

# FXSpotStream: New Multibank Spot FX Price Aggregation Service Launches

A consortium of leading FX banks has joined forces to become liquidity providers for a new multibank spot FX price aggregation service, FXSpotStream. Alice Attwood reports.

New multibank spot FX price aggregation service FXSpotStream launched last month from its initial co-location site in New York. FXSpotStream is supported by liquidity providers including Bank of America Merrill Lynch, Citi, Commerzbank AG, Goldman Sachs, HSBC and JP Morgan Chase.

FXSpotStream was formed last year and is a wholly owned subsidiary of LiquidityMatch. A number of LiquidityMatch shareholders are liquidity providing banks for FXSpotStream.

Alan Schwarz, chief executive officer of FXSpotStream, says, "FXSpotStream provides banks and clients the ability to communicate bilaterally using a solution that does not interfere with the transaction, is transparent and eliminates the cost of execution. Clients access a single API from co-location sites in New York, London and Tokyo and have the potential to communicate with all liquidity providing banks connected to the FXSpotStream solution."

FXSpotStream plans to launch the service in Europe in the second quarter of this year, with London serving as the firm's European site. The Asian site, in Tokyo, will launch in the third quarter, following the success of the New York site which went live on April 30. Schwarz says, "The reception from the market demonstrates that we are satisfying the need we and our stakeholders identified in deciding to launch this business."

"Clients and liquidity providers continue to look for ways to communicate bilaterally using a solution that is fast, transparent and addresses the costs of execution – which cost FXSpotStream has eliminated for the client and the liquidity banks. We are committed to these core principles and they underpin everything that we do."

Schwarz tells *Profit & Loss*: "There are a number of differentiators: it is a direct API; it provides no-cost execution to clients and liquidity providers; it's a transparent and efficient utility which is supporting bilateral relationships between the banks and clients."

"The value proposition for the client is that they connect to FXSpotStream once through a direct API, and once they do that, they can deal with whatever liquidity providing banks that they have a relationship with on the other side," says Schwarz.

The banks do not deal with each other, and neither do the clients, notes Schwarz, it is all bilateral relationships so it is not an all-to-all system, and the client will know exactly who they are dealing with.

"As a market utility, FXSpotStream provides the technology and infrastructure; we do not get in the middle of transactions.



ALAN SCHWARZ

We try to make the experience for the client as transparent and as efficient as it can be so that clients and liquidity providing banks can do their business as they expect it to be done, rather than having to contend with other factors mid-trade."

FXSpotStream has been created in order to provide a transparent, efficient and no-cost tool for end user clients, for the sole purpose of executing spot FX transactions. Users connect to the new utility through a direct API, allowing them to deal with whatever liquidity providing banks that they

have a relationship with on the other side. FXSpotStream charges no brokerage fees for clients of liquidity providing banks.

While ensuring that the client-driven system charged no fee for end user customers, the focus on transparency was of equal importance. Schwarz says, "Transparency in execution is important for the long-term viability of any solution. The key to our success again is making sure that we listen to our clients and we deliver solutions they want and need. As a market utility, our aim is to provide the best possible infrastructure that will facilitate the multibank API and associated routing mechanism, allowing clients and liquidity providers to get their business done with out any interference."

The technology is supported by smartTrade Technologies; infrastructure which is used by some of the largest FX market participants and banks.

Schwarz is proud of the new and existing relationships FXSpotStream is enjoying with its new partners. He says, "Each of the liquidity providing banks...add tremendous value to the FXSpotStream client-driven offering. The majority of the consortium owners of our parent company (LiquidityMatch) are also liquidity providers of FXSpotStream. We have tremendous interest from other liquidity providers that would like to join FXSpotStream and I expect we will grow beyond the existing liquidity providing banks."

The current liquidity providers of the service have been involved with FXSpotStream since inception and are committed to the success of the business, says Schwarz. "FXSpotStream has built the offering by listening to the intended users of the service. The success of the FXSpotStream offering is dependent on its ability to address the needs and requirements of the clients and liquidity providing banks."

Once the global roll-out of the FXSpotStream offering has been executed, the firm plans to ascertain which other services and systems the market requires with a view to develop new products, driven by client demand.