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COVER INTERVIEW  
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## December 2025

We start this month's edition by exploring how technology is helping corporate treasurers in managing their FX risk. Recent advances in technology have made dynamic hedging much more attainable for corporate treasurers, especially those operating in the mid-tier and without the resources of a large multinational. In addition greater use of AI and data analytics has given corporates the ability to better forecast currency movements and use this as the basis for predictive modelling which in turn creates the potential for developing better hedging strategies and more proactive risk management. FX movements can have significantly different implications for corporates that have similar FX flows so it's not possible to have one automated tool out of the box that calculates risk correctly for all treasuries. Nevertheless as automation and treasury technology continues to develop rapidly we can expect to see further FX risk management benefits for this user group being delivered.

Our Special Report in this edition is focused around structured FX derivatives and the benefits that further electrification of these sophisticated instruments could bring. Automating FX structured products is much more difficult than vanilla instruments or even simple FX options and one of the issues that has made the process particularly challenging is that each bank has APIs developed mainly on the back of their single dealer platforms. Technology advances and platform evolution have substantially improved structured FX workflows but to what extent structured FX derivative trading can be further automated and the obstacles to that overcome remains to be seen.

On the 10th November 2025 the Bank of England published its (much anticipated) proposed regime for sterling-denominated systemic stablecoins. The noises from the Bank have been broadly positive, championing a 'multi money' mixed system where different forms of money (including stablecoins) are freely exchanged. In this final edition of the magazine this year Slaughter and May draw on this consultation paper to identify the key factors shaping the Bank's approach to sterling-denominated systemic stablecoins before considering where the pressure points might lie ahead.

We wish all our readers a safe and happy holiday period and as usual hope you enjoy reading this edition of the magazine.

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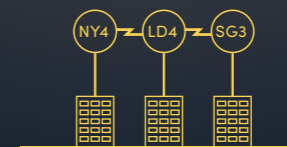
**Steve Singh**  
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## Standard Chartered goes live on CLSNet

CLS has announced that Standard Chartered has gone live on CLSNet, its automated bilateral payment netting calculation service for over 120 currencies. CLSNet standardizes and automates post-trade matching and netting processes, delivering risk mitigation, liquidity optimization and operational efficiencies for currency flows outside of CLSSettlement, including emerging market and developing economy (EMDE) currencies and same-day trades.

As settlement risk in the FX market remains a focus, particularly in EMDE currencies and other growing segments, market participants are looking for ways to mitigate risk effectively via automated post-trade

services such as CLSNet. Demand for CLSNet continues to grow, particularly among financial institutions seeking to align with the best practices outlined in Principle 35 of the FX Global Code. Alongside Standard Chartered, several Asian banks are joining the service. CTBC, the Hong Kong branch of a Taiwanese commercial bank, has gone live on CLSNet, meanwhile Maybank, a Malaysian bank, and Taishin, one of the largest commercial banks in Taiwan, have also committed to joining the CLSNet network to mitigate settlement risk within Asian currencies, particularly USD/CNH. Lisa Danino-Lewis, Chief Growth Officer, CLS commented: "We are delighted to welcome Standard Chartered, CTBC, Maybank and Taishin to the



Lisa Danino-Lewis

CLSNet community. We are seeing increased demand for proven solutions to address the challenges facing the FX market. As more participants join CLSNet, the resulting network effect will deliver even greater risk reduction and efficiency benefits for all users."

## DXcharts integrates with oneZero Market Analytics

DXcharts, the financial charting library from Devexperts, has integrated oneZero's Market Analytics' advanced financial market analysis tools, designed to empower trader decision-making. oneZero's newest product offering allows financial market participants to provide their customers with user-friendly trading education and analytics that offer deep and extensive analysis driven by advanced algorithms and big-data technology.



Andrew Ralich

This platform offering is an evolution of the Autochartist product, which oneZero integrated into its suite of capital markets solutions in 2025. Through the recent integration, Autochartist signals will now be available via DXcharts, with turnkey deployment capabilities for brokers using the Market Analytics Platform.

Andrew Ralich, CEO and Co-Founder at oneZero, says: "When we started working closely with the team at Autochartist, the goal was to leverage oneZero's scale platform capabilities to increase the distribution breadth of Autochartist signals and ultimately provide a vehicle for educating traders and market participants. With the integration to DXcharts, brokers using our Market Analytics Platform engine have new capabilities at their fingertips to equip their users with strong decision making capabilities."

Denis Krivolapov, Product Manager of DXcharts at Devexperts, says: "Our integration with oneZero will enhance the DXcharts experience for traders, bringing them the opportunity to catch market trends and reversals early and stay ahead of the curve. The Technical Analysis Pattern Recognition tool allows traders to adapt quickly to market changes, improving their overall strategy, as well as their user experience."



Denis Krivolapov

Institutional

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## Banco de Chile implements Integral's technology

Banco de Chile, one of the largest financial institutions in Chile, has established a collaborative alliance with Integral to bolster its FX operations. Through the partnership, Banco de Chile has adopted Integral's Price Engine and Liquidity Aggregation products to consolidate FX pricing logic and streamline execution workflows. Integral has also integrated with Datatec – Chile's primary provider of interbank FX infrastructure – enabling the bank to capture live spot pricing and create executable rates for multiple channels and client segments. The prices generated are used for trading offshore NDFs, USD/CLP spot and forwards, and swaps, across multi-dealer platforms, internal sales

teams, and client-facing white-label platforms. Integral's connectivity with Datatec is a key benefit to Banco de Chile, with Integral's technology delivering full end-to-end automation, from liquidity aggregation to trade execution. This brings improved speed, accuracy and transparency to FX operations, combatting the resource burden and operational costs associated with manual FX processes that remain commonplace in Latin American financial markets.

Harpal Sandhu, CEO of Integral, commented: "Leading the charge to FX automation in the region, Banco de Chile has further differentiated itself by allowing clients to benefit from improved speed, transparency



Harpal Sandhu

and accuracy in FX price discovery. As interest in trading multi-currency pairs featuring the Chilean peso expands, Banco de Chile will be able to capitalize on the opportunity at hand and better service its growing client base, both in Chile and abroad."

## Kraken partners with Deutsche Börse Group

Kraken and Deutsche Börse Group have announced a strategic partnership to create unified access across traditional and digital asset markets. Spanning trading, custody, settlement, collateral management, and tokenized assets, the partnership will unlock a new range of enhanced products and services that deliver frictionless access to both ecosystems, creating a holistic experience for institutional clients. In the first phase of the partnership, Kraken

will integrate directly with 360T. The integration will give Kraken clients access to competitive, bank-grade FX liquidity through one of the deepest global liquidity pools available, significantly improving fiat on- and off-ramp efficiency while ensuring institutional-grade execution and reliability.

"Our partnership with Deutsche Börse Group demonstrates what happens when two infrastructures designed for scale and trust intersect," said Arjun Sethi, Co-CEO of Kraken. "By linking traditional and digital markets across a wide range of asset classes, we're building a holistic foundation for the next generation of financial innovation: defined by efficiency, openness, and client access."

Stephan Leithner, CEO of Deutsche Börse Group emphasized: "This collaboration with Kraken is a great

strategic fit for Deutsche Börse Group. It underscores our ongoing commitment to shaping the future of financial markets by combining the trust and resilience of our regulated infrastructure with the innovation of the digital asset ecosystem. Across our entire value chain this partnership will further enhance our support for institutional clients in the digital asset era and pave the way for digital capital markets."



Arjun Sethi

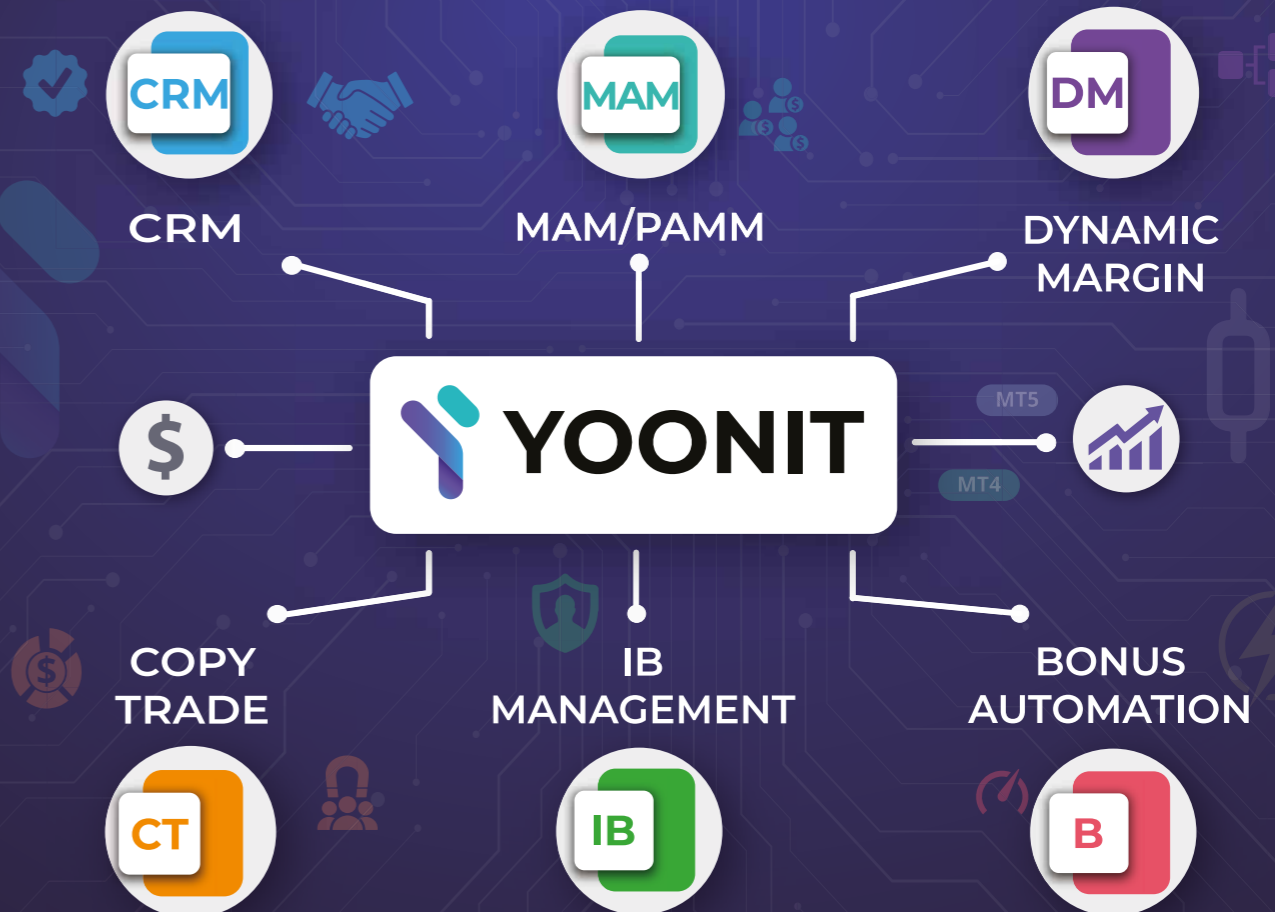


Stephan Leithner

ATTENTION ALL BROKERS

# What are you doing to grow your business?

PLUGIT



# Reactive to Proactive:

## Managing currency exposures with next generation corporate hedging solutions

Nicholas Pratt examines how technology is helping corporate treasurers adopt a more sophisticated approach to managing their FX risk.



Nicholas Pratt

Automation has significantly advanced both the risk and liquidity management in FX, says Matti Honkanen, director and head of next gen FX at Nordea Markets. The logic is simple. While risk management requires a lot of thinking that can't be automated, most tasks are purely manual. For machines, they are easy and fast to handle. For humans, they are time consuming, error-prone and demotivating.

Consequently, the division of labour is based on giving strategic tasks to human beings and repetitive execution to computers, says Honkanen. "For example, humans still have to decide what kind of risk policy to follow but the execution of the policy can be automated.

The capture and consolidation of FX exposure data is one of the tasks where automation is far better than human labour, says Honkanen. "Once the principles are set for how the consolidation should be done, and the connections to data sources are set up, reading and consolidating data is very easy to automate. This means people can focus on setting the principles and controlling the process, and intervening if necessary. This time saving leaves more time for brain work."



RISK MANAGEMENT

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**“The digital solutions for treasuries are not so universal that you could just download the right one from a webshop and turn it on. You still need human beings whose judgement you can trust.”**



Matti Honkanen

volatility is not the first priority for most corporates.

“Usually, the focus is in monitoring the customer’s business and making sure they can manage their risk and liquidity as soon as there is a need,” says Honkanen. “This means they are more or less fully covered when the market volatility spikes. If you need to react to market volatility, you are typically already late. However, naturally corporates also rely on automatic alerts whenever market moves above or below certain thresholds. They can even have limit orders that are executed automatically in those cases.”

“AI can do a great job in finding things that a human being doesn’t pay attention to,” says Honkanen. “Its power is in its superhuman ability to go look at so many places that would be undoable for any human. AI is also very good at analysing and solving certain kinds of complex problems. That’s why it beats every human being in for example chess. However, predicting currency movements is not something AI can do well. FX market is the most

efficient market in the world where it is practically taken impossible for any corporate to beat the market. If anyone developed a model that could predict the currency movements, they would make fortunes with it and not sell it to anyone else,” says Honkanen.

**PROFESSIONAL HEDGING**

If risk management includes many repetitive manual tasks where computers outperform humans, in accounting this is even more true, says Honkanen. “There are many questions around hedge accounting that require human expertise, but there are also very many tasks that can be let to computers after humans have set the specifications. Many corporates copy data manually from trading systems to accounting systems still today.”

However, says Honkanen, increasingly many corporates fetch the data automatically from accounting-friendly APIs, and let the accounting system further enrich the data automatically before booking it in accounting in an automated way. “FX has traditionally been a hard nut to crack for hedge accounting, since it is not such a universal topic for all corporates as are for example handling sales and purchase invoices. Therefore, there has been room for improvement in automating that flow, and we try to be in the forefront of that change,” says Honkanen.

Innovative new treasury technology can also enable dynamic, scenario-based hedging strategies to support the balancing of risk and return, provided that companies are adequately prepared, says Honkanen. “Most treasuries don’t want to let automation decide and execute hedging policies in all the imaginable scenarios. However, the best treasuries prepare in advance for different scenarios, create action plans for each of them and make sure they can

However, the automation is mostly run by quite old and mundane systems. This means that new technology has a limited role. “For example, in automating the execution of risk management, very few utilise any AI to a significant degree,” says Honkanen.

The more advanced FX treasury platforms have the ability to continuously monitor markets and execute pre-defined hedging strategies instantly to ensure organisations can react rapidly to market volatility. But according to Honkanen reacting to sudden market



The capture and consolidation of FX exposure data is one of the tasks where automation is far better than human labour

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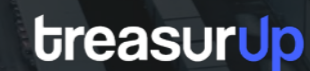


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## Reactive to Proactive: Managing currency exposures with next generation corporate hedging solutions

**“The new technology can help corporates work in a more dynamic way by bringing together different data sets, automated execution, and backtesting without the abundant resources that were needed in the past.”**



Niki van Zanten

treasuries. This is a place where human expertise is still invaluable.”

Since treasuries are quite different, their tools for improved monitoring, reporting and execution should also differ, says Honkanen. “Most crucial is to understand the biggest pain points of each treasury, and find the right tools for them. Therefore, we also have plenty of experienced experts that are able to understand customers’ situation when they are in contact, and offer them the right solutions. The digital solutions for treasuries are not so universal that you could just download the right one from a webshop and turn it on. You still need human beings whose judgement you can trust, so that you end up having the right tools in the right use.”

**SIGNIFICANT DIFFERENCES**

When it comes to discussing the role of automation in FX risk management, there needs to be a distinction between large multinational corporates and SMEs, says Niki van Zanten, FX & liquidity solutions,

TreasurUp, because the challenges for both are significantly different.

“Large corporates typically have multiple ERP systems through M&As and operating in different jurisdictions, often with different geographical or legal settings,” says Van Zanten. “That makes it difficult to align the data that is need or to add streaming, market information and bring everything together. The technology really enables you to not only aggregate the data and to clean it up, have a hygiene factor and link different elements of data together to produce something sensible. For example, correlations across different asset classes, but also real-time exposure changes to anticipate this and immediately take action.”

For the SMEs, the big challenge is that they will rarely have dedicated treasury or FX professionals in the field, says Van Zanten. “The technology can really help to bring the knowledge in-house rather than having to hire FX professionals.”

Automation has a key role to play in managing data, however, says Van Zanten, while technology allows you to handle larger data sets, data is not information. “There is always a conversion that needs to take place. Accounting data is not the same as the market data sets you need for executing trades and FX transactions. Technology can help you to do that in a clean and efficient way if it is designed well.”

The cleaning of the data and the alignment is very important but you also want to be able to expand data sets from exposures and add real-time market data and volatility numbers if you are looking to be more sophisticated and linking into real-time market information, says Van Zanten.

“It gives you a better understanding of exposure and the risks facing companies and allows you to make a shift from looking at exposures and managing risk and taking action to mitigate risk and not just blindly executing policy settings and saying you have hedged your risk adequately. In the end, you’re not hedging exposures but mitigating the risk that those exposures bring,” says Van Zanten.

As FX treasury platforms continue to develop, they will allow companies to adopt more dynamic and sophisticated hedging strategies. “Most SMEs do not have a very dynamic hedging strategy, it is based on static policies that are determined by the type of exposure, balance sheet or cash flow exposures or volatility carry. The technology allows you to accurately set the policy but more over it will automatically trigger or execute those policies which has a huge benefit for those corporates in terms of being 100% policy-compliant, provided that policy has been well-thought through,” says Van Zanten.

While the use of AI and data analytics can enable companies to forecast currency movements and adopt predictive models for better hedging strategies and more proactive risk management, the technology will not take away fundamental market risk, says Van Zanten. “In all cases, assuming market risk remains, the improvements on hedging and mitigating risk associated with currency movements should really be seen in forecasting and more proactive and dynamic execution.”

For instance, if the volatility in a certain currency is increasing and the carry goes beyond a limit that it actually makes sense to hedge, you can use AI to run a lot of scenario analysis to test the parameters or bandwidth of your, says Van Zanten.

**“...clients can start to use the kind of sophisticated analytics that were previously only available to the largest multinationals.”**

“The basis of a good hedge programme, especially if you’re looking at cash flow hedges or longer tenors is really how you forecast and AI can definitely bring a benefit in terms of what you put into those forecasts but also how it can improve in the future,” says Van Zanten. “The last and most logical user case for AI is in backtesting and making sure your policies and your strategies make sense and that people can play around with those policies and see the results of those decisions.”

**HEDGE ACCOUNTING CHALLENGES**

Hedge accounting is a difficult topic, says Van Zanten. “Most US-based companies use different standards to companies in Europe and even within Europe there can be some deviation between countries. FASB or IAS standards differ significantly. Also, the information that needs to be tracked prospectively and retrospectively and provided to auditors can vary a lot. That makes it a difficult but very useful case for automation. You can do scenario analysis on the cash flows that have taken place and also make sure that you meet the requirements for hedge



Ben Hipwell

accounting, you need the exposures that you hedge in most cases and you also need to validate retrospectively whether that makes sense. Also, it adds a lot of value in terms of providing documentation,” says Van Zanten.

New technology can also empower companies to adopt more dynamic and scenario-based hedging strategies, says Van Zanten. “Most corporates tend to have a very static hedging policy. They primarily look at the type of exposures, cash flow or balance sheet, and then have a layered strategy or a 100% hedging of risk. Some corporates differentiate between high



More advanced FX treasury platforms have the ability to continuously monitor markets



Automation also has a key role to play in managing data

**“With AI and benchmarking and the tools available today, you can be in a cycle of constantly monitoring whether your policy is effective.”**



Farah Lotia

and low carry currencies. But very few corporates look to economically hedge those exposures, it is primarily an accounting game which makes it slightly easier to accurately measure the effect of hedging. For dynamic hedging, there's a lot to be said for using that because typically financial markets do not behave in the process way that static hedging would behave. To make things work economically, you need technology expertise but also large quantities of data, typically a dedicated

resource to do that,” says Van Zanten.

However, it is the only way you can balance the risk and return because financial markets are unpredictable and do not work in a processed manner, he says. “If you have a process that is based on predictable outcomes and the counterparty is the financial markets, you might burn yourself. The new technology can help corporates work in a more dynamic way by bringing together different data sets, automated execution, and backtesting to really get to those scenario-based strategies without the abundant resources that were needed in the past.”

One critical requirement for new platforms is that they are able to integrate with existing ERP and treasury management systems (TMS), says Van Zanten. “A lot of data comes from the ERP systems – invoices, cash flow forecasting, order management systems etc. These systems are not typically designed to hedge currency exposures



One critical requirement for new platforms is that they are able to integrate with existing ERP and treasury management systems

or do any treasury management at all. Each TMS has its own benefits in terms of what they are good at and where they might lack a bit of functionality so it is necessary to convert accounting data into useful treasury data. But the next step is aligning that with market data, specifically spot forwards volatility correlations and working together with pre-set validation and execution rules that can help monitor and move the shift from execution to setting up policies and rules and strategies and spending more time on analysis,” says Van Zanten. “That will be the focus for the future – to move the treasurer’s role to one of intelligence and not just execution.”

**INTELLIGENT MONITORING**

GTreasury, a Ripple company, provides SaaS-based automated treasury management software. According to Ben Hipwell, group product manager, a lot of work has been done to make things more automated and to make use of new technology like AI to make things as slick as possible for clients. “This has transformed FX risk management from being a periodic, spreadsheet-driven function to a continuous process with intelligent monitoring,” says Hipwell. Modern day treasury platforms such as GTreasury’s provide full real-time visibility across global operations and have replaced the manual processes that left corporate treasurers managing stale data, says Hipwell. “This shift has meant that clients are able to proactively manage their FX risk to identify emerging exposures before they materialise losses and can start to use the kind of sophisticated analytics that were previously only available to the largest multinationals.”

It is also a shift in decision-making, says Farah Lotia, vice-president, product management and quant. “Treasurers have historically been very reactive in their FX risk management because the

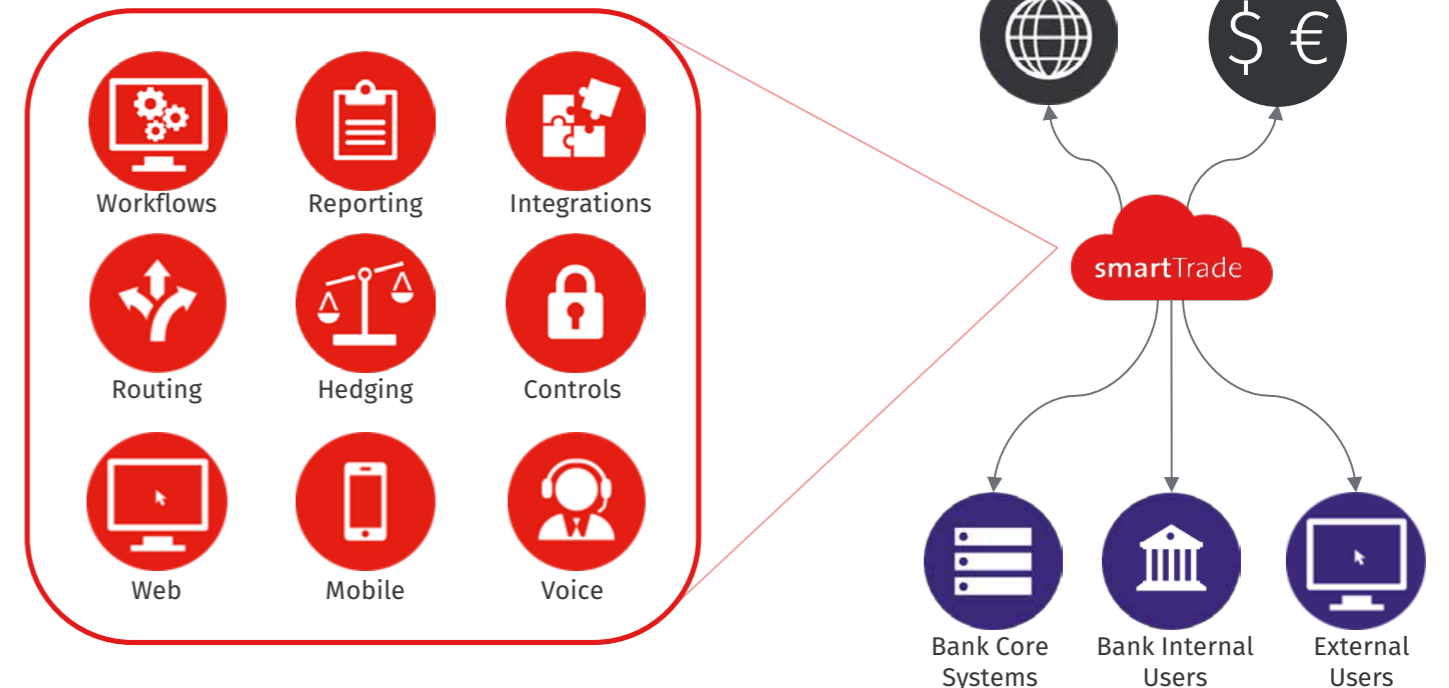


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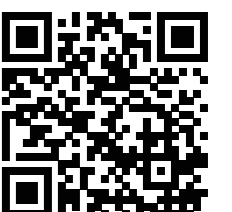
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As AI capability continues to develop rapidly, there will be further benefits in terms of FX risk management

data has been very fragmented and spread across different systems. What's changed is the insane level of volatility in FX markets, in supply chains, in geopolitics and, ultimately, in global trade. So the need to react quickly to market events has become even more significant," says Lotia.

Another critical step in the evolution of FX risk management and hedge accounting has been the ability for treasurers to have complete visibility of their exposures, says Hipwell.

Corporate treasurers typically have a network of subsidiaries and counterparties so data systems and flows look very different. Automation has really helped here by enabling the capture of exposure data from multiple sources, whether that's ERPs or other systems, says Hipwell. "Also the use of AI tooling helps to map to the APIs that are available and able to connect to all of the ERPs and then pull in exposure data and eliminate the manual, spreadsheet-based work that had been used up to now."

Systems such as GTreasury's also provide corporate treasurers with a benchmarking facility and the ability to constantly monitor their FX policy, which is another big shift in process,

says Lotia.

"In the old days, when a corporate treasurer wanted to develop an FX trading process, they went to the board and presented a policy that only got looked at when there was a problem in the markets. But with AI and benchmarking and the tools available today, you can be in a cycle of constantly monitoring whether your policy is effective. So not only are you trading within your policy, you are also questioning and amending and predicting what the policy needs," says Lotia.

And by having the APIs in place, treasurers are able to execute on those policy changes much more quickly and, ultimately, get better rates and prices for their trades, which, as Hipwell states, is the ultimate aim for companies.

The advances in technology have also made dynamic hedging much more attainable for corporate treasurers, especially those operating in the mid-tier and without the resources of a large multinational, says Lotia.

"There are mid-sized firms that have some level of sophistication and have the technology but have not fully embraced it yet," says Lotia.

"For example, they may be using the platform for their trades but are not using the analytics. But when the market starts moving unexpectedly and the board starts asking questions, then the treasurers begin to use the platform more. And once you do that, there's no going back and it leads to a rapid increase in adoption. So while the market volatility has not been great for everyone, it has been good for the risk management community because it has highlighted the need for more strategic processes."

And as AI capability continues to develop rapidly, there will be further benefits in terms of FX risk management, say Hipwell and Lotia.

"It is less about forecasting currency movements prices and more about understanding the impact of those market movements and preparing for changes in the market rather than being reactive," says Hipwell. "AI can really help in that way because it allows you to scale up the scenarios you're looking at, to model multiple scenarios continuously. That's been a huge shift from the spreadsheet-based approach where you can only really model one scenario at a time."

Then there is also the crypto and stablecoin conversation which is increasingly relevant as market participants look for ways to mitigate unprecedented levels of volatility in FX risk. "The biggest barrier to crypto adoption at the moment is understanding the risk because these currencies do not follow standard patterns," says Lotia. "The ability of AI to understand that risk and find those patterns and create an understanding and appetite for that risk, will be a big change. We are still at the starting point of this and there is more work to be done but that is where the real value of AI is, not predicting prices," she concludes.

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EXPERT OPINION

# Why Data is the new hidden battleground in e-FX

By John McGrath



John McGrath

One of the best learning experiences in my career came early when I spent 7 years at Bloomberg. It was a time of massive expansion for Bloomberg as they strove to catch and then pass Reuters market share. Led by a visionary CEO and littered with serious talent across the company I was

fortunate enough to be team lead as we launched fixed income electronic trading on the Bloomberg terminal. For some of this time the e-trading teams were seated alongside the data sales teams, and it was my first experience of the power of data and the revenue potential. This piece will take a closer look at the electronic FX (e-FX) data space and the potential for the next decade.

So often in e-FX the story has been told through the lens of trading volumes, liquidity providers (LPs), and ultra-fast matching engines. How many press releases from platforms seem to see Average Daily Volume (ADV) as the bellwether to success? However, in a world of spread compression and LP pressure on platforms to reduce costs there

lies a quieter, far more profitable battleground.

## MARKET DATA

While spreads in major FX pairs have reduced and trade execution fees have become commoditised, market data has become the asset class that gives e-FX venues most scope for contributing to EBITDA. It could be argued as one of the primary reasons major exchanges acquired FX platforms.

### 1. WHY MARKET DATA MATTERS MORE THAN EXECUTION

Unlike equities or futures, FX is decentralised, meaning there is no single consolidated tape or official pricing source. Every platform e.g. Bloomberg FXGO, LSEG FX All,

Deutsche Boerse 360T, Cboe FX, FXConnect, FXSpotstream and SGX FX — contribute its own “window” into the market due to their pricing methodology and their areas of strength (Regional, Product or Client based).

This creates enormous value to data consumers because:

- data = transparency
- transparency = benchmarks
- benchmarks = trading decisions, risk, and valuation

Clients, which could be hedge funds, banks, OMS/EMS providers, exchanges, data vendors, brokers... the list is long, will pay a premium for the cleanest, deepest, and most representative price streams. In many cases, the data product is worth more than the trades themselves to these clients.

### 2. THE MARKET DATA HIERARCHY: WHY ONLY A FEW VENUES WIN

Not all FX data is created equal. There are effectively three tiers of FX data quality:

#### Tier 1 — Primary or quasi-primary venues (e.g. EBS, Reuters matching, Cboe FX, 360T GTX)

These have:

- firm, anonymous liquidity
- large, diverse client bases
- long historical time series
- consistent quote and trade behaviour

Their data is used for algorithm calibration, TCA, risk models, valuations, and analytics.

These venues dominate the premium-priced data segment.

#### Tier 2 — Specialist or relationship-driven venues (e.g. FXAll, SGX FX)

These platforms produce valuable data for specific products or pairs (usually



In many cases, the data product is worth more than the trades themselves

EM) or client segments, but not for the entire market and most prices here are not broad enough to be considered a benchmark.

Useful for:

- regional trading desks
- EM pricing models
- bespoke algo execution

#### Tier 3 — Single Dealer Platforms (SDP)

SDPs/ internalisers produce vast amounts of flow, but the data rarely qualifies as neutral or representative because:

- it reflects the LP's own skew
- it is client-specific
- it doesn't represent the entire market

This data is excellent for microstructure analysis and for client TCA but has limited external commercial value. For this article I am focusing on Tier 1 & 2 and leaving SDP data out.

### 3. WHY DATA HAS BECOME THE REAL PROFIT ENGINE

Anyone active in the e-FX space or financial services in general will be well aware of the revenue opportunities in the data space. At a recent lunch with a Head of Enterprise Data at one of

the world's largest multistrategy hedge funds I was informed that the e-FX space is relatively naive compared to other asset classes.

Many e-FX platforms still leave the data sales to the same salespeople who are selling the trading platform. I have seen this first hand where many salespeople either try and give the data away for free with no understanding of the unique proposition or others would attempt to extrapolate ridiculous charges for data available in many places for a fraction of the cost. I remember saving one such deal over the phone with a NY fund when a senior salesperson overpriced the data cost by 400% to a global hedge fund.

However, many e-FX platforms are still not seeing the real potential in data sales and the fact it needs a data sales specialist to sell the proposition. e-FX platforms can take some pointers from companies across multiple data products who do this well – CME in Q2 made nearly \$200 million in revenue from data sales across their products. Bloomberg don't report figures but back in 2023 the FT reported an estimated \$2BN a year in data revenue.



Anyone active in the e-FX will be well aware of the revenue opportunities in the data space

Why Data is the new hidden battleground in e-FX



Exchanges were quick to understand that regulatory pressure that would move into the FX market would increase the need for data

**(A) Spread compression has killed fee-based revenue**

Why is data now an important battleground? As LP competition increased, spreads on major pairs reduced and as such e-FX platforms who would generally charge spot \$10-\$20 per M in 2010 are now around the \$1-\$5 per M charge.... and it's only heading one way. During this period the cost of operating a venue did not fall proportionally especially if the platform needed to get on board with regulatory pressures and

establish regulated entities (especially in the UK/EU). This forced platforms to look for non-transactional, high-margin revenue — and data was the obvious answer.

Market data typically has:

- >75% gross margins
- subscription-style recurring revenue
- low operational cost

This makes it one of the most desirable and scalable revenue lines in the entire FX stack and one with the most potential. Even if you were to

strip down the data potential to one subset of clients (hedge funds) there is probably at least \$4-5BN of data sales available globally with a fair portion of that in FX. As one hedge fund said to me 'if it makes us money, we will buy it!'

**(B) Fuelling data sales: Algorithms need data — lots of it**

FX algos have become more mainstream across the buy-side now. In my experience running sales/revenue generation at e-FX platforms the growth of algos from bank internalisers, hedge funds, asset managers and more recently corporate treasurers has seen impressive growth and adoption.

Algos are data-hungry and require a minimum of 5 criteria (below):

- historical tick data
- venue-specific fill data
- order book dynamics
- time-of-day seasonality
- volatility and liquidity heatmaps

e-FX venues realised this and anyone who has worked with an exchange at a strategic level knows this was one major reason exchanges bought FX platforms. It was a subtle point that could be cross utilised in the exchange



AI is data-hungry and LLMs, predictive models, and microstructure AI tools will need clean tick data and venue specific data

group as well as an area offering tremendous potential.

**(C) Regulation increased the need for transparent data**

Exchanges were quick to understand that regulatory pressure that would move into the FX market would increase the need for data. Even though spot FX is not a MiFID II instrument, a range of regulatory and risk pressures have pushed firms toward TCA, Best Execution policies, Audit trails, Vol and mark to market validation and risk governance. Quality data is essential for all of these.

Exchanges recognised this early and built entire business lines around FX data licensing. Once an FX venue is inside an exchange group, data monetisation becomes dramatically more efficient.

**4. EXCHANGES APPLY A THREE-STEP STRATEGY TO DATA SALES:**

**Step 1 — Package & rebrand the FX dataset**

Turn raw tick data into indices, consolidated feeds, analytic products, real-time and historical bundles and risk/vol dashboards.

**Step 2 — Cross-sell to existing exchange customers**

Think about an Exchanges client list. FX data can be sold to equities clients, futures traders, corporate users, risk departments, index providers and clearing members. The distribution is already built — FX data simply plugs into it.

**Step 3 — Add FX data into enterprise contracts**

Large banks and funds often buy all the data from an exchange which creates high-margin, multi-year bundled agreements with FX being a part of this.



Trading venues are data factories feeding algos, analytics, compliance, valuation models, risk systems and macro strategies

**5. THE FUTURE: THE RISE OF FX "DATA UTILITIES"**

e-FX platforms will see new monetisation channels beyond simple "data sales." Some possible trends or stories that will continue to grow:

- The consolidated tape never took off, and some companies tried and failed to get the market to buy in to the story but there is no doubt with so many venues and no official benchmark, regulators and large buy-side firms could re-float this idea.
- The big buzzword in all markets is AI. AI is data-hungry and LLMs, predictive models, and microstructure AI tools will need clean tick data and venue specific data. The winners will be venues with deep, long-term history and flexible data delivery tools.
- Selling bespoke market data. Clients increasingly want per-client TCA, customised liquidity heatmaps, venue-specific execution probability models and counterparty-specific skew behaviour

**6. DATA VENDORS/ANALYTICS PROVIDERS AND THEIR ROLE IN THE E-FX SPACE**

We haven't even touched on dedicated data and analytic vendors and their impact in this space. Companies

like BestX, Tradefeedr and New Change. Perhaps just for now it is worth mentioning some e-FX platforms who have taken a strategic approach to aligning themselves with specialist providers in the space such as LSEG FXAll strategic alignments with Tradefeedr and FXConnect's collaboration with Best X on BestXecutor (both State Street owned). May be this will need to be a follow up piece.

**CONCLUSION: MARKET DATA IS BECOMING ONE OF THE CROWN JEWELS OF E-FX**

Trading venues are no longer just matching engines. They are data factories feeding algos, analytics, compliance, valuation models, risk systems and macro strategies. In an environment of compressed spreads and low transaction fees, data is the most strategic — and profitable — asset FX venues own.

The war behind the scenes in e-FX is no longer about trading volume. It's about who controls the data that defines the market itself.

Readers can see more of John McGrath's articles on his Substack page: <https://johnmcgrath.substack.com/>

# Edgewater Markets:

Delivering cutting edge trading and technology solutions coupled with exceptional client service.



Alessandro Scarsini

Edgewater Markets offers highly customizable trading and technology solutions to banks, asset managers, brokers and other financial institutions, helping them optimize trading strategies, reduce operational risk and automate workflows. Its trading and liquidity aggregation solutions help clients maximize competitiveness and efficiency across global markets. e-Forex spoke to Alessandro Scarsini, Co-Founder & President of the firm and key members of his senior executive team to learn more about what lies behind the firm's success and what plans they have for executing the next phase of its growth.

**Alex, Edgewater Markets has been growing considerably Y/Y for many years, what do you attribute that steady trajectory to?**

From the onset, we strive to address the market's needs and, more specifically, client needs. From years of collective experience working for wall street firms, we have identified many gaps in product offerings that need to be solved for. Moreover, each region around the globe, each product, and every distinct client segment (bank, broker dealer, asset manager, family office, etc..) has its own very specific set of requirements. Addressing pricing disparities across the range of LPs, selective market access, restrictive credit counterparties, and generally poor legacy technology options was imperative.

We recognized since inception that the only path forward was to develop a modern, robust, scalable, and relevant technology stack to address and solve these issues. Today we have a best of breed tech platform that is highly customizable and can address the needs of tier 1 global macro funds focused on G10 currencies to regional LATAM financial institutions, with very limited credit access, focused on onshore/offshore NDF hedging, for example. Our growth has also benefited from focusing on emerging markets where our product offering can be hugely impactful from the onset. We offer a comprehensive,

front-to-back trading platform engineered for price generation, liquidity aggregation, execution management, and real-time risk and credit validation—supported by high-quality execution services and advanced credit intermediation capabilities. Our clients want to partner with a firm that can accelerate their electronification process, while providing greater access to global markets efficiently and at the right price point.

**Being a global business, open 24 hours a day 6 days a week, how has the growth created challenges and opportunities across the globe?**

Growing at the pace we have over the past few years doesn't come without its fair share of challenges. In just the past year we have significantly increased our product offerings, entered new markets (Korea, Argentina, India H1'26) and developed a new UK regulated platform for an entirely new client segment. First and foremost, hiring the right

people is paramount. In each of these areas of growth we have hired and partnered with highly qualified professionals who understand local onshore client needs and have a deep understanding of technology requirements as they relate to their region and products.

As importantly, our tech stack is very scalable and provides us opportunities to continue to grow with our clients in different product areas. For example, in Mexico, where we are the leading platform, we are developing a fixed income electronic platform at the behest of the local regulator and of our long-standing client base.

We would not be in this position without the strength of our technology platform and our continued investment in development. Our commitment to SG1, our long-standing presence in NY4 and LD4, and our growing use of high-speed AI infrastructure have enabled us to extend our reach to the farthest corners of the financial world.



We offer a comprehensive, front-to-back trading platform



Edgewater Markets: Delivering cutting edge trading and technology solutions coupled with exceptional client service.

**Matt Maloney, CEO of Edgewater Markets UK**

**Following the momentum built in 2025, what is Edgewater aiming to achieve in 2026 to elevate the FCA-regulated business and broaden its institutional footprint?**

By joining in the middle of the hottest market for bullion—and with Edgewater focused on gold and silver in its FCA business—the early conversations made it clear that the opportunity was far bigger than a single-asset play. Edgewater’s strength in precious metals gives us an ideal launchpad, but 2026 is about broadening that into a truly multi-product, institutional offering.

After a highly successful 2025, the focus for 2026 is scaling the FCA-regulated business into a deeper and more diversified liquidity and technology solution. The strategy builds on what we already do exceptionally well while expanding into Deliverable FX, Emerging market NDFs and other Products.

To support this, we’ve been laying foundational work across technology, operations, and client coverage, ensuring robust execution, pricing, and governance as we scale. We are also strengthening the team, deepening our regional and international presence, and aligning our capabilities with institutional demand. I’m confident that what we are building will become a leading institutional hub in London and a cornerstone franchise for Edgewater Markets globally.



Edgewater Markets is a full member of the London Bullion Market Association



What we are building will become a leading institutional hub in London



**Robert Sanchez, Managing Director, Head of LatAM**

**Edgewater has seen significant traction throughout Latin America. What have been the critical factors behind this success, and do you believe there is a distinctive competitive advantage at play?**

First, understanding client’s business and needs is key, it sounds superficial as an answer, but large tech players have difficulties adapting the technology to clients in LATAM. We build relationships and partner with our clients to work together to implement a cutting -edge technology that works for them. Building trust takes time and consistency. Clients have learned to trust us and our tech reputation has therefore grown in the region. Second, having our own tech in house and a strong team of developers have proven to be extremely relevant. We build bespoke tech for clients and by clients. Third, we have a LATAM dedicated Ops teams that monitors and assist our regional client during market hours. Understanding client needs is key to success, at Edgewater we focus on franchise specific tailored technology with proven results.

**Industry observers note that Edgewater has entered Argentina ahead of the broader market, positioning itself before competitors in a landscape that has not fully opened yet. Do you view Argentina as the next major opportunity in Latin America?**

Edgewater is intensifying its focus on Argentina as President Milei and his economic, financial, and central bank teams work to address the country’s macroeconomic challenges. We believe the next step is to help Argentinian players to come back to international FX markets and understand that supporting this change now is even more relevant than when the market is fully opened. Local financial institutions have received us very well, most with considerable optimism. Local futures market trades an average of \$1 billion per day, however, the offshore ARS NDF market is less than \$30 million per day. We are going to change that, connecting local liquidity with foreign investors. We understand that the plan proposed by President Milei and his team is moving in the right direction, but it will take some time. We are developing the necessary tech to give local financial institutions access to NDF markets to manage their derivatives positions. This would not affect the level of reserves and would allow the local FX market to develop hedging tools for companies to daily manage risk, and of course, for sophisticated investors eager to finance local companies in local currency. Our contribution is key to the development of the Argentinian FX market.



Edgewater is intensifying its focus on Argentina

Edgewater Markets: Delivering cutting edge trading and technology solutions coupled with exceptional client service.

### Nate Arenchild, COO of Edgewater Markets LLC

#### Why did Edgewater relocate its U.S. headquarters to Miami, and how does this support the company's growth strategy?

Relocating our U.S. headquarters to Miami positions Edgewater precisely where FX, financial markets, and emerging market growth intersect. Miami has become one of the fastest rising fintech and institutional finance hubs, attracting major firms like Citadel, Blackstone, Goldman Sachs, and JPMorgan while hosting over 60 international banks and hundreds of wealth managers. This ecosystem aligns directly with our strategic investments across Latin America, where we maintain staffed offices in Mexico, Chile, Brazil, Peru, and Argentina. Miami enables deeper integration with those markets, improving our ability to serve regional institutions with white-label technology solutions. The relocation has also strengthened our ability to recruit top talent across product, engineering, markets, and operations while retaining key senior contributors excited by the opportunity to scale globally from Miami. Parallel expansions in London and Singapore enhance regulatory coverage and development velocity, collectively forming a globally synchronized platform. Miami isn't just our headquarters—it is the strategic bridge tying emerging market demand to our broader global execution capabilities.

#### How does being headquartered in Miami enhance Edgewater's competitive edge in delivering FX technology and serving clients in Latin America?

Being headquartered in Miami gives Edgewater a competitive edge by placing our global product, technology, and strategy teams at the gateway between North America and Latin America. We support institutions in Mexico, Chile, Brazil, Peru, and Argentina with access to market aggregation, advanced execution tools, and white-label trading infrastructure. Miami allows real-time collaboration, shared time zones, and faster alignment on market workflows than would be possible from traditional financial centers.

It is also one of the world's strongest fintech ecosystems, where banks, hedge funds, and innovation-focused firms co-locate, creating ideal conditions for strategic partnerships and senior talent acquisition. For our Latin American clients, Miami translates to accelerated onboarding, enhanced post-trade support, and tailored workflow solutions rooted in firsthand market understanding. The region's energy converges naturally in Miami—allowing us to scale our institutional product offering while staying tightly connected to the evolving needs and regulatory dynamics of emerging markets. Miami amplifies our mission: delivering precision trading technology globally while remaining deeply embedded in each local market we serve.



Relocating its U.S. headquarters to Miami positions Edgewater precisely where FX, financial markets, and emerging market growth intersect



### Paul Allmark, Chief Technology Officer

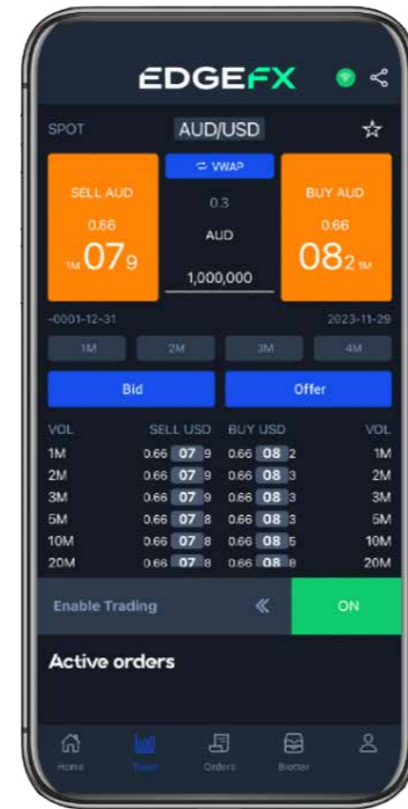
#### How have you reshaped Edgewater's technology foundation over the past six months to prepare for the next phase of growth?

Over the past six months, my focus has been on strengthening the trading platform foundations that support Edgewater's continued growth. That has meant kickstarting initiatives to improve scalability and transparency across our trading platforms, while ensuring our engineering organization is aligned to the needs of the business. We have been streamlining delivery processes and improving observability, allowing us to support increased client volumes and new products with confidence. A major priority has been laying the foundations to enable the business to move faster—providing the tools, architecture and trading execution frameworks that facilitate quicker delivery whilst maintaining enterprise-grade reliability. Overall, the last 6 months has seen most of my energy spent on ensuring our technology platform is fully prepared for the next phase of Edgewater's expansion.

#### What strategic technology priorities will you focus on in 2026 to support Edgewater's global expansion and evolving product mix?

In 2026 my primary objective will be supporting Edgewater's ambitious growth agenda, particularly the expansion of our NDF franchise across Latam and Asia, and the scaling of our FCA-regulated business as it introduces other products. Core priorities will include sustaining consistently high execution quality and making incremental gains in price distribution performance. We will also be driving targeted system consolidation to simplify our architecture and unlock future innovation.

Continued investment in our differentiators—meticulous liquidity curation and an uncompromising approach to execution quality—will be high priorities as we improve on the resiliency and scalability requirements for a growing global client base. Ultimately, 2026 will be about enabling Edgewater's next phase of expansion while delivering incremental improvements across core parts of the technology stack.



**WE HAVE BEEN WORKING TO ENSURE OUR TECHNOLOGY PLATFORMS ARE FULLY PREPARED FOR THE NEXT PHASE OF EDGEWATER'S EXPANSION.**



**"OUR CLIENTS WANT TO PARTNER WITH A FIRM THAT CAN ACCELERATE THEIR ELECTRONIFICATION PROCESS, WHILE PROVIDING GREATER ACCESS TO GLOBAL MARKETS EFFICIENTLY AND AT THE RIGHT PRICE POINT."**

**Alex, you and Skovran Schreder, the CEO of Edgewater Markets, have been on this journey together for over 15 years now, how have you persevered through various market turbulences and industry consolidation?**

We have managed to stay focused throughout on identifying market opportunities, gaps in product offerings and especially listening to what our clients' needs are.

We have stayed clear of the shiny new object of the moment and focused instead on ensuring continued growth by providing the best possible platform in the market.

We strive to be the "mission critical" technology solution of choice. Industry consolidation is inevitable especially when much larger, well capitalized, and longstanding peers in the space realize their continued growth is dependent on providing their clients up to date product development through best of breed tech solutions.

Often to fill that gap they rely on very targeted acquisitions. This will continue no doubt. Edgewater, however, is very unique in the space as we provide our clients with technology, credit and execution services all in a one stop shop model.

In order to provide this all encompassing service we have developed very close partnerships with some of the largest financial institutions in the world and we will continue to forge new alliances as we scale and grow in the emerging market space.

Skovran Schreder

THE e-FOREX INTERVIEW

Edgewater Markets: Delivering cutting edge trading and technology solutions coupled with exceptional client service.

Edgewater continues to expand its product suite and institutional offering, what is next in the Edgewater journey?

G10 FX is highly commoditized and generally a loss leader. There are a dozen ECNs out there, all competing with one another, whose focus is to match buyers and sellers for a nominal fee which is likely going to zero. We recognize at Edgewater that all our clients have G10 spot business to do, but our focus is to add value and be a relevant partner.

We were the first electronic platform in LATAM / Mexico with "boots on the ground". We have 25 sales and support professionals in Mexico City, Santiago, and Sao Paulo (Argentina H1 '26), that continue to manage our growth in tandem with our client's needs. In just the past year for example, Argentina went from a country whose financial industry was basically unserviceable, to one that is now scrambling to onboard the right tech platform to access offshore markets.

We are the partner of choice for all the reasons I have mentioned.



Edgewater recognises that its clients have G10 spot business to do, but its focus is to add value and be the partner of choice

Edgewater will continue to expand in areas where we feel we can make a significant and immediate impact. This of course means targeting the EM world and there is no better time than now. Currently we have a very successful and leading metals product out of the UK, and this will lead into further expansion in the commodities space, likely with a presence in the Middle East

(news to come soon...). Our aim is continuing to replicate our highly successful model in Latam across Asia and the Middle East. These regions not only necessitate the newest and best technology platform available, access to credit and markets, but a local partner that can help them better understand how to optimally utilize the tools they have just adopted.



Edgewater will continue to expand in areas where we feel we can make a significant and immediate impact

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# Structured Products:

Exploring the next chapter in the  
electronification of FX derivatives



Paul Golden

Increased investor demand for structured FX derivatives can be attributed to a number of factors, including a geopolitical and economic environment that disrupted traditional currency correlations with surprise events such as tariffs, trade wars and reshoring breaking historical models and temporarily decreasing the appeal of sophisticated multi-currency strategies.

With the return to more predictable policies and managers, this gap has closed explains Alexandre Gabovich, cross asset executive director at Makor Securities.

“Diversification, protection against extreme moves and yield enhancement are once again top priorities for institutional and corporate investors,” he says. “Structured FX products, able to offer asymmetric payouts, trade multiple legs simultaneously and capture correlation or volatility anomalies, have thus regained strong momentum - especially in a context where traditional assets offer low yields.”

## HEDGING DRIVES DERIVATIVE DEMAND

Demand for better ways of hedging risk is another driver for increased use of structured FX derivative products. “A good way of looking at a trader’s

"The complexity and customisation inherent in these trades often require a level of human judgment, negotiation and documentation that current digital solutions cannot fully replicate,"



Alexandre Gabovich

products and moving away from voice trades that make it hard to establish best execution.

As for whether there is a particular technological innovation that could accelerate the electrification of structured FX derivatives, Dweck refers to the potential for applications to speak to each other.

"If you have a complex derivative structure you can hedge the individual components on your desktop without having to go to one person to do it all, opening tickets in the right sizes, executing them and managing that flow entirely on the desktop without challenging integration," he explains. "For many, the initial experience of the technology has been a little disappointing but that doesn't make it worthless."

Dweck reckons the technology is potentially revolutionary. "In the past, traders would have had a choice between a specialist provider and a multi-asset class platform," he says. "They generally would not want to

integrate lots of different asset classes and applications so would end up using the multi-asset class platform."

This solution might be suitable for the majority of the client's needs but it is a compromise as it is not built specifically for all the underlying asset classes. These applications are built for the buying and selling of assets but FX is not an asset – it is effectively a pile of cash exchanged for another pile of cash, nothing has been bought or sold.

**THE POTENTIAL OF INTEROPERABILITY**

Interoperability would allow best of breed applications to be connected on the desktop and provide the trader or portfolio manager with a unified view. "We are not there yet," says Dweck. "A lot of firms are still using multi-asset class solutions and these are improving. But a rising tide lifts all ships and in the end there are opportunities and possibilities created by these sorts of technologies which will come into their own over time."

One of the issues that has made the automation process for structured FX derivatives particularly challenging is that each bank has APIs developed mainly on the back of their single dealer platforms.

"So as a client, if you have a product with Bank A you cannot passport it to bank B - they are not interoperable," says Romain Camus, head of Hydra at Digital Vega. "It is not open architecture and this has limited a lot of the electrification for vanillas."

When asked whether there are any specific developments that would facilitate greater electrification, he notes that unpredictable cash flows make the electrification of derivatives products more dependent on everything around the product

job is that they manage house and market risk," says Alan Dweck, COO buy-side solutions at SGX FX. "The constant pressure on traders to find better ways to manage these risks leads to increased demand for new structured FX derivative products - and not just options."

He agrees that the complexity and breadth of potential products make it more difficult to automate this part of the market, noting that liquidity providers could be more responsive in terms of embracing competitive electronic trading for these new



Demand for better ways of hedging risk is one driver for increased use of structured FX derivative products

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"The underlying market is of foremost importance and these complex derivatives will evolve out of the underlying markets and become more and more complex."



Alan Dweck

rather than just the pure execution.

"Two things have changed recently," adds Camus. "The first is Amazon Web Services. Even 10 years ago it would have been impossible to do what we are doing right now because the technology just wasn't there - the costs would not have stacked up. We now have the tools to build better tools."

The second development he refers to is the platform Digital Vega has developed for structuring, pricing and automating FX options workflows.

"Prior to execution, users can structure the trade, look at different variations and see if it suits their risk profiles and needs," explains Camus. "They can price indicative leads very close to the street price, RFQ and execute and after execution, follow the trade. They have the valuation of the trade, they know what it is worth, they know the risks, what the delta is, the life cycle, what happens to trades and the possible cash flows."

In this scenario the customer is using the bank not for its platform but for its pricing capabilities. It is as if they have direct access to the bank's trading desk and are cutting out everything in between.

"Of course, it takes a decent amount of time to build, test, launch and leverage such a platform but this was what was required to make this electronic," he adds. "It is also about providing better tools for the banks. We sell a platform that is as good as the best single dealer platforms out there from the mainstream banks, except the price is even better because

it is sourced from multiple liquidity providers."

#### HYBRID PRODUCTS CHALLENGE AUTOMATION

Automating FX structured products is much more challenging than vanilla instruments or even simple FX options. Some standard products (such as FX dual currency notes, range accruals and directional baskets) can be electrified and processed using basic pricing algorithms and platforms.

However, Gabovich observes that as soon as more complex option styles or hybrid structures appear - correlation, barriers, multiple knock-in/out, exotic triggers, dynamic adjustments - automation hits a wall.

"Managing complex Greeks, scenario generation, nonlinear models and especially client or structuring desk customisation needs all create obstacles," he adds.

Technology advances and platform evolution have substantially improved structured FX workflow, especially upstream through basic pricing, quote dissemination and post-trade automation in terms of allocation, confirmation, reporting and lifecycle events.

"But most structured FX trades are still largely manual, selecting the structure, sales/trader/client dialogues, scenario negotiation and documentation, risk management and lifecycle monitoring," says Gabovich. "Platforms enable booking, reporting and regulatory support, but product personalisation demands a strong human dimension."

He describes the automation of vanilla FX options - and some simple exotics - as a breakthrough for the market in terms of real-time pricing, electronic execution, algo hedging and automated lifecycle events.

"These advances serve as a solid base for automating more sophisticated structures. Some structuring modules now allow basket, barrier and trigger management via APIs or graphical tools, paving the way for faster automation as demand and pricing models converge."

One of the key questions in any discussion of the electrification of FX derivatives is what hurdles remain to bringing the full benefits of electrification to complex FX derivatives and how these obstacles can be overcome.

According to Gabovich, one of the key challenges to electrifying complex FX derivatives is the coordination required across multiple teams - sales, structurers, clients and IT. Successfully automating more sophisticated products depends not only on technological advancement but also on fostering seamless collaboration and communication.

"Sales teams need to communicate client requirements with precision and ensure that structurers have a clear understanding of their bespoke needs," he says. "Regular workshops, joint product sessions and use of collaborative design tools allow both teams to iterate quickly on new product structures and workflow enhancements."

#### CLIENTS MUST BE INVOLVED

Clients are crucial partners in the automation journey. Early involvement through surveys, pilot programmes and feedback loops helps tailor digital solutions to real-world user behaviour and preferences. Co-designing interfaces and documentation processes with end users can drive adoption and trust.

"Integration between product teams and IT is vital for translating

"Correlation swaps will probably never be executed this way, but all the commonly traded products are going to be electrified increasingly quickly."

complex structuring logic into stable, efficient digital workflows," continues Gabovich. "Agile project management, shared sprints and embedded structuring expertise within IT teams can help turn theoretical models into practical, scalable solutions. Rapid prototyping, testing and ongoing refinement are necessary to keep up with market dynamics and regulatory changes."

Bringing together representatives from each group within steering committees or working groups ensures alignment and transparency, supports faster decision-making and reduces silos.

Ongoing cross-training between sales, structuring and IT builds a common language and understanding, easing the translation of product complexities into code and vice versa.

"Ultimately, the key to overcoming hurdles lies in creating a collaborative ecosystem where digital innovation is grounded in the deep operational realities of FX structured product workflows, combining client input, structuring expertise and IT development in a holistic, iterative fashion," suggests Gabovich.

On the two part question of what hurdles remain to bringing the full benefits of electrification to complex FX derivatives and whether the market must accept that the trading of some structured FX derivatives can never fully be automated, Camus suggests that the more the market electrifies, the greater the fear of missing out.

In this scenario banks will develop their APIs and as more banks come in,



Romain Camus

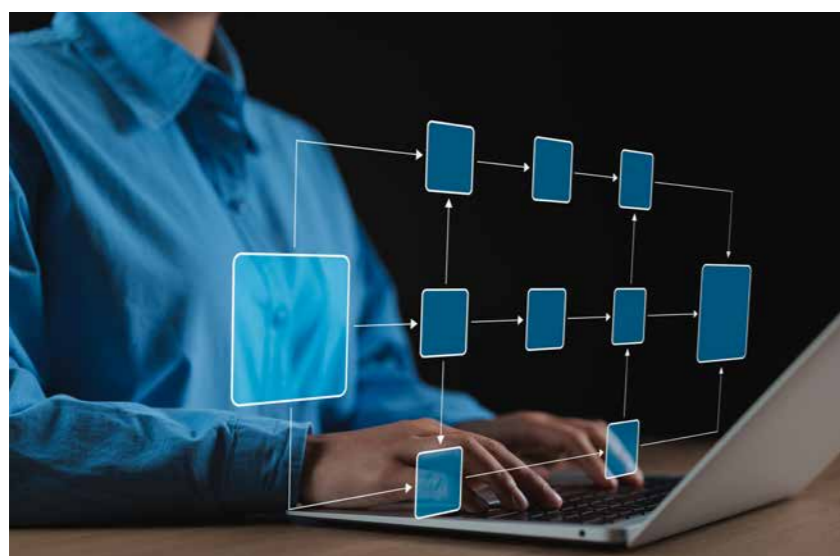
more clients will come in because the price will be better.

"It takes time to build this but it is definitely happening in terms of products," says Camus. "Not every product will be electrified as it depends on the underlying market. For example, correlation swaps will probably never be executed this way, but all the commonly traded products are going to be electrified increasingly quickly."

#### MULTI-DEALER PLATFORMS INCREASINGLY IMPORTANT

The key development in this context is that whilst the major players continue to invest in their single dealer platforms, there remains a growing acceptance that, driven by increasing buy-side demand, richly featured multi-dealer solutions have an increasingly important role in the ecosystem.

According to Camus, clients don't want to have to use multiple different platforms. They want a price aggregator where they can see all the prices, consider the price from each bank and trade with the bank that gives them the best price.



Technology advances and platform evolution have substantially improved structured FX workflows



The more the market electrifies, the greater the fear of missing out

"A good single dealer platform is not going to help these banks sell more products and they know it," he says.

"There is a huge amount of existential questioning and doubt within the banks over these single dealer platforms and whether it might be better to have price aggregators do the job for them and just pump prices into these aggregators."

The other development that is impacting the market is growing interest from the broker community looking to expand their product offering.

"There is significant new revenue potential here because customers get excited about trading a new product, but many banks can take a significant amount of time to onboard them," says Camus.

The extent to which structured FX derivative trading will be fully automated is a hard one to answer definitively given that FX is a fundamentally relationship-driven market.

The rationale for electrifying markets is to handle increased market complexity. Voice trading cannot handle millisecond or microsecond trading but relationships are what

protect clients when markets are in turmoil or in the unlikely event that automated systems fail.

"There is and always will be a place for that human relationship, whether it is exactly the same as it is now in terms of needing to make a quote for something as generic as an FX trade or maybe for more complex derivatives," suggests Dweck, who refers to his previous point about competitive pricing.

"If you go to just one source for a price, you can expect to be not quite as good as it could be - which is fair enough. You need electronic systems that aggregate and allow you to make better informed decisions and it doesn't matter whether you're talking about spot FX or some super complex derivative," he says.

As for the extent to which efforts to electrify FX options have laid the groundwork for automating more structured products and the workflows associated with these products, he makes the point that the cash market drives the FX option market, not the other way around.

#### DERIVATIVE COMPLEXITY WILL INCREASE

"It's the underlying markets that drive all optionality," adds Dweck. "The

underlying market is of foremost importance and these complex derivatives will evolve out of the underlying markets and become more and more complex."

He suggests that there has been up to now a fair amount of the tail wagging the dog where a few competitive FX options platforms have come in that are independent of the underlying markets and try and work with some provider or other.

"With all respect to them - and they are very good platforms by the way - that will not work in the long term," says Dweck. "It is the underlying market that will drive a really good derivative product and that is what we have done with SGX FX. We have built an options trading platform and are looking to do more and more things with the underlying market to make options traders lives' easier as they go for more complex structures. But as I say, I don't see derivatives as just being an options question."

While technology continues to progress, it is likely that certain FX structured products - especially those tailored for specific clients or featuring unusual bespoke features - will remain out of reach of complete automation for the foreseeable future.

"The complexity and customisation inherent in these trades often require a level of human judgment, negotiation and documentation that current digital solutions cannot fully replicate," acknowledges Gabovich.

"As innovation evolves, new approaches may gradually expand the boundary of what is possible but for now, human expertise and discretion remain integral to the most complex and individualised FX derivative structures," he concludes.

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## LSEG FX

# One Stop Stops:

## Minimizing operational complexity in institutional FX

Managing multiple LPs, platforms, and vendors has become unsustainable. As institutional FX providers consolidate services into unified ecosystems, the fragmented era is ending, Vivek Shankar reports



Vivek Shankar

In June 2025, Integral announced a strategic integration with CME Group, changing how institutional clients access FX markets. The move plugged CME's primary FX market into Integral's end-to-end SaaS workflow, collapsing what had traditionally required multiple venues, platforms, and operational handoffs into a single institutional stack. The integration reflects a broader shift across institutional FX infrastructure. LSEG's FX trading environment now unifies pre-trade analytics, execution, and post-trade settlement in a single interface, connecting buy-side institutions to liquidity providers through its FXall and Matching platforms.

What was once a fragmented ecosystem requiring separate relationships, technology vendors, and operational processes is consolidating into integrated environments designed to minimize friction at every stage of the trade lifecycle. This convergence toward genuine one-stop shops is being driven by forces that extend well beyond competitive positioning.

"Institutional FX clients face significant challenges when building in-house solutions, which can range from managing multiple liquidity relationships and technology vendors to hiring costly specialists and maintaining infrastructure," explains

Fred Allatt, Managing Director of FX Sales Americas at StoneX. "This fragmented approach often leads to inefficiencies, higher costs, and operational risk."

The stakes are considerable. As Tier 1 banks retreat from the mid-market and prefer to channel liquidity through aggregators, mid-sized institutions are left navigating a more complex landscape with fewer direct relationships. One-stop shops are emerging not as a convenience but as a strategic necessity for firms seeking to redeploy resources from operational overhead toward trading strategies and growth.

### WHEN COMPLEXITY BECOMES UNSUSTAINABLE

The move toward consolidated FX services is being shaped by a fundamental mismatch between institutional operational models and the structure of modern FX markets. Regulatory obligations, connectivity costs, and fragmented liquidity pools have increased the workload required to maintain multiple systems and counterparties.

This creates pressure on institutional operations teams that were not built for this level of complexity.

"The shift towards one-stop environments is primarily driven by a desire to minimize operational friction," says Laurence Booth, Director and Global Head of Markets at CMC Markets.

The response from leading providers has been to consolidate execution, risk management, reporting, and multi-asset support into cohesive ecosystems that collapse previously discrete operational functions. This isn't feature expansion but a fundamental restructuring of how institutional FX infrastructure is delivered.

## One Stop Stops: Minimizing operational complexity in institutional FX

**“Institutional FX clients face significant challenges when building in-house solutions.”**



Fred Allatt

For mid-market participants, the economics are particularly compelling. Allatt points to cost reduction and operational simplicity as key motivators, noting that outsourcing FX management to a single provider allows clients to avoid duplicated headcount and mitigate reliance on individual bank liquidity providers. The alternative requires firms to maintain specialists across multiple domains, negotiate separate liquidity relationships, and coordinate technology vendors whose systems may not integrate smoothly.

“Institutional clients are increasingly



Laurence Booth

**“The shift towards one-stop environments is primarily driven by a desire to minimise operational friction.”**

wanting faster time-to-market, meaning fewer vendors and simpler workflows,” says Jerry Khargi, Managing Partner at OneRoyal. Managing multiple platforms, counterparties, and support channels creates friction at every stage of the trade lifecycle, from onboarding through post-trade settlement.

This fragmentation also introduces operational risk that scales non-linearly with the number of vendor relationships. Each additional counterparty requires separate credit arrangements, compliance oversight, and reconciliation processes.

“The Institutional FX market is very competitive, putting pressure on spreads and margins. As a result, providers have looked to other products to add new revenue streams,” explains Andrew Wood, Institutional Sales Manager at IG Prime.

Clients now expect their LPs to offer access across multiple asset classes, and this expectation has become a central selling point in provider relationships. Wood points out that single-counterparty arrangements deliver capital advantages, allowing institutions to consolidate collateral requirements while maintaining relationships they’ve already developed and tested.

The shift is also driven by balance sheet efficiency. Centralizing services through a single counterparty reduces the collateral and margin that must be posted across fragmented

relationships. For institutions operating with finite balance sheet capacities, this consolidation is a material improvement in how capital can be deployed toward revenue-generating activities.

What emerges is a market structure where one-stop shops are becoming the default expectation rather than a premium offering, driven by operational necessity as much as competitive positioning.

### ONE PLATFORM, MULTIPLE CHOICES

The consolidation of institutional FX services is happening most visibly at the platform level. Providers are working to reduce the number of systems clients must navigate. However, the path toward unified environments is revealing tensions between simplicity and flexibility that different institutional segments resolve in distinct ways.

“CMC Markets is doing this through its One Platform, multi-asset architecture — effectively a modern MAP that combines FX, indices, commodities, equities, and 24/7 digital assets into a single access point,” explains Booth.

The platform extends beyond execution to link traditional finance and decentralized finance infrastructure with integrated payments and funding capabilities, creating what Booth describes as “one login, one workflow, one ecosystem.”

Yet complete platform consolidation isn’t universally optimal. “While consolidating everything into a single interface may sound ideal, it’s not always the best strategy for every client,” Allatt cautions. “Many institutions value flexibility and want the freedom to choose how they interact with liquidity, rather



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## One Stop Stops: Minimizing operational complexity in institutional FX

**“Institutional clients are increasingly wanting faster time-to-market, meaning fewer vendors and simpler workflows.”**



Jerry Khargi

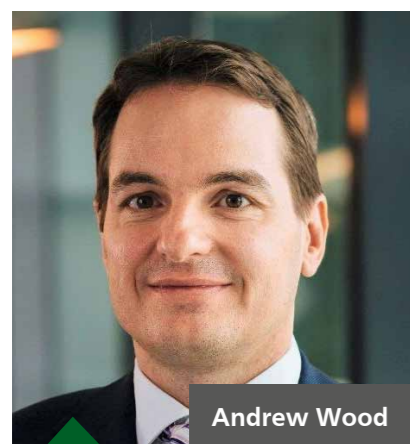
own systems,” Allatt explains. “This dual approach ensures clients can choose the model that best fits their business without sacrificing speed or scalability.”

For FX specifically, unified interfaces can deliver operational gains. They aggregate pricing, credit utilization, and trade blotters in a single location, reducing the complexity that comes from managing disparate vendor relationships and technology stacks.

than being forced into one rigid solution.”

This creates demand for providers who can support multiple interaction models simultaneously.

The solution involves offering both unified platforms for clients seeking simplicity and robust API connectivity for those requiring customization. “Providers like StoneX Pro strike a balance: offering a robust trading platform for clients who prefer simplicity, while also delivering FIX API connectivity for those who want to embed execution into their



Andrew Wood

**“Not everything can be automated or put into a platform, so having a knowledgeable team to back up your technology offering is certainly still a key differentiator.”**

Wood points out that providers are achieving this through direct integration into existing front ends where products lend themselves to cross-asset functionality, or by using single sign-on technology that allows clients to move seamlessly between trading systems and asset classes.

The underlying question for platform architects is whether to build a single multi-asset platform capable of trading all products, or to provide specialized platforms for different asset classes while enabling frictionless transitions between them. Wood says this decision hinges on recognizing that the needs of clients trading over-the-counter products differ substantially from those executing exchange-traded instruments.

Beneath the platform layer, API architecture has become central to reducing operational friction. “One-stop shop models depend on flexible and intelligent connectivity,” Booth explains. Leading providers are delivering dynamic API

frameworks spanning FIX, REST, and WebSocket protocols, alongside pre-built integrations for major order management and execution management systems.

Modern approaches prioritize scalable cloud deployment, simplified onboarding, and reduced vendor management overhead.

“Providers like StoneX Pro deliver standardized FIX connectivity that integrates seamlessly with client OMS, EMS, and treasury systems,” says Allatt. “This enables clients to embed execution and risk workflows into their existing infrastructure, eliminating the need for multiple vendor relationships.”

By consolidating liquidity, trading, and back-office functions into a single integration layer, providers can accelerate deployment timelines and reduce operational complexity. Allatt notes that this approach delivers tangible benefits: “Clients benefit from faster execution, streamlined workflows, and simplified vendor management - all through one secure, scalable connection.”

“At OnePrime, we provide low-latency, well-documented APIs that integrate seamlessly with client workflows,” says Khargi. “This enables rapid deployment, while reducing engineering effort.” The approach reduces dependencies on multiple vendors and allows clients to maintain simpler technology stacks, minimizing the operational overhead that scales with system complexity.

Wood observes that a significant share of institutional business now flows through API connections over FIX and REST, and this trend continues to accelerate. Clients have already migrated to front-end platforms and bridges capable of handling

multi-asset trading, creating an expectation that liquidity providers will offer equivalent capability. The result is that API connectivity has shifted from a technical feature to a baseline requirement for institutional participation.

### COLLAPSING THE TRADE LIFECYCLE

The fragmentation of liquidity relationships represents one of the most capital-intensive challenges facing institutional FX participants. A unified approach is solving this issue. “Leading providers are reducing complexity by delivering a single, curated liquidity stream tailored to client requirements,” explains Allatt. “Rather than managing multiple relationships with Tier 1 banks and non-bank market makers, StoneX Pro aggregates these sources and adds its own unique liquidity, providing consolidated pricing through one point of access.”

Streams are configured based on client priorities, whether biased toward execution certainty or price improvement, and supported by a consultative approach that maintains transparency throughout the relationship.

This unified model delivers access to depth and diversity that most institutions could not secure independently. “Institutional clients want deep, diverse, and reliable liquidity without the operational overhead that comes with maintaining separate LP agreements,” says Khargi. “At OnePrime, we aggregate liquidity from multiple sources into a single stream.”

This approach simplifies relationship management while improving execution quality and reducing the complexity and costs associated with onboarding and managing multiple

liquidity providers. The operational lift required to manage fragmented liquidity relationships extends beyond credit and legal agreements. Each LP introduces separate connectivity requirements, reconciliation processes, and reporting obligations that compound with scale.

“Prime of prime setups are great way to allow a client access to aggregated pools of liquidity in the FX market,” explains Wood. “By using our Prime brokerage relationships IG Prime can access the interbank FX market and the bank and non-banks who provide pricing. A prime of prime model allows our clients to then access that liquidity with only one relationship.”

Booth emphasizes that CMC Markets has positioned itself to deliver deep liquidity from both internal pools and external partners, allowing clients to access top-tier liquidity without building what he describes as “a small nation-state’s worth of LP contracts.”

The capital efficiency gained through this consolidation allows institutions to redeploy resources that would otherwise be locked in prefunded accounts across multiple venues.

Beyond liquidity access, comprehensive trade lifecycle management has become a critical differentiator among one-stop shop providers. Institutions increasingly expect support that spans from pre-trade checks and execution through post-trade reconciliation, reporting, and settlement.

Providers that can deliver an end-to-end automated lifecycle reduce reconciliation risk, execution delays, and operational workload.

“StoneX Pro manages the full trade lifecycle internally, from execution through settlement and regulatory reporting,” Allatt notes. “This allows

clients to outsource FX liquidity requirements entirely, reducing the need to coordinate multiple vendors or systems.” Post-trade processes are supported through a web-based back-office system that provides visibility into positions, historical trading data, balances, and margin utilization.

By handling regulatory reporting on behalf of clients, providers remove a significant compliance burden that would otherwise require dedicated internal resources.

“There is a lot of work around reporting capabilities for end-of-day reconciliations and real-time data,” Wood explains. “It can be hard to create a single report for different asset classes, but providers are creating single access points where clients can extract the data they need for their trading, either via reporting portals or SFTP file systems.”

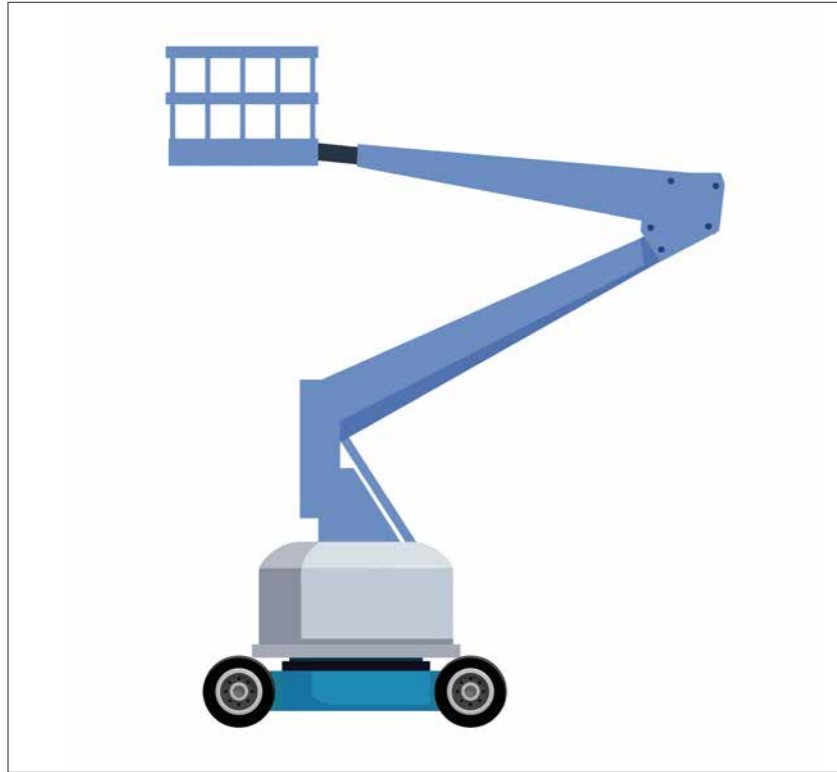
The transition toward always-on trading in more markets is intensifying the need for automated lifecycle management. Wood notes that as more markets move to continuous trading schedules, the demand for real-time feeds increases significantly, since the traditional concept of end-of-day becomes less relevant in a market that never closes.

### SPEED, SCALE, AND REGIONAL EXPERTISE

The technical infrastructure underpinning one-stop shop models has become a competitive differentiator, with leading providers investing heavily in systems designed to accelerate client deployment while reducing the cost and complexity of market access.

“Providers are leveraging technology including cloud-ready infrastructure, low-latency networks, and scalable hosting to help with faster deployment

## One Stop Stops: Minimizing operational complexity in institutional FX



The operational lift required to manage fragmented liquidity relationships extends beyond credit and legal agreements

and reduced operational costs,” says Khargi. This allows institutions to focus on trading strategies rather than dealing with technology maintenance, integration challenges, and other operational complexities.

Time-to-market acceleration has become particularly critical as institutional strategies evolve more rapidly. “Market participants are under pressure to deploy strategies quickly and cost-effectively,” says Booth. “To meet this demand, leading providers are investing in low-latency hosting, microservices-based architectures, and cloud-native infrastructure.”

These advancements shorten development cycles and reduce the need for costly in-house builds, allowing institutions to respond to market opportunities without waiting for lengthy infrastructure projects to complete.

The speed advantage is tangible. Allatt emphasizes that StoneX Pro’s

trading platforms can be accessed immediately once accounts are activated, enabling rapid market entry without lengthy installations. The firm leverages partnerships with technology vendors to ensure low-latency connectivity, co-location, and secure hosting, maintaining best-in-class performance while focusing on core strengths in liquidity provision and customized hedging.

Yet infrastructure alone doesn’t address the jurisdictional complexities that global institutions face.

“Institutions operating across multiple jurisdictions require partners that can provide both global market access and a detailed understanding of regional regulatory and operational requirements,” Booth explains. CMC Markets operates under major regulatory regimes, including the FCA, BaFin, MAS, ASIC, and DFSA, with recent growth in Dubai reflecting increasing institutional demand in the Middle East.

“StoneX Pro operates globally, with hubs in London, New York, and Singapore,” says Allatt. “We are enhancing our client proposition by launching a booking center in Singapore in early 2026.”

Wood underscores that IG Prime’s size and balance sheet enable the firm to allocate capital to access prime brokers and exchanges worldwide, then consolidate that access into a single relationship for underlying clients.

As automation and AI tools proliferate, clients can experience system fatigue from managing multiple providers and waves of new platforms, making direct access to specialists increasingly valuable.

Khargi emphasizes that OnePrime’s international positioning, coupled with a deep understanding of local nuances, enables the firm to help clients navigate regulatory frameworks and varying trading hours across regions.

By combining global infrastructure and liquidity with specialized regional knowledge, providers empower clients to operate confidently at scale while reducing operational complexity and managing compliance requirements.

The ongoing consolidation of institutional FX infrastructure into genuine one-stop shops reflects a fundamental recalibration. Institutions allocate capital, manage risk, and access markets in an environment where operational efficiency has become inseparable from trading performance.

As the gap widens between firms that have industrialized these workflows and those still managing fragmented relationships, the one-stop shop model is likely to define the next phase of institutional market structure.

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# 26

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# Inside the design day practice:

## A case study of how Caplin builds better UX for trading applications.

By Steve Singh, Head of Product at Caplin Systems



Steve Singh

This article explores how our design team embedded that principle into their delivery process and what others in fintech can learn from it.

### WHY TRADING UX DEMANDS A DIFFERENT APPROACH

Trading platforms don't operate like everyday apps. They deal with layered workflows, domain-specific language and extremely time-sensitive tasks. Design in these contexts isn't about beauty, it's about clarity under pressure.

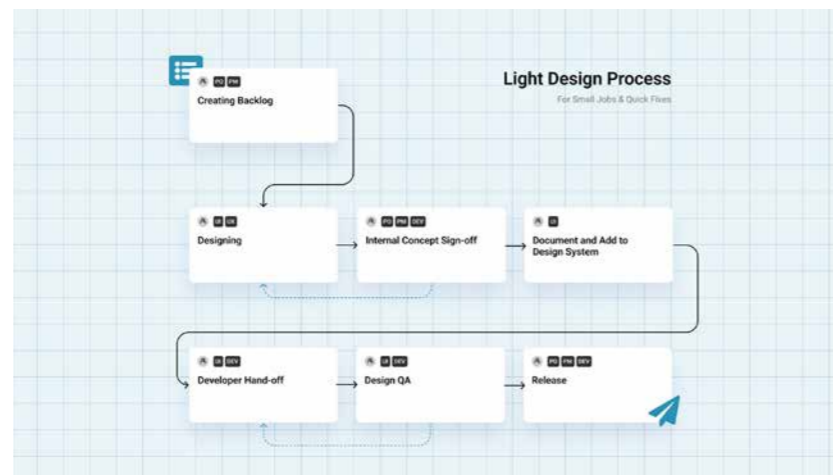
What makes it harder? Delivery teams are often under intense pressure to ship fast. That means product and

engineering timelines dominate and design teams are left retrofitting "polish" onto systems that weren't built with usability in mind.

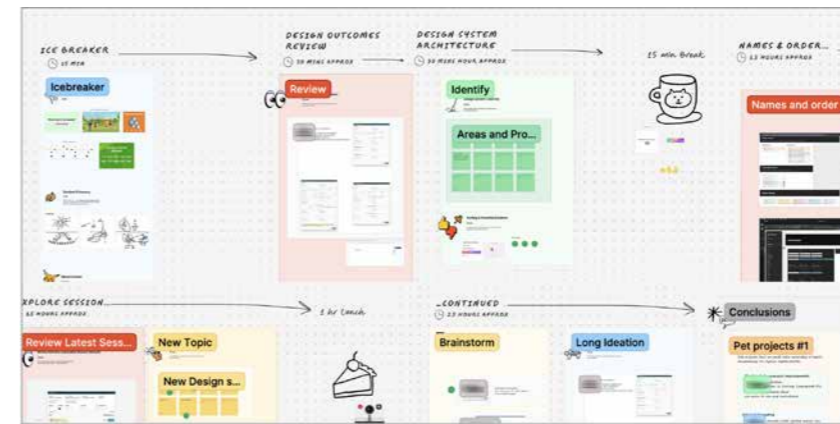
But when teams flip the script, putting design thinking earlier in the cycle, something powerful happens: they stop just fixing problems. They start preventing them.

### DESIGN DAYS: A STRATEGIC RITUAL FOR CREATIVE THINKING

Design Days are one way to build that mindset into the operating model. These are recurring sessions carved out of regular delivery time, not as



Example of our light design process



Design day workshops

workshops or lectures, but as working sprints of curiosity and collaboration. The goal isn't to tick boxes. It's to pause and rethink. To surface early signals, challenge assumptions and sketch new ideas before the roadmap hardens.

Typical sessions begin with shared observations, a micro-friction in a workflow, a recent usability issue or a pattern spotted across clients. Then the team moves into exploratory mode: sketching, testing, debating and sometimes scrapping it all to start again.

These aren't ivory tower brainstormers. They're deeply connected to real product delivery. Many patterns now in active use, from login journeys to component hierarchies, began as raw sketches on a Design Day whiteboard.

### FROM SKETCH TO SYSTEM

Creative thinking is essential. But creativity alone doesn't scale. What turns a good idea into a consistent product pattern is a strong design system.

In this case, the team uses Bridge, an internal framework of reusable

components, tokens and interaction models. When a new idea emerges on a Design Day, it doesn't languish in a prototype. It gets pressure-tested, added to the library and applied across workflows.

This combination of structured exploration and scalable delivery, shortens the gap between UX insight and shipped features.

One stakeholder described it this way: "This is the first time we've seen design thinking work this fast in trading." That kind of impact only happens when process, tooling and culture align.

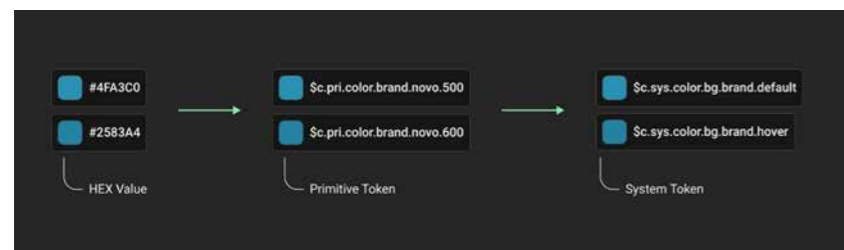
### DESIGN AS A CROSS-FUNCTIONAL DISCIPLINE

One misconception in fintech product teams is that design is something a single department "owns." In practice, the strongest UX outcomes emerge from multidisciplinary thinking. During Design Days, product leads, developers and QA engineers are encouraged to challenge assumptions,



In high-pressure environments like trading, teams that carve out intentional space for creative UX thinking consistently outperform

Inside the design day practice: A case study of how Caplin builds better UX for trading applications



Design token architecture

propose alternatives or stress-test early concepts. That's by design. Because when engineers question clarity or PMs flag gaps in user logic, the end product improves.

This culture of collaborative friction makes room for iteration early on, rather than relying on bug reports later.

**SMALL WINS, COMPOUNDING IMPACT**

Not every session yields a radical redesign. In fact, many of the highest-impact improvements are quiet ones. A simpler label. A faster path to trade setup. A dropdown restructured to reflect actual workflows. These aren't headline features, but they're often the things users notice most.

Deliberate time to reflect on UX, even when it's small, creates compounding product gains. And it trains teams to spot opportunities that would otherwise stay hidden in delivery churn.

**THE UX PIPELINE: A CLEAR PATH FROM CONCEPT TO HANDOFF**

Of course, design maturity is more than just idea generation. What sets high-performing UX teams apart is the clarity of their full process, from concept to delivery.

Here's what that looks like in action:

- **Concept exploration** Where the team defines the problem, explores alternatives, and aligns on conceptual models.
- **Prototyping** (when necessary) Interactive flows built to validate ideas with users or internal stakeholders.
- **Internal sign-off** Cross-functional review to agree on direction before fidelity increases.
- **Designing** High-fidelity mockups created in context, utilising existing

components or introducing new ones.

- **Developer handoff** Structured files with design tokens, exportable assets, and embedded specs for smooth implementation.

By visualising and documenting this process and connecting it to rituals like Design Days, teams build confidence not just in the "what" of design, but the "how."

**TAKEAWAYS FOR FINTECH LEADERS**

If you're building products in capital markets, here are three questions worth asking:

- Where does UX thinking begin in your workflow? If it's only showing up post-MVP, you're likely leaving value on the table.
- Do your teams have structured space for idea exploration? Even one dedicated Design Day per month can surface insights that change direction.
- Are good ideas getting scaled or stuck? Without a strong system for repeatable design, even brilliant thinking goes nowhere.

**DESIGN ISN'T A PHASE, IT'S A STRATEGIC ADVANTAGE**

In fintech, especially in trading and capital markets, design maturity isn't a "nice to have." It's a signal. It tells partners, clients and teams that you don't just build fast, you build thoughtfully.

That's what Design Days reinforce. They shift design from reactive to proactive. From downstream to upstream. From optional to essential. And in markets that reward clarity, speed and trust, that's a competitive edge.

Readers can find more information about Caplin Systems at [www.caplin.com](http://www.caplin.com)



Design maturity is more than just idea generation



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 A hand is shown pointing towards a digital globe. The globe is overlaid with various data visualization elements, including a line graph with red and green bars, a network of nodes and lines, and several circular icons. The text 'STABLE COIN' is prominently displayed in the center of the globe in a bold, white, sans-serif font. The background is dark with blue and purple light effects, suggesting a high-tech or digital environment.
 

# STABLE COIN

## Unpacking the Bank of England's proposed regime for sterling-denominated systemic stablecoins

By Slaughter and May

The Bank of England's proposals for sterling-denominated systemic stablecoins are an important step in the development of UK policy towards this promising innovation. However, the proposals do not yet cover a number of details which need to be resolved in order to provide a practical and robust regime. These include issuer-failure arrangements and the acceptability of public permissionless ledgers. As the Bank races to finalise its position in 2026, it will have to keep up with the pace of development in the stablecoin space, particularly in the United States.

### BACKGROUND

On 10 November 2025 the Bank of England published its (much anticipated) proposed regime for sterling-denominated systemic stablecoins. While the last substantial output on this subject from the Bank was published in November 2023, its views on stablecoins have been hitting the headlines since the enactment of the US Genius Act in July 2025. The noises from the Bank have been broadly positive, championing a 'multi money' mixed system where different forms of money (including stablecoins) are freely exchanged, although Andrew Bailey, Governor of the Bank of England, has emphasised the need for a careful transition.

In this article we draw on both this broader context, and the consultation paper itself, to identify the key factors shaping the Bank's approach to sterling-denominated systemic stablecoins. We then outline the Bank's proposals before considering where the pressure points might lie ahead. This builds on our recent briefing on the challenges and opportunities that stablecoins present for banks, available here: <https://www.slaughterandmay.com/insights/new-insights/getting-ready-for-stablecoins/>

## Unpacking the Bank of England's proposed regime for sterling-denominated systemic stablecoins



The ability of systemic stablecoins to compete with other means of payment is intrinsically linked to customer trust

## DRIVERS FOR THE BANK OF ENGLAND

The consultation paper reiterates the Bank's support for a multi-money system, underpinned by the continued role of central bank money at its heart. This aligns with the UK government's commitment to supporting different digital payment innovations, including stablecoins, made in its Wholesale Financial Markets Digital Strategy published in July 2025. While there is little reference in the consultation paper to the Bank's growth mandate, it looms large in the broader conversation about the role of stablecoins and other cryptoassets in the UK economy.

An important question that the Bank wrestles with in this paper is a fundamental one: what are stablecoins for? Are they a means of payment, investment, or settlement? Primarily, as to be expected, the Bank channels stablecoins down the payments route. As we highlight below, the consultation paper curtails their use as an investment asset, maintaining the Bank's policy that systemic stablecoin issuers should not pay interest to coinholders. On settlement, the Bank makes it clear that it has a low-risk

appetite for a significant shift away from settlement in central bank money towards settlement in privately issued money. It is, however, open to stablecoins having a role in supporting innovation within the wholesale financial markets, and is exploring how regulated stablecoins could enable on-chain settlement in the Digital Securities Sandbox ("DSS").

Having accepted that stablecoins may be part of the multi-money system and may become systemic, the Bank sees its role as mitigating financial stability risks which might be caused by unexpected levels of redemptions, so it raises the possibility of providing a liquidity facility to systemic stablecoin issuers. In this regard, the Bank's proposals are more forward-looking than a number of other regimes around the world.

Finally, the Bank underscores its expectation that systemic stablecoin issuers will play a very limited role in the transmission of monetary policy, and provides extended commentary on the disintermediation risk that they pose (where a disorderly transition to widespread adoption of systemic stablecoins could pose

risks to provision of credit to the UK economy). This understanding of the part that systemic stablecoin issuers will play in the UK economy—and how this is separable from the commercial banking model—informs policy decisions on holding limits and the remuneration of central bank deposits.

## KEY PROPOSALS

The Bank's key proposals for a regulatory regime for sterling-denominated systemic stablecoins are as follows:

- **Backing assets:** Systemic stablecoin issuers will be permitted to hold up to 60% of their backing assets in short-term sterling-denominated UK government debt. At least 40% must be held as unremunerated deposits at the Bank. Issuers that are considered systemic at launch, or that transition from the FCA's regime for stablecoin issuers as they become systemic, could initially be able to hold up to 95% of backing assets in short-term sterling-denominated UK government debt, to support their viability as they grow. In a new proposal, the Bank is also considering central bank liquidity arrangements to support systemic stablecoin issuers in times of stress.
- **Safeguarding of backing assets and reserves:** Backing assets should be held in the UK on statutory trust for the benefit of coinholders. Issuers must appoint qualified third parties for the safeguarding of backing assets, other than for those held with the Bank. The Bank will consult further on the detailed design of the safeguarding regime in 2026.
- **Transitional holding limits:** In order to guard against the

risk of large and rapid outflows of deposits from the banking sector, temporary holding limits are proposed of £20,000 per coin for individuals, and £10 million for businesses (with an exemptions regime to allow the largest businesses to hold more if required). The Bank expects to loosen, and ultimately remove, these limits as the market for credit adjusts to the new ecosystem. This is framed as a particular issue for the UK, where households and businesses continue to rely heavily on the banking sector for credit provision.

- **Capital and reserve requirements:** Issuers would be required to hold capital against general business risk, and hold on statutory trust two reserves of liquid assets to: (1) top up shortfalls in backing assets due to financial risk, and (2) meet the cost of continuing critical services and distributing or transferring coinholders assets in the event of an issuer's failure. These reserves reflect the proposed change in backing asset requirements and are aimed at mitigating the absence of a comprehensive regime to manage stablecoin failure. The Bank will continue to work with HM Treasury and the FCA on what comprehensive issuer-failure arrangements for systemic stablecoins may be, and subject to that work, it expects to revisit the reserve requirement.
- **Legal claim and redemption:** As expected, coinholders would have a robust legal claim for the value of the funds they hold against the issuer on demand, without undue constraint or cost (fees should not be used as a mechanism to disincentivise the redemption of coins). Issuers must also honour



The Bank will have to keep up with the pace of development in the stablecoin space, particularly in the USA

redemption requests at par by the end of the business day on which a valid request is made. Intermediaries may be used to facilitate redemptions, but the use of intermediaries does not discharge issuers from their obligations.

- **Remuneration for coinholders:** Interest will not be paid to coinholders, in line with the Bank's view that systemic stablecoins should primarily be used for payment and not as a means of investment. Whether systemic stablecoin issuers could offer other incentives provided by existing payments providers (such as points or rewards linked to transactions volumes) is under consideration.
- **Location:** Non-UK based, sterling denominated systemic stablecoin issuers must set up a subsidiary in the UK to carry out business and issuance activities in the UK and with UK-based consumers, both directly and through intermediaries. The Bank is starting to explore how it can mitigate the risks posed by non-

sterling-denominated stablecoins that could become systemic in the UK. The first step will be to engage with the stablecoin issuer's home authority, and the Bank will then consider deferring to that authority's regulatory and supervisory framework.

- **Permissionless ledgers:** The Bank clarifies that it is open to the use of public permissionless ledgers by systemic stablecoin issuers, provided they can meet its expectations and ensure confidence and trust in money. The Bank emphasises areas where public permissionless ledgers may make this challenging, including in relation to accountability, settlement finality and operational resilience.

## ONGOING PRESSURE POINTS

By pushing questions regarding issuer-failure arrangements for systemic stablecoins into 2026, the Bank is leaving out a crucial piece of the puzzle. Earlier thinking on this point by Andrew Bailey, where he suggested that "trust in stablecoins requires an insurance scheme (as with bank deposits), and a statutory resolution



The Bank's proposals for sterling-denominated systemic stablecoins are an important step in the development of UK policy towards this promising innovation

arrangement that ensures their holders are preferred creditors in any insolvency process", appears to have been put off for now - presumably, because HM Treasury cannot yet commit to obtaining a slot for the necessary legislation. As we have flagged previously, the ability of systemic stablecoins to compete with other means of payment is intrinsically linked to customer trust. We expect, therefore, that the authorities will return to the questions of a bespoke resolution regime and insurance before very long.

This connects to whether, in a global market, systemic stablecoin issuers can earn enough of a return on backing assets to make UK issuance worthwhile. While the Bank states that its backing asset proposals are consistent with emerging regulatory regimes internationally, some market commentary suggests that the 40:60 split undermines the UK's competitiveness. Important here too will be the Bank's conclusion on whether stablecoin issuers can offer incentives to coinholders, and how transition from the FCA's non-systemic regime for stablecoins to the Bank's regime for systemic stablecoins is managed from the perspective of the customer.

The Bank's (thinly veiled) concerns about the ability of issuers using public permissionless ledgers to meet their regulatory obligations may compound this issue of commercial viability. Again, by pushing conversation about public permissionless ledgers into 2026, it feels like the Bank is delaying a reckoning with whether systemic stablecoin issuance is viable in the UK.

Location requirements present a further pressure point. There are currently no clear regulatory mechanisms (such as Part VII of the Financial Services and Markets Act 2000 transfer) for a non-UK stablecoin issuer to scale up to systemic status, with the accompanying UK subsidiarisation requirement. It is likely that this step up will be managed contractually.

Meanwhile, the Bank's loose proposals for mitigating the risks posed by non-sterling denominated systemic stablecoins leave much room for uncertainty. In particular, it is unclear whether, based on the Bank's high-level criteria articulated in the consultation paper, the UK would defer to US and EU stablecoin frameworks, where important differences are already emerging.

These points of difference include backing asset composition, the availability of central bank liquidity, and requirements for non-domestic stablecoin issuers (including the EU's daily transaction volume cap for non-euro stablecoins).

A final, and applied, pressure point is articulated by the Bank itself in the consultation paper, where it suggests that the UK sovereign debt market and private markets may not be able to support large demand and activity by systemic stablecoin issuers. Taking all of these points together, the Bank of England's proposals for sterling-denominated systemic stablecoins are an important step in the development of UK policy towards this promising innovation. However, the proposals do not yet cover a number of details which need to be resolved in order to provide a practical and robust regime.

**CONCLUSION**

The consultation paper closes for comments on 10 February 2026. This will lay the groundwork for the Bank to consult on and finalise the draft Codes of Practice setting out specific rules and expectations for systemic stablecoins in 2026 (where final rules are expected in H2 2026). When meeting this timeline, the Bank will have to keep up with the pace of development in the stablecoin space, particularly in the United States. Important too will be the outcome of exploration into the use of stablecoins in wholesale settlement via the DSS, and whether Big Tech providers decide to enter this space in the UK.









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