

TRENDS IN FX TRADING 2018

THE ALL-TO-ALL TRADING WAVE INUNDATES FLOW FX

The flow FX market continues its secular transformation: the dealer-centric market structure and associated technology landscape are slowly being displaced by all-to-all trading structures with a much broader spectrum of liquidity providers. This new market structure manifests not only in the matching methodologies and price-makers on spot FX brokerage venues, but in the business models of different market participants and the associated trading technology landscape.

Evaluating 14 leading spot FX multi-dealer platforms from 2016 to 2018, the shift toward A2A trading is evidenced by:

100%

of evaluated venues permit direct or indirect buy-side price-making

62%

of evaluated venues offer disclosed trading

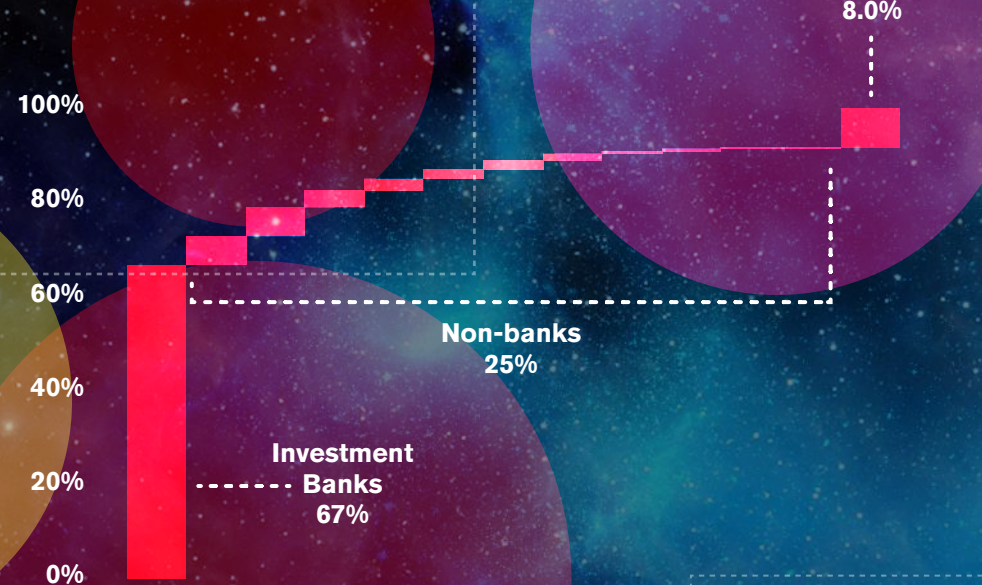
85%

of evaluated venues offer anonymous trading

62%

of evaluated venues offer more than one liquidity pool

BIS FX Global Code of Conduct Membership Composition



New trading models are growing on both the sellside and buy-side, the former increasingly shifting to agency trading and the latter taking on functions that once were the domain of broker-dealers. Choosing from a well developed and competitive landscape of FX e-trading technology providers, market participants are deploying highly modular technology stacks tailored to the individual needs of their business model and trading flow. In doing so, firms of all sizes are shifting toward buying an ever-greater share of their technology and reserving in-house builds for those elements of the technology stack where they can achieve meaningful competitive differentiation.

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