



# Execution Algorithms

**Influence on FX market dynamics and functioning from a venues perspective**

The Financial and Risk business of Thomson Reuters is now Refinitiv.

Disclaimer: The information in this document is sourced from Refinitiv's Matching and FXall venues. The information is provided by Refinitiv in good faith based on information available to us in our venues. Whilst every effort has been made to ensure accuracy of the information, we take no responsibility for any reliance on the information. The information is confidential and limited to use by the ECB FXCG. No further disclosure is permitted to any other parties without express written consent of Refinitiv.



# Refinitiv operates venues that have different perspective on execution algos

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FXall Relationship Trading supports bank algos as well as traditional trading styles

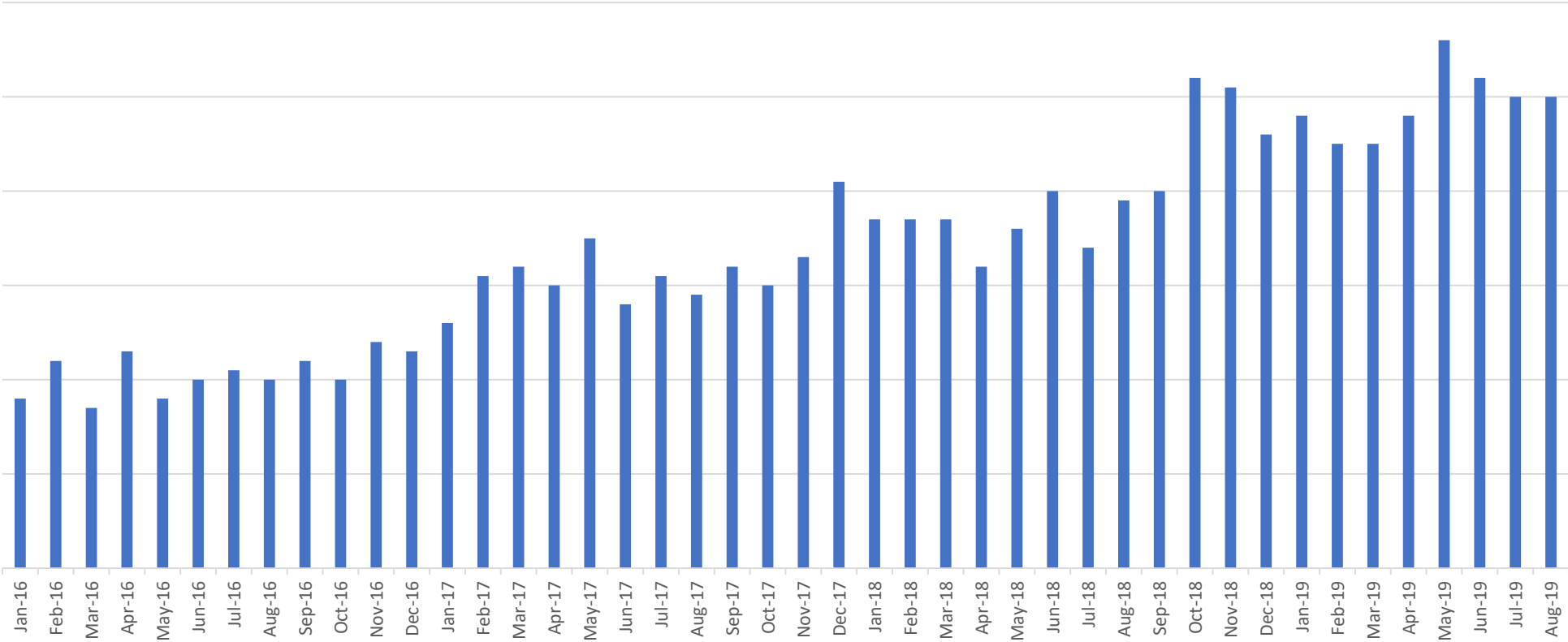
Spot Matching is used by banks and non-banks for a number of trading styles

- One trading style on Spot Matching is as a source of liquidity for execution algos
- No visibility of whether an order is sent as a result of an execution algo or other trading strategy
- We do see trends as a result of trading through APIs, and so including execution algos

# Growth in adoption of FX Algos on FXall reflects the trend to execution algorithms

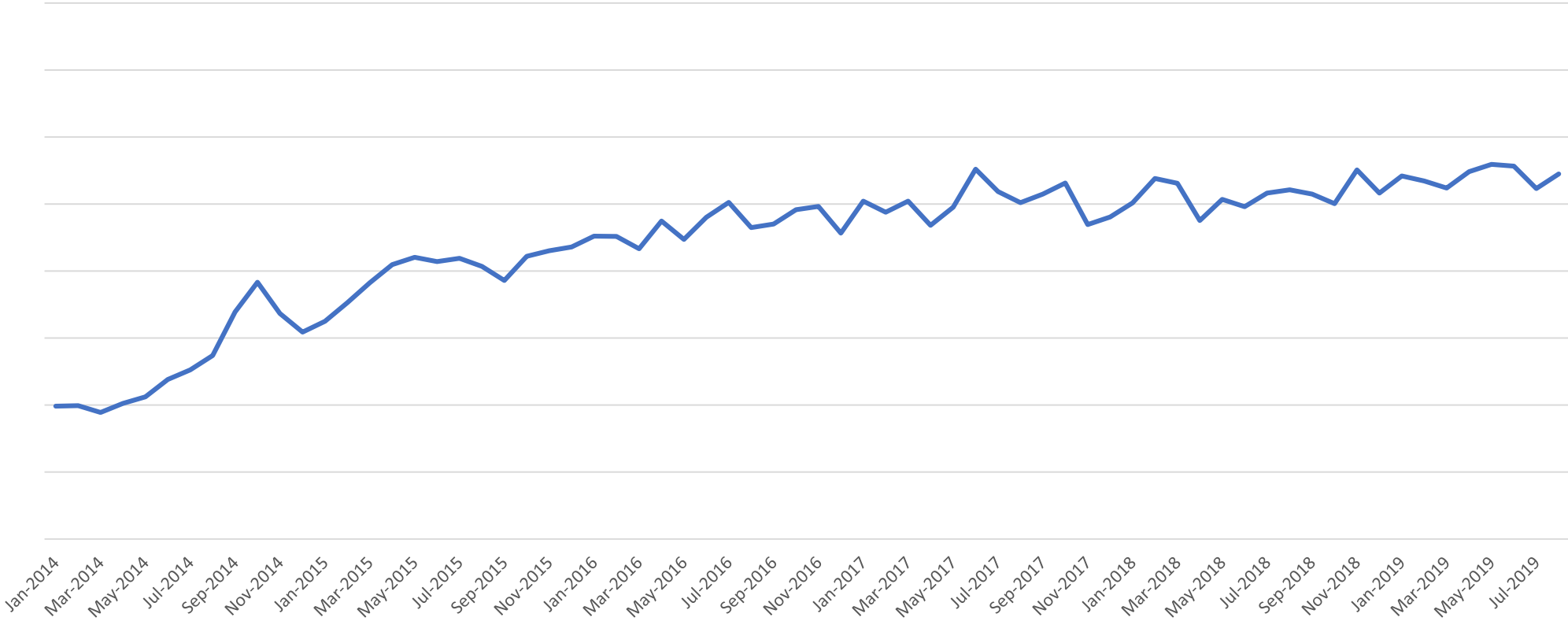
Client adoption of FX Algos on FXall grew by 41% in Q2 2019 vs Q1 2018

Client Adoption of FX Algos on FXall



# Growth in percentage traded on Matching through APIs has slowed since 2016

Base Traded Volume %age from APIs on Matching



# Requirements for venues to support execution algorithms

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## FXall

- Support onboarding of new bank algos
- Provide trade performance analysis for clients

## Matching

- Provide richer market data to
  - Provide best view of available liquidity
  - Allow users of algorithms to validate effective execution

## Changes include:

- More frequent market data
- Richer data including more depth, VWAPs, full tick history
- Reviewed approach on market data

# Trends and requirements to support growth in algorithmic trading

We cannot track orders derived from Execution Algorithms or other strategies

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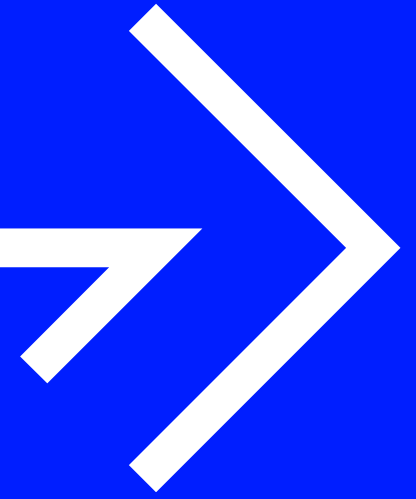
- Platform performance, capacity, latency
- Developed rules and reporting around algorithmic behaviours
- Support for trading controls
  - Kill switches
  - Max order size
  - Max open orders

# Potential market impacts of algorithmic trading

We cannot track orders derived from Execution Algorithms vs other strategies

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- Rise in algorithmic trading can have some impact on management of stress events
- We see markets reasonably quick to recover from stress events



# Thank You

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