub?

The Monex hub is already live with active clients. Once the necessary paperwork is in place, firms in Mexico can begin using it immediately.

2. Does this model allow for trading with our disclosed counterparties?

Yes. The 360TGTX platform supports both anonymous and disclosed trading activity.

3. With whom do we settle our transactions when trading on this platform?

If you are executing anonymously then you settle with the central counterparty (CCP), which in this instance would be Monex (unless they are utilizing one of the other CCPs – Citi, UBS, JP Morgan or Standard Chartered). If you are executing on a disclosed basis then you would settle directly with your counterparty.

4. Can these trades be booked automatically in our system?

Yes. 360TGTX can support Straight-Through-Processing (STP) by connecting to your Order Management System (OMS) or Treasury Management System (TMS).

5. What counterparty name appears in the ticket?

If you are executing anonymously then it will be the name of the CCP, which in this instance would be Monex (unless they are utilizing one of the other CCPs – Citi, UBS, JP Morgan or Standard Chartered). If you are executing on a disclosed basis then it will be the name of the other counterparty involved in the trade.

6. Who is responsible for determining the credit line?

Monex is responsible for the credit line when you are executing anonymously on the 360TGTX platform.

7. To utilize this new model do I need to have paperwork in place with both Monex and 360T?

Yes, you need to have paperwork in place with each.

8. Are 360TGTX and Monex in compliance with the FX Global Code of Conduct?

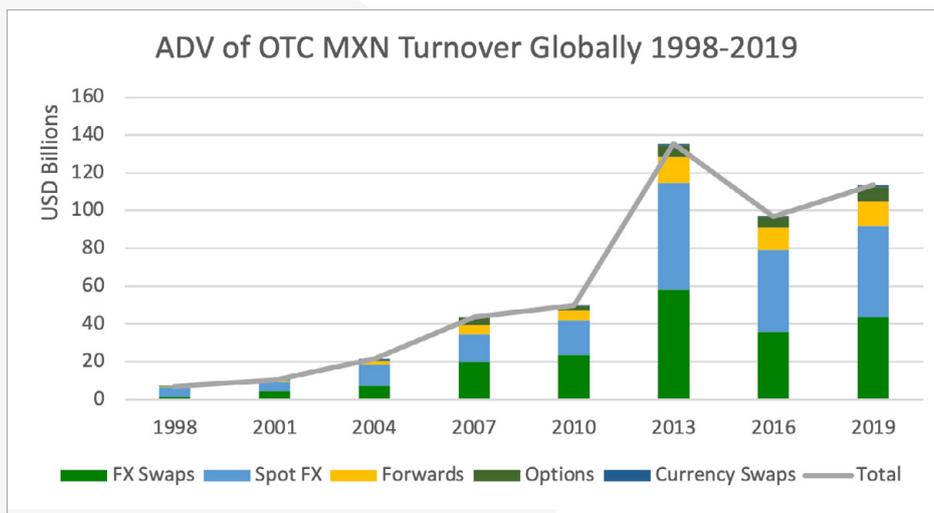
Yes. In 2017 360T signed the Statement of Commitment to the Code, while Monex signed it in 2018. Both institutions have taken appropriate steps to align all of their activities with the principles of the Code, including across the 360TGTX platform.



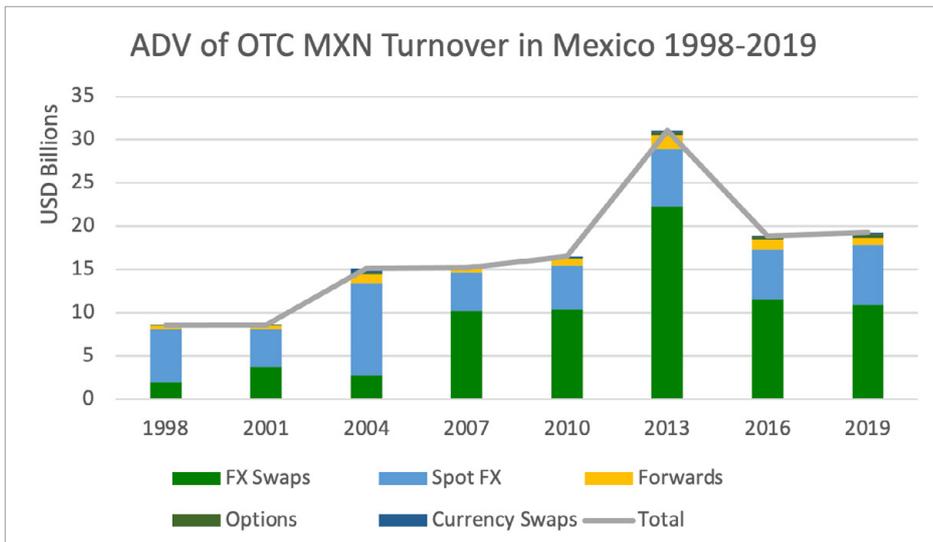
Appendix – Volume Trends



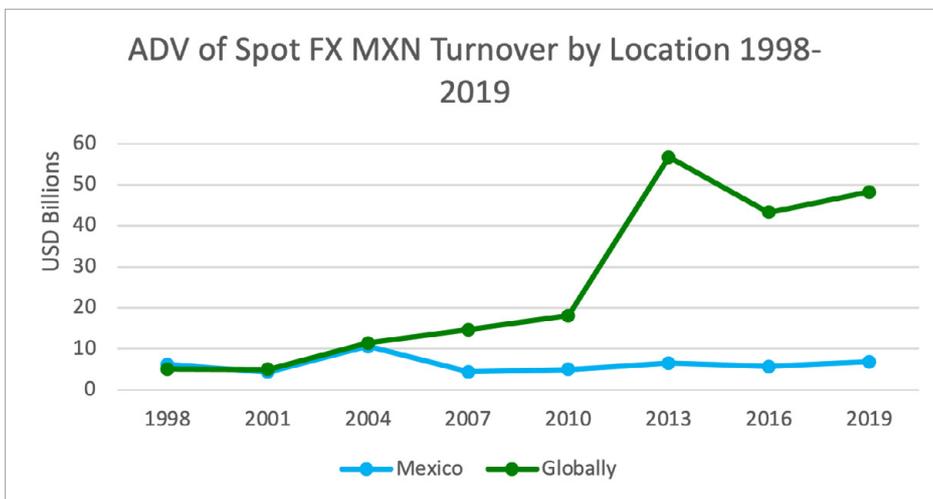
The average daily volume (ADV) of OTC FX trading in Mexico hit a high watermark of \$32bn in 2013, according to the Bank for International Settlements (BIS). In the latest 2019 survey this figure was back down to \$20bn, which still represents an 18% increase compared to 2010 and a 122% increase since the turn of the millennium.



According to the BIS data the total global ADV of Mexican peso trading was \$114bn in 2019, with Spot FX volumes accounting for 42% of that activity and FX Swaps accounting for 39% of it. Whereas OTC FX trading volumes in Mexico remained largely flat between 2016-2019 there was an 18% increase in MXN trading globally during this period.



According to the BIS data the ADV of MXN trading in Mexico was \$19bn in 2019, with FX Swaps volumes accounting for 58% of that activity and Spot FX accounting for 37% of it. Comparing these numbers with the previous chart we can see that only 18% of the total MXN trading occurred in Mexico during the last BIS survey.



One of the largest disparities between the domestic and global MXN markets appears in Spot FX. The BIS data indicates that the volume of these markets tracked very closely between 1998-2004, at which point they sharply diverged. The global MXN Spot FX volumes continued to increase significantly, reaching an ADV of \$48bn during the 2019 survey. By contrast, the volume of MXN Spot FX being traded in Mexico actually decreased after 2004, standing at 7bn – or 15% of the overall global volume – in 2019.

Links

The Mexican Foreign Exchange Committee (MFXC):

☞ <http://cmcm.banxico.org.mx/indexEn.html>

The Global Foreign Exchange Committee (GFXC):

☞ https://www.globalfx.org/fx_global_code.htm

The FX Global Code of Conduct:

☞ https://www.globalfx.org/docs/introduction_to_fx_global_code.pdf

Triennial Central Bank Survey of Foreign Exchange and Over-the-counter (OTC) Derivatives Markets in 2019:

☞ <https://www.bis.org/statistics/rpfx19.htm>

More about 360T:

☞ <https://www.360t.com/>

More about Banco Monex:

☞ <https://www.monex.com.mx/portal/>



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