

# Base Metals: Changing the Game

Simon Jones, Chief Growth Officer at 360T, explains why applying FX trading technology to the Base Metals marketplace is likely to be a game-changer.



Simon Jones

As 360T has developed and grown over the last 20+ years, so too has the breadth and depth of our suite of products and services. Yet the core value proposition which we offer to market participants still fundamentally remains the same — we enable them to lower costs, achieve their desired execution outcomes and streamline their trading operations.

And it is precisely with these aims in mind that we have built out our latest offering in Base Metals, giving our users the opportunity to trade these products in a more efficient, automated manner while also putting pricing into competition to ensure best execution.

Working in close consultation with our partners on both the buy-side and the sell-side we now offer Outrights and Spreads in Aluminium, Copper, Iron Ore, Nickel, Tin and Zinc. Until now Base Metals have been traded in a highly

manual manner. The majority of OTC activity is executed via voice channels or in chats, although there are some impressive single bank offerings. The challenges facing traders and treasurers are familiar ones. Limited transparency in the Base Metals market makes proving best execution difficult and time consuming, while the manual processes necessary to trade these products eat up valuable time resources on the desk and create operational risks across the trade lifecycle. Given that we have already developed a range of solutions which address these exact challenges in the FX market, it felt like a natural extension to begin applying them to Base Metals too.

## 360T EXECUTION MANAGEMENT SYSTEM

Our first foray into this market has been built into the 360T Execution Management System (EMS). After more than six years of significant investment into our FX workflow solutions we drew upon this experience to replicate the same automated processes for Base Metals.

Connectivity to client OMS and TMS is standard but the focus has been on full automation with precision timing and best execution in mind throughout the life cycle, ending with booking. The same advanced automated trading tools that we have for FX trading, allowing firms to conduct low-touch or no-touch trading using a tolerance check to ensure that their trades are never executed further than a pre-defined distance from the

market midpoint has been adapted for Base Metals too.

We have taken comfort that this is a fundamental shift in the way this market operates as we observe strong investment from many of the biggest Market Makers in their e-pricing capability of late. Auto-quoting will be standard at this time next year, with many already capable today.

The 360T investment doesn't just stop at our EMS. We have approached our biggest clients with the concept and the interest has been very surprising. The end user of Base Metals in particular has been very keen to engage and as a result we expect to expand the offering into our Bridge platform before the year is out. This will target in particular Corporate hedgers who have similar but often more custom requests, including Asia Swaps. More to follow on that in Q4.

## CONTINUED INVESTMENT

2022 is another big year of investment for 360T. We continue to listen to our customers and reinvest back into the platform, improving the user experience of both Maker and Taker. Innovation has been a central tenet of the 360T culture from the beginning but the range of products we have expanded into, successfully, over the last few years has really made a difference to our clients and we will continue to develop our offering even further in the years to come.