

FXSpotStream meets client demand for access to Algos

In 2021, FXSpotStream (FSS) added to the FSS API access to the entire Algo suite of the FSS liquidity providers (LPs) – a groundbreaking move given today the majority of Algo orders are placed via a GUI and entered manually. Plus, FSS added access not only for FX spot Algos, but also NDFs. Earlier this year, FSS added all of the LP Algos to its GUI.

A ROBUST OFFERING

When planning began for the Algo project several years ago, FXSpotStream made the decision to take on the sizeable task of supporting all Algos offered by the FSS LPs over their API. The alternative was to attempt to cherry-pick the more ‘popular’ strategies. “Adding support for all of the LP Algos had never been done and we are still the only service that has taken on the challenge. We found that clients had very specific requests when it came to the LP and strategy they wanted. By supporting every Algo of every LP we avoided the risk of having to turn someone away by not having what they wanted,” says Alan Schwarz, FXSpotStream CEO.

To date, 33 of the 70+ available strategies have been accessed, across 10 of the 14 LPs. Clients tend to want access to a few selected Algos from a few selected LPs. “Though we certainly see some concentration around certain strategies, we see clients selecting a limited number of Algos and they don’t have many LPs for their Algos. Plus, the majority of clients use the Algos as a complement to the streaming liquidity they are already accessing,” Mr. Schwarz stated.

Earlier this year, FSS added all of the LP Algos to the GUI, allowing clients to access Algos the “old fashion” way. Though FSS expects to see clients migrate volume to the API, the GUI allows clients to access Algos without the need for a third-party vendor and

they can confirm before doing work on the API that the Algo meets their expectations.

CLIENT DEMAND

On the core streaming service that has been available since the company was started nearly 11 years ago, yearly volume growth has been a constant, with ADV up 30.37% again this year when compared to the same period last year. And Algo volume growth has been no different.

In August, FSS registered a new Algo ADV high at over USD500 million. Volume growth has been in both spot and NDF Algos.

Schwarz said that although they had an idea of which client types would have interest, they have been taken by surprise by certain client sectors. “Historically, we have seen systematic hedge funds look to build their own algos. But we have several systematic clients accessing the LP Algos.

I think it says a lot about the execution quality clients find in the Algos offered by the LPs and in some cases the liquidity pools that Algos are able to access. Plus, we have seen Algos perform in very volatile times, so they really have proven themselves.”

NDF ALGOS

FX spot Algos are more common, but NDFs are growing and few offer access today. This is an area where FSS



Alan. F. Schwarz

sees continued expansion from the LPs, given the client demand for NDFs is there. “We know there is an interest on the client side, and this is an area in which we also expect to see healthy growth over the next year.”

Currently 9 of the 14 LPs offer NDF Algos, with more expected to add NDFs to their offering in the new year.

NDFs are a hot topic in the FX market right now and NDF Algos are no different as market participants are looking for additional sources of liquidity.