

FXSpotStream to add support for FX Algos & Allocations

FXSpotStream will start supporting FX algos and allocations over its API. We asked Alan. F. Schwarz, CEO of the firm to tell us more about the initiative.



Alan F. Schwarz

Why have you decided to support FX Algos?

In 2020 we began dedicated work to make major functionality enhancements by adding support for Algos. We felt these additions strengthened our offering to current and prospective clients, while allowing us to target new areas of the market that we have previously not serviced.

The use of FX Algos has been a fast-growing segment of the FX Market as clients target the best way to execute their trades, while limiting their risk. Algos have thus been a significant area of investment and focus for our Liquidity Providers (LPs) and clients, and coincides with the growing electrification of the FX market. By supporting Algos over our API we are targeting a gap in the market (with most Algos being supported over a GUI) and meeting a growing demand from clients. These functionality enhancements allow FSS to support the additional e-FX capabilities of our LPs and clients giving them wider access to liquidity while reducing the risk of information leakage.

What technical work have you undertaken to facilitate this?

A great deal of work has taken place on our API to support the Algos of our LPs. Clients seeking to access the Algos of our LPs will not need to add any additional network infrastructure, connecting in the same way as they do today - accessing a normalized API through a single FIX session that provides access to Algos offered by multiple providers. The implementation of these enhancements will be available over the FIX 5.0 protocol, which offers greater functionality, a wider range of tags, a more robust application and state messaging. Notably, 'Amend', 'Cancel', 'Fill Now' and 'Suspend & Resume' capabilities will be available as part of the algos offering.

What access and Algo functionality will you initially be offering?

The initial launch will include added functionality to support Algos in NY over our API, with London and Tokyo to follow shortly after. This will include support for Resting Orders and Benchmark Fixing Orders. Following the launch of the Algo functionality over the API, development to introduce Algos to the FSS GUI will begin with the GUI targeted to be in production by the end of the year.

Clients will have access to the entire Algo suite of our current LPs, equating to over 70 different Algos, and over 200 different parameters. Clients will not pay FXSpotStream a fee to access any of the supported LP Algos. This was a key focal point for FSS as the

'free to taker' model has always been a constant in our Service.

Are there any other functionality additions to come in 2021?

We are also excited to announce that we will be adding functionality to support pre- and post-trade Allocations. Allocations can either be implemented by the client or through an OMS or third-party vendor. We are vendor agnostic and actively encourage our clients to discuss their opportunities with our partners to find the one that best suits their needs. Allocations can be sent via either of the current FSS protocols, given it is supported by that client's liquidity provider. We are also working on improved administrative tools to mitigate the challenges posed by the increased level of account management associated with Allocation functionality.

What type of clients are you expecting to utilize the service?

The entry of FSS into the FX Algo and Allocations space will address a growing number of clients looking for a complete offering. The combination of the Algo functionality with the support for Allocations means we will be able to support a growing number of Hedge Funds, Asset Managers, Multinational Corporations and Regional Banks. But of course, that is not the extent of our focus, and ultimately any client, with an interest in accessing the Algo suite of a Tier 1 provider or needing Allocation functionality, will be able to utilize our new Algo Service.