

FlexTrade - a top class technology vendor specialising in cross-asset EMS solutions

e-Forex talks with Marek Lewandowski, FX sales director at FlexTrade Systems, to learn more about the company and his views on how the FX market is evolving.

Marek, how has FlexTrade grown over the past few years?

FlexTrade's growth over the past few years has been nothing short of outstanding as we continue to expand our

product offering and widen our coverage area. Last year, our sell-side solution grew in several regions including South Africa, Switzerland and Spain. We've begun to see many desks on both the buy- and sell-side seek a cross-asset solution. Since FlexTrade specializes in cross-asset EMS solutions, we are very well positioned to benefit from this trend. As the market in general is a lot more cost conscious, liquidity providers are looking for a sell-side solution which will fulfil their clients' requirements in multiple asset classes. With the launch of our Fixed Income product last year, we have become a true, best of breed, cross-asset system. In the past two years, we have onboarded 40 multi-asset class clients, 15 of which were FX focussed, positioning us as the only solution provider with such a diverse client

pool. As a company, FlexTrade have grown in headcount by over 25 percent in the past year alone, taking the number of employees to over 450 across 13 offices globally.

How is technology shaping your latest product offerings?

As a fintech company with more than 20 years in business, we have always tried to stay ahead of evolving market trends, paying extra attention to the ever-changing landscape. For the past 5 years, we've invested time developing an HTML5 offering which has made GUI distribution easier for our clients. One of the most frequent requests we have from clients is the desire to have market access at any given time. To cater for this, we developed and launched the FlexTrade mobile trading app which is now being used

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by a number of our clients. Since launching the app, we've recognised the integral role that mobile functionality plays in the trading landscape and therefore continue to update and enhance the app features. Other technology worth noting is our development of an augmented reality trading app-headset called FlexAR. Although still at a prototype stage, we have demonstrated the idea at conferences and the feedback has been very positive.

What are some problems you've been handed with from clients recently and how did you work to address them?

Being known in the market place for offering flexibility and customisation means that clients come to us with an assortment of unique problems that they're looking to solve. We address these problems with the same mindset we've been using for the past 22 years; focus on the clients' critical business

problems rather than handing them as a standard solution. A key example of this is providing all of our clients with access to tailor made liquidity via our hardware and software. We achieve this by hosting each client on a dedicated set-up on hardware across their choice of 10 data centres, including NY4, LD4 and TY3. Furthermore, each client has access to exclusive LP connectivity via our cross connects. Having this dedicated hardware and software gives our clients the



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flexibility to customise features and functionalities according to their requirements.

How are you doing this specifically for hedge funds and asset managers?

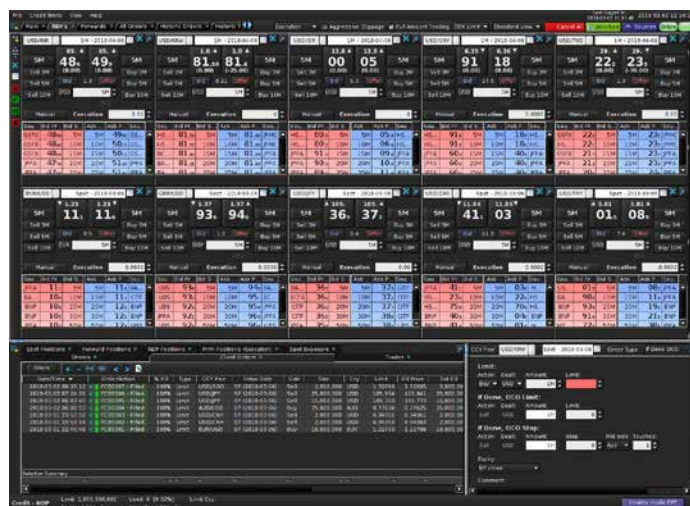
The most frequent request we hear from hedge funds and asset managers is to improve workflow efficiency. Problems faced, such as filling large orders in an illiquid market or sending complex basket orders, are easily addressed through our capabilities in providing customised algos to reduce market impact and automating workflows. As experts in multi-asset trading, we've leveraged our experience in the equities and futures space and applied it to FX. Case in point, we have

delivered EM basket trading functionalities for FX buy-side clients specifically, which is the first of its kind in the FX market. We have also been working on our pre- and post-trade allocation tool which allows both asset managers and sell-side banks to manage allocations. Recognising the industry need to reduce the cost of FX allocations, we have extended our allocation offering to the FX market with our new product, FX MOS. FX MOS allows both buy- and sell-side clients to interact electronically, trade and negotiate forward points, and allocate trades at a fraction of the cost of incumbent systems.

What about banks?

Problems faced by banks are more difficult to address as many of their requirements

are region specific. For quite some time, we've been helping regional banks bridge the technology gap between themselves and tier 1 banks by providing solutions which can help them compete at a relatively low technology capital expenditure. In this sense, we work as consultants to regional banks by offering bespoke solutions through our understanding of the gaps in their trading offerings vis-a-vis their global peers. We can follow a modular deployment approach, solving technology specific problems as against deployment of a full solution. We recognise that making changes in banks is not an easy task due to so many legacy set-ups, hence, we work seamlessly with each clients' legacy systems to ensure we can optimise at least part of their workflow.



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For example, for certain clients we have provided an end-to-end offering, while for others we have taken a modular approach such as the delivery of aggregation or hedging tools to help them create their own price and to better hedge their risk. For others we have delivered Sales Dealer GUIs with a white label franchise helping them better service their corporate, SME and retail clients.

What are the biggest FX market trends that have changed in the past 2-3 years?

I've worked in the industry for over two decades and perhaps the most unique, recent trend I've seen is the rise of FX algos. FlexTrade has been delivering algo solutions in the equities and futures space for many years, which is now a mature market, but it's only recently that we have seen significant

traction for our FX algo offering. All of our FX clients have the choice to either use our in-house FX algo suite, or they can access a suite of algos from all the major banks -- all through our front end. Our FlexTrade algos are backed by our enhanced TCA product, FlexTCA, which enables clients to monitor the performance of each strategy and equally helps them decide on a pre-trade basis whether to select an in-house or broker algo.

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What kind of trends do you see in Emerging Markets?

As I mentioned earlier, emerging markets are now trying to compete with global players and are constantly looking to advance their technology offering. We have helped many emerging market banks build their technology stack and have consequently managed to position ourselves as the go-to vendor for FX requirements. To touch on our work with regional banks, we have helped them to deliver rate engines where they can create their own liquidity and additionally, give them the ability to construct their own forward curve to price their own corporate clients. For the banks with an onshore and offshore franchise, we've helped build NDF price engines, utilising our streaming NDF technology.

We now have 32 streaming NDF providers, a figure we anticipate will grow, which is a combination of banks, non-banks and venues. Excitingly, we're now delivering our NDS trading solution at the end of Q2.

Why is best execution so important to FlexTrade?

Increasingly, best execution is becoming a priority for our clients. By ensuring our products are built for best execution, we allow clients to shift their priorities back to trading. Our TCA tool, FlexTCA, has been used by our clients for more than 15 years to analyse quality of execution with brokers and venues as well as how they are trading with their clients. This tool has helped clients analyse LP/venue rejections, market impact, profitability decays, trading profile and patterns to optimise both trading with street and pricing to the downstream clients. We have also helped clients maintain a full audit trail of their orders to prove best execution. Going by our philosophy to get what clients need, we have also seamlessly integrated with third party pre- and post-trade analytics providers to further enhance the offering.



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