

## TRADING

# FlexTrade Seeks to Be First With Block Forex System

BY ALEXA JAWORSKI

FlexTrade Systems, a leader in multi-asset algorithmic execution management systems (EMS), is preparing to launch what it claims to be the first block-order foreign exchange trading platform that provides level-playing-field access to both buy- and sell-side institutions including hedge funds, commodity trading advisers, money managers and banks.

Currently in a beta test, expected to go live before year-end and dubbed MilanFX, the platform will allow users to execute large FX trades anonymously, preventing market impact or information leakage with a sizable community of traders without concerns about gaming the market or engaging in predatory order flows, said the Great Neck, N.Y. company.

“Customers on the FX side have often had a need to move big blocks that cannot be done algorithmically,” said FlexTrade president and CEO Vijay Kedia, noting that the product, echoing a similar evolution in equities trading, arose out of demand from customers. “They need access to an exclusive pool of liquidity and players who contribute such blocks, and this technology gives them just that.”

Amid a flurry of trading-platform and technological development in the \$2 trillion-plus daily foreign exchange market, Kedia said, “We realized there was a void in the market for a block FX trading system that could create a level field between the buy side and sell side. Looking back, when we came up with our first algorithmic broker-neutral equities platform, we created a level field between the buy side

and the sell side. Correlating that to the FX space, once again we see that there really is no place where large blocks of FX can be traded anonymously without market leakage or impacting the price in the market.”



Kedia said he knows of no other platform where users trade algorithmically with 25 different banks and streaming prices with opportunity for significant price improvement.

## Algorithmic Race

Sang Lee, co-founder and managing partner of Boston-based research firm Aite Group, said that FlexTrade is one of many organizations exploring block trading in foreign exchange, and it may take credit for having “the first platform to be officially released.” Lee added: “Facilitating block trading with minimum market impact would certainly be attractive to market participants, especially hedge funds and

[proprietary] trading shops. The real challenge for FlexTrade will be to attract the necessary initial liquidity to make this successful. A painful lesson in the execution business is that even if you build it, it is not guaranteed that they will come.”

New York-based Portware, an EMS competitor often pitted against FlexTrade, said that its Portware FX system acts as an aggregation platform providing forex quotes from multiple dealers and venues. “The addition of an FX crossing network seems to put FlexTrade in direct competition with its partners,” said a Portware official.

FlexTrade, a ten-year-old company that calls itself a global leader in broker-neutral algorithmic trading platforms and rules-based order management and execution systems for equities, foreign exchange and listed derivatives, has announced several strategic moves over the last year. Kedia said the company has made particular strides in multi-asset-class trading. “There are many platforms that claim to be multi-asset, but what is unique in our case is that large firms use our product purely for FX, options, futures and equities trading,” he said. “This means that for all four of these asset classes, [FlexTrade] has proven itself.”

FlexTrade is currently integrating its systems with FIT-Traderforce, Europe’s leading provider of financial information platforms, in which FlexTrade acquired a 72 percent stake last November. FlexTrade said it would integrate its expertise in multi-asset algorithmic trading with Traderforce’s thin-client technology to cre-

ate a next-generation solution for broker-neutral algorithmic trading. That integration process “has come along well, and in the coming year you should see good results from it,” said Kedia.

## STP Initiative

On Oct. 11, FlexTrade and Traiana Harmony, a New York-based post-trade processing vendor serving the forex industry, jointly announced an improvement in straight-through processing (STP) for FX prime brokerage. One hedge fund is already taking advantage of the connectivity between its algorithmic systems and the Traiana Harmony Network, which “complements our platform to ... trade with multiple prime brokers in a real-time settlement and STP fashion,” said Kedia.

“We are excited to work with FlexTrade to assist our sell-side clients with further automation of their prime brokerage operations and to enable new trading standards in the market,” added Illit Geller-Gurfinkel, VP of business development at Traiana.

In June, FlexTrade signed a joint development and distribution agreement with DST International, a Boston-based unit of DST Systems that specializes in investment management systems. The agreement allows for an integrated portfolio modeling, order initiation and algorithmic execution management platform for the buy side. The solution, addressing the growing demand for broker-neutrality in trading options, has already been implemented at a top-ten global investment bank. ■