

FXSpotStream to start supporting FX algo strategies and allocations

FXSpotStream recently announced that it will be supporting FX algo strategies and FX allocation services from Q2. We spoke to Alan Schwarz, CEO of FXSpotStream about how clients will benefit from the new offering.

What prompted this move?

One of the core values of FXSpotStream is that we challenge ourselves continually to grow every year. In 2020 we began dedicated work to make major functionality enhancements by adding support for algos; strengthening our offering to current and prospective clients, while also allowing us to target new areas of the market.

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 been a significant area of investment and focus for our Liquidity Providers (LPs) and coincides with the continuing electronification of the FX market.

What can LPs and clients expect from the new 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. It will also include support for spot, forwards and NDFs over the LP algos. Following the launch of the algo functionality over the API, algos are targeted to be available over our GUI by the end of the year.

Clients will have access to the entire algo suite of our 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, which remains a key part of the FSS 'free to taker' model across the service. Any fee an LP may charge for access to their algos, of course, we don't influence.

What are the specific benefits of supporting FX algos on your API? How unique is this model?

A great deal of work has taken place on our API to support the algos of our LPs. Our aim is always to make the interaction between our clients and LPs as efficient as possible. 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.

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.

Are there any further enhancements in the pipeline which you would be able to share with us?

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. Allocations can be sent via either of the current FSS protocols, given it is supported by that client's liquidity provider.

What initial feedback have you had from your client base and how will you be supporting them?



Alan Schwarz

The feedback has been overwhelmingly positive. The entry of FSS into the FX algo space will address the 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.