

Streamlining our FX venues

For Improved Performance, User Experience &
Flexibility



LSEG FX

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We are making improvements to our FX venues

Our aim is to empower our FX customers across the globe to trade more efficiently through the development of new trading workflows, order types, market data, admin tools, credit capabilities and analytics.

As our business has grown, we understand that it has become more complex for customers to maximise the benefits of their trading interactions with the firm as a whole. We have multiple ways of supplying data, and our customers have multiple ways of consuming this data and of interacting with us. Our goal now is to simplify this.

Our PriceStream ECN and Matching venues are often seen by customers as three independent products. Although PriceStream has traditionally been branded as part of FXall, and thus as a customer-side product, it is more accurate to consider it as part of our interbank venue business.

By investing in the replatforming of these venues onto a common core technology infrastructure, we are providing customers with the ability to trade on any or all of them according to their requirements. In this way we are committing to providing an even better service in a constantly evolving FX market.



Addressing the changing needs of the FX market

Our FX venues are the result of several years of acquisition and development across a number of platforms. Between our three interbank venues we have multiple sets of credit instances, different admin services, various post-trade channels, and numerous APIs.

With most customers using integration services for venue connectivity, it is difficult to create consistency around how people interact with our venues. This legacy technology makes it expensive to add new capabilities and challenging to sustain investment across all three venues.



More than a tech upgrade

Starting in 2023, we will migrate our FX venues to a common core technology – Millennium, LSEG’s proven cross-asset technology. Millennium powers the London Stock Exchange and Turquoise trading, and is substantially more capable of delivering multiple products and trading paradigms. It also shares a credit function and common admin services and APIs. A single API will enable a customer’s interactions with our ECN, Order Book, and Matching environments. Although we expect most customers to maintain multiple connections, all will have the same protocols, making onboarding and integration simpler, increasing resilience, and improving performance.

The new common core technology will offer reduced latency to our FX venues, bringing them in line with the speeds seen in equities markets. This in turn will help to improve reliability and robustness of the solutions. We recognise that performance matters and that speed is of the essence, but we are embarking on more than a simple systems upgrade. The migration of the technology is simply the first step in the evolution of our venues to adapt to the evolving structure of the market.

Improving the customer experience

The migration of our FX venues to the new infrastructure will future-proof our technology and provide our customers with a significantly improved experience. A common technology framework means a common input and common set of outputs for supervision and analytics. Customers will be able to see the lifecycle of every order that has gone through the system across every platform they have interacted with.

The use of a single common core technology will allow us to put new commercial structures in place, allowing customers to benefit from discounts across our venues, with volumes traded as a market maker in one venue influencing value which can be obtained in others.

We are asking our clients to plan for budget and activities in 2022 and 2023 to integrate with this new functionality

New features

Single shared credit capability

This will make credit easier to navigate across all venues. As we evolve the credit function in our Forwards Matching service, customers will be able to control the credit they have within the venue by trading on a hard match or soft credit paradigm.

Consistent admin controls across venues

Operational tasks will be simplified with services such as tag management becoming self-service. The creation of end-to-end solutions means that customers will be able to use our FX venues with more autonomy than previously possible.

Consistent APIs and connections

This will make it faster and simpler for customers to connect to all FX venues. All venues will support customer connections through standard message-based protocols.

A new permissioned stream-based ECN

This will enable enhanced performance and customer reporting.

Significant upgrades to our Matching venue

We understand that customers have differing trading needs and we are committed to providing smaller customers who do not use APIs with different mechanisms to trade, in order to enhance their trading experience.

The venue migration will see the introduction of several new order types, such as pegged and discretionary orders, giving smaller market participants a better trading experience. Similarly, the replatforming project will also see the introduction of mid-orders, which will give participants more certainty in trading and lead to a better outcome.

Better and fairer delivery of market data

Customers are increasingly looking for more advanced analytics as part of a venue's product offering. We will offer analytics tailored to each venue and to the needs of individual users. These reports will help customers to better analyse trades and gain more insight into trading relationships and the allocation of their business.

Replatforming our FX venues offers the opportunity for a new paradigm for Matching. Going forward, the availability of data services will depend on a customer's volumes and their frequency of interaction with our venues. This will ensure our venues maintain a high-level of integrity.

We have changed the criteria by which participants can receive high-frequency data to reflect the fact that this data is only available to firms which contribute to it. Our binary market data feed at 5ms has become participant-eligible, with a threshold for participation of \$100 million ADV in spot volume on Matching, of which 25% is as a market maker.

More functionality for FX Prime Brokers

This will include the ability to rebalance credit between venues and kill switches at user, counterparty and customer level.

Support for NDFs to meet customer demand

As part of the venue streamlining, we will launch a new NDF capability on the CLOB. Unlike existing services, we will not use a centralised or bilateral credit model but will launch a mandatory cleared venue through LCH (London Clearing House).

We believe that a mandatory cleared venue for NDFs will open up the opportunity for non-banks to become NDF market makers. A more diverse range of participants will change the liquidity profile and have a positive impact on the market, benefiting not just our customers but the market as a whole. We are excited about the potential for this function, which we have not been able to offer using existing technology.

We are creating specific user journeys for each group of participants to minimise the impact of the technology changes where possible, whilst ensuring that customers are ready to benefit from new features.

Looking to the future

The replatforming of our FX venues is only the start of our journey of transformation.

Alongside the foundational changes which the new technology stack can provide such as faster venues, easier integration via APIs and a single post-trade channel, we are fully committed to the ongoing innovation and development of our FX venues.

We are not simply overhauling technology to meet today's requirements. We are investing for the future to provide the best possible trading experience for our customers and for the market as the needs of its participants evolve.

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