

BGC to Launch New e-FX Platform

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BGC Partners is set to launch a new e-FX trading platform in the next few weeks.

The platform will be unveiled alongside BGC's new electronic US Treasuries platform, with both being branded under the Fenics umbrella. The FX platform will be called Fenics FX and the Treasuries platform will be called Fenics UST.

Lucera, which is owned by BGC, has supplied the underlying technology for the Fenics FX platform.

Soft trades have already been completed on the new platform and Profit & Loss understands that it will be ready to officially go live with trading in the next few weeks. Initially the platform will launch with between 50-60 spot currency pairs, with plans to add gold and silver shortly thereafter.

Fenics FX will be headed up by Howard Silverman, who was a co-founder of Hotspot FX.

The multi-bank electronic platform space is already a crowded and competitive field, but Silverman tells Profit & Loss that BGC plans to differentiate the new platform by limiting the number of market makers on the platform and thereby creating a better overall liquidity ecosystem.

"Our number one goal is to produce genuine liquidity for our clientele," he says. "By limiting our pool of market makers to a very finite group – best in breed – we will be creating a healthy ecosystem. Market makers that meet our strict criteria will be rewarded with unique and profitable flow."

Between them, Cantor Fitzgerald and BGC Partners have significant FX flows going through their businesses that Fenics FX will look to capture. In addition, Silverman says that the firms are leveraging their technology, product expertise, and global relationships to develop the platform.

Silverman maintains that on major currency pairs there are only a handful of market makers that really add value to the liquidity ecosystem, while in contrast having a plethora of market makers can lead to more "hot potato" trading and higher reject rates, making that venue a less desirable place for liquidity takers to trade.

"We know what our clients need and they're not getting it right now. By holding our market makers to a much higher standard than other platforms and then pairing them with high touch clients, we can ensure that both sides have a profitable experience," says Silverman, who adds there will be no distinction between bank and non-bank market makers when considering which firms will be allowed to provide liquidity on the Fenics FX platform.

Silverman says that BGC is very supportive of the Global Code of Conduct, the second phase of which was officially released on May 25, and that Fenics FX will definitely adhere to the guidelines contained within it.

Although he plans to keep the Fenics FX team "lean and mean", he says the firm is currently looking to add staff to the sales and liquidity management teams, although he declined provide a specific number of staff he is planning to hire.

Overall, the mantra ahead of the launch appears to be that, when it comes to liquidity, Fenics FX is about quality over quantity. "It's definitely about quality first," says Silverman. "People have to buy into the fact that you're a robust exchange before they start trading with you. We have both the reputation and pedigree to put on good clients and good liquidity providers onto the platform. Although it's not going to happen overnight, when this is combined with effective monitoring of the liquidity ecosystem, we expect to see pretty quick results."