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Canadian Central Bank FX Committee Meeting

June 2025

Overview

- Liquidity & Technology Trends
- FX Global Code of Conduct
- FX Automation
- Buy-Side Trends

Liquidity & Technology Trends

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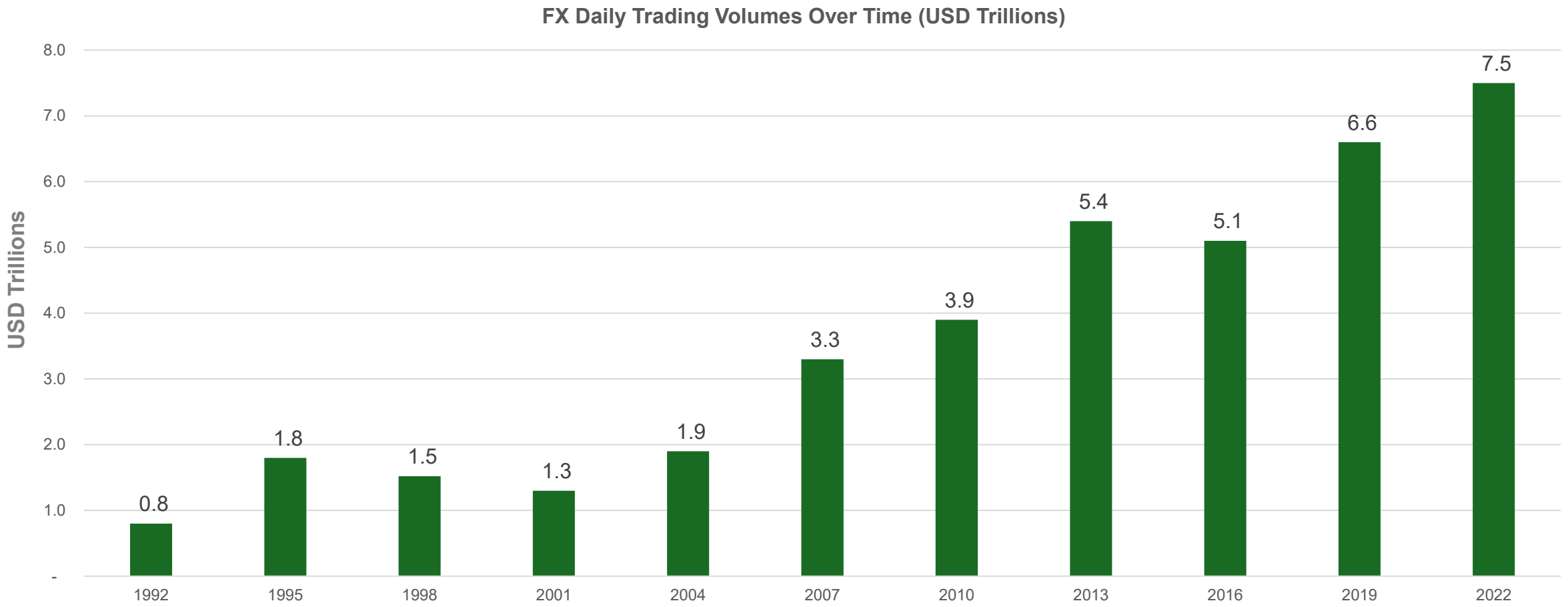
Growth of Global FX Trading Volumes



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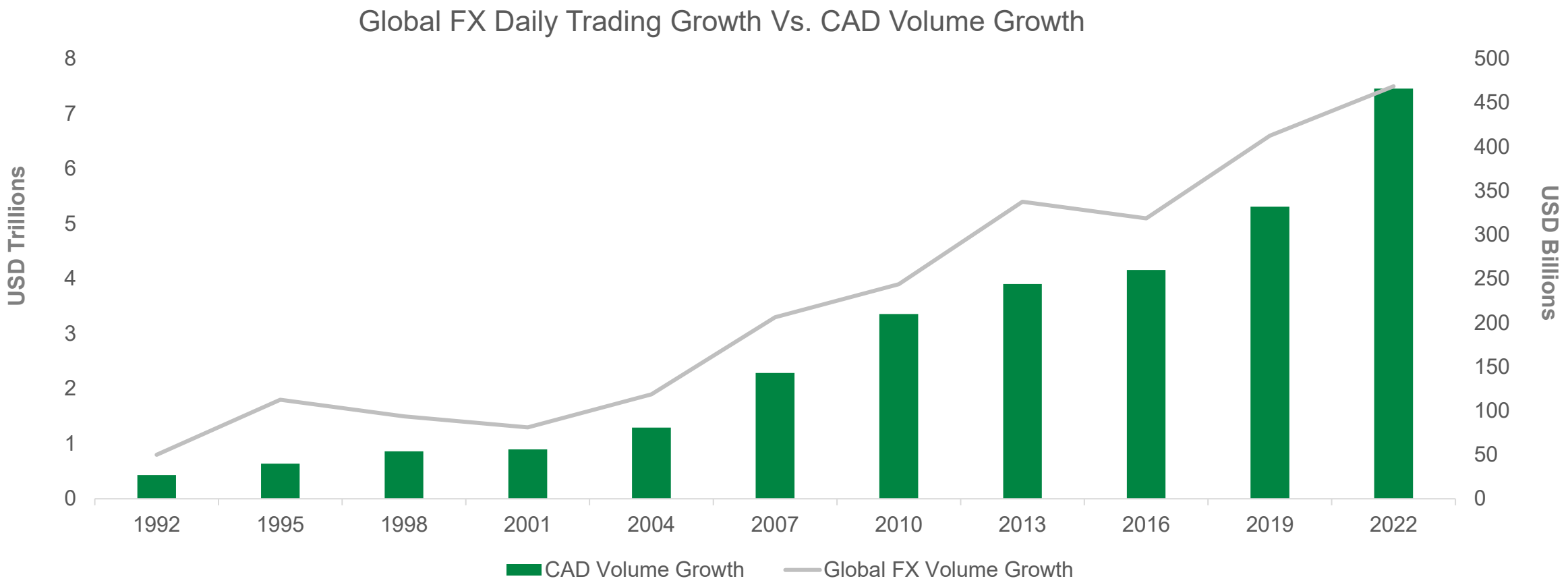
Growth of CAD Trading Volumes



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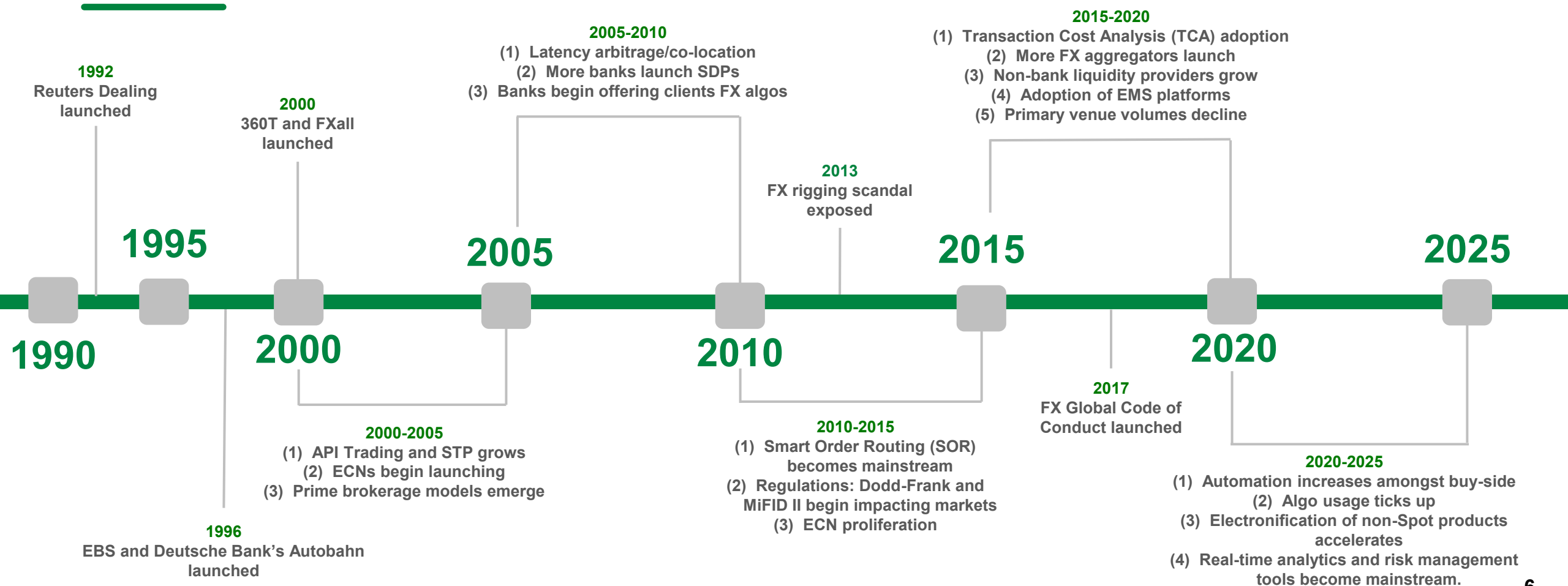
FX Technology Milestones



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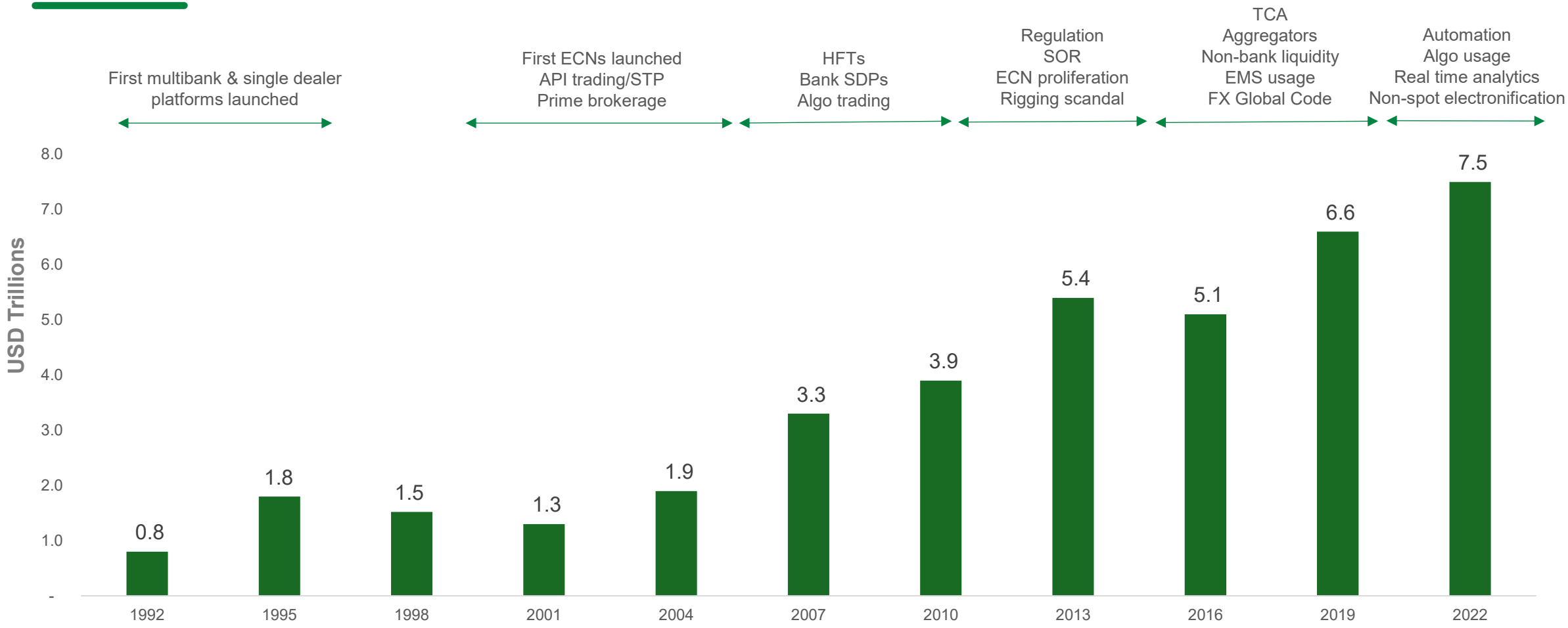
How Technology Has Driven FX Growth



The Global FX Code of Conduct

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Code Impact: General Observations

Area	Impact/Change
Transparency	Clear disclosures on pricing, order types, and trade execution.
Last Look Practices	Explicit policies and improved communication; some platforms removed it entirely.
Data Usage	Clarified how user data is used, especially around market impact and analytics.
Governance & Compliance	Internal compliance reviews, attestations, and staff training.
Market Fairness	Improved access policies; behavior monitoring; anti-gaming controls.
Client Confidence	Greater trust from institutional clients; used as a competitive selling point.
Operational Changes	Investments in infrastructure, reporting, and legal documentation.

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FX Global Code Adoption: A Platform Perspective

- There are currently 26 different e-trading platforms which have publicly committed to The Code (this count excludes multiple entities from one organization, e.g. “Cboe FX Markets LLC” and “Cboe Switzerland GmbH”).

- Certain platforms have gone a step further and required, to varying degrees, that only market makers who are signatories to the latest version of the FX Global Code can make prices for certain types of trading activity. These include:

Cboe

CME Group EBS

EURONEXT FX

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Data Analysis: Impact of Mandatory Code Compliance

Spreads

Our data analysis showed no statistically significant change in spreads

Decay

Trade decays in the short-term (<100ms) greatly improved.

Costs

Cost of rejects proved to be substantially lower when trading with Code-Compliant LPs

Transparency

Reject rates declined, and roundtrip times between accepts and rejects converged.

FX Automation

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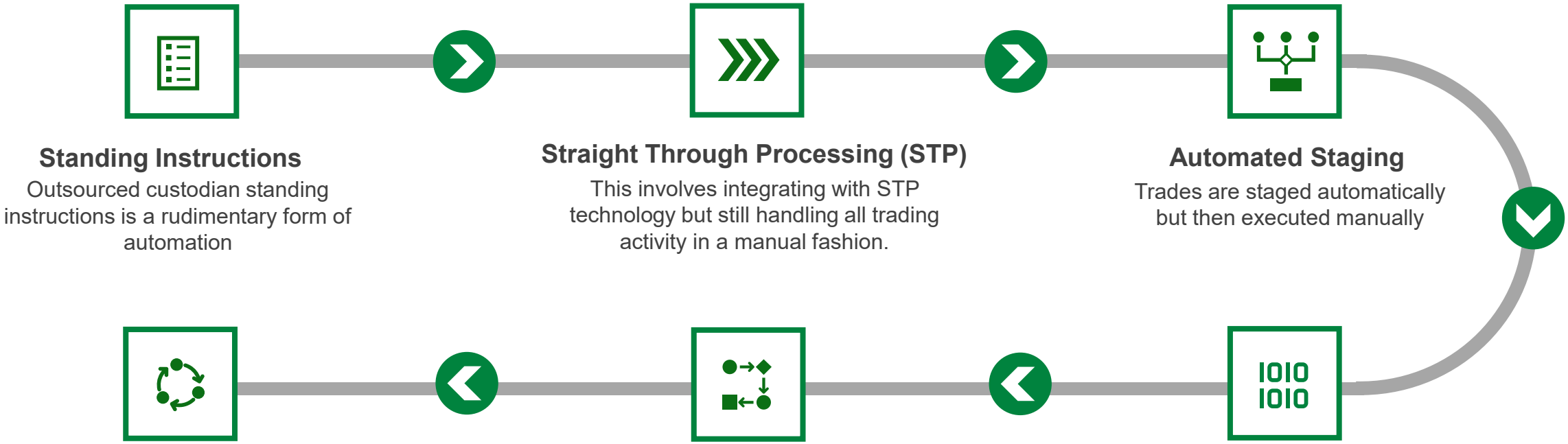
FX Automation: A Step-by-Step Journey



Standing Instructions
Outsourced custodian standing instructions is a rudimentary form of automation

Straight Through Processing (STP)
This involves integrating with STP technology but still handling all trading activity in a manual fashion.

Automated Staging
Trades are staged automatically but then executed manually

Algo Trading
Traders can deploy either proprietary or bank-hosted algos to execute.

Partial Automation
When trades are grouped together automatically and then can be simultaneously executed via a single click.

Full Automation
A system of rules-based automation for staging and trading using data for tolerance checks

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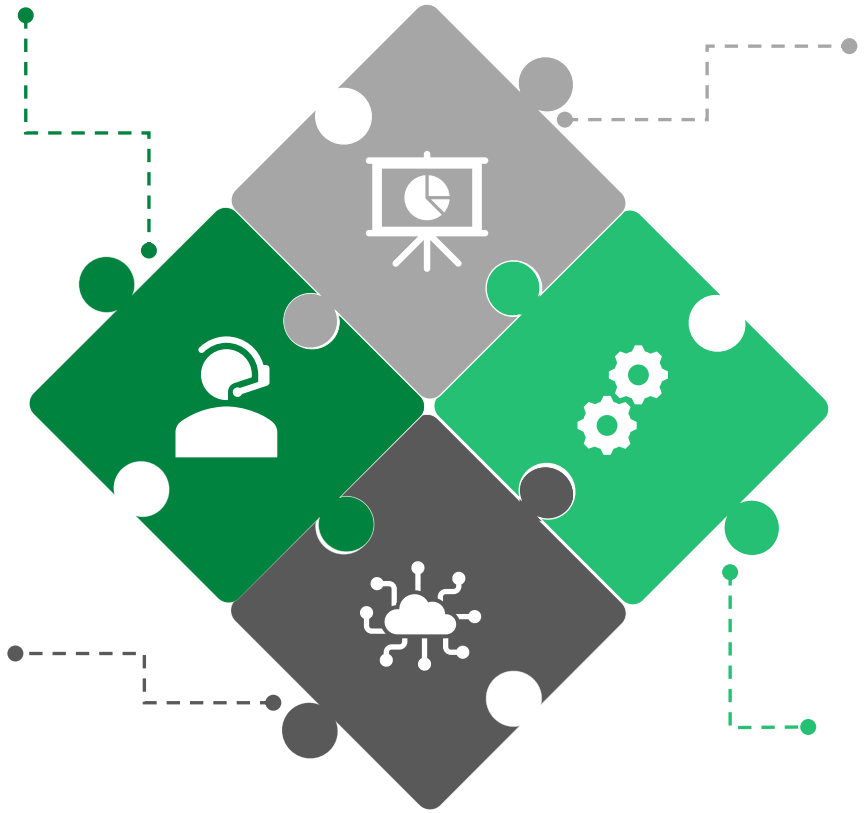
FX Automation: Challenges

Trader Resistance

Sometimes individual traders are concerned about the impact of automation on their role. However, the reality is that automation simply frees up traders to deliver more value by focusing on larger/more complex trades or other value-add tasks.

Technology Resources

Implementing automation should be a step-by-step process, not an all-or-nothing proposition. However, while technology partners can do the heavy lifting, market participants still need to allocate time and technology resources towards this at a time when both are at a premium.



Access to Data

Using data as a tolerance check to still ensure best execution is vital when conducting fully automated trading. However, not all firms have access to high quality real-time data, especially in Swaps/Forwards/NDFs.

Existing Infrastructure

True FX automation requires seamless integration with other elements of the technology stack. For example, asset managers need their OMS setup to automatically route orders to their EMS and then need post-trade allocations to different underlying funds to also be automated.

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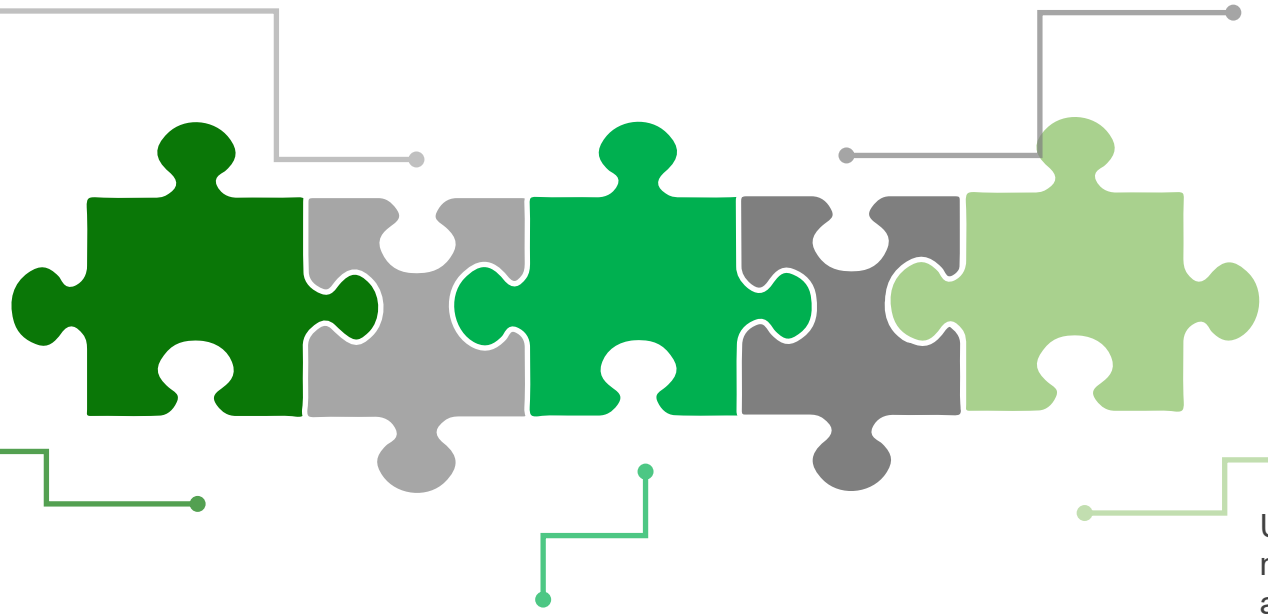
FX Automation: Benefits

Unlock Trader Value

By automating small, vanilla trades in more liquid currencies firms enable their traders to spend more time on complex or large traders where their skill and expertise can make a bigger difference.



Increased Productivity

FX market participants are being tasked with handling larger FX flows without a corresponding increase in headcount. Automation can help alleviate this burden, boosting efficiency and productivity across the desk.

Reduced Operational Risk

By automating parts or all of the FX trade lifecycle, market participants can eliminate the operational risks inherent in any manual processes.

Best Execution

Using a combination of high-quality market data as a price tolerance check and fully customizable rules-based logic, firms can fully automate trading while also ensuring that no activity deviates from best execution mandates.

Transparency

Rules-based automation provides a transparent and comprehensive audit trail for determining how and why any trade was executed. Meanwhile, the competitive pricing available on electronic platforms assists with TCA and proving best execution retrospectively.

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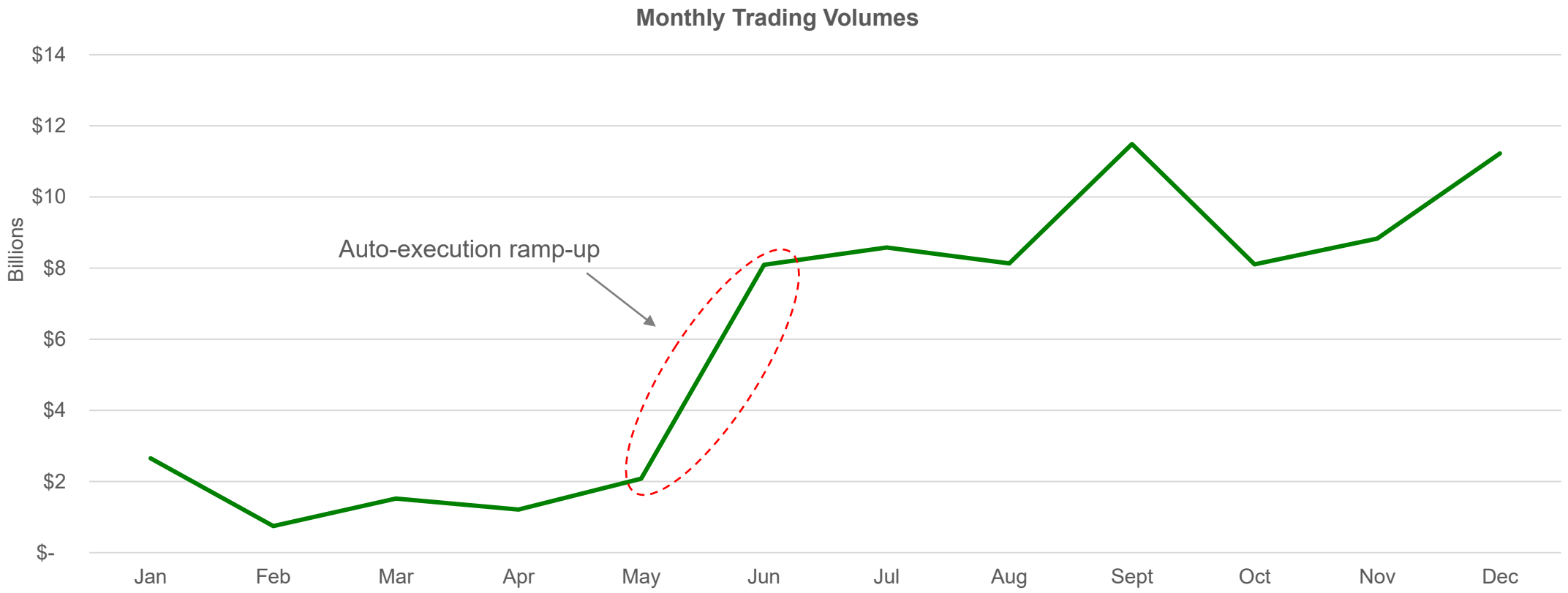
Automation Case Study: Productivity Gains



Source: 360T internal data

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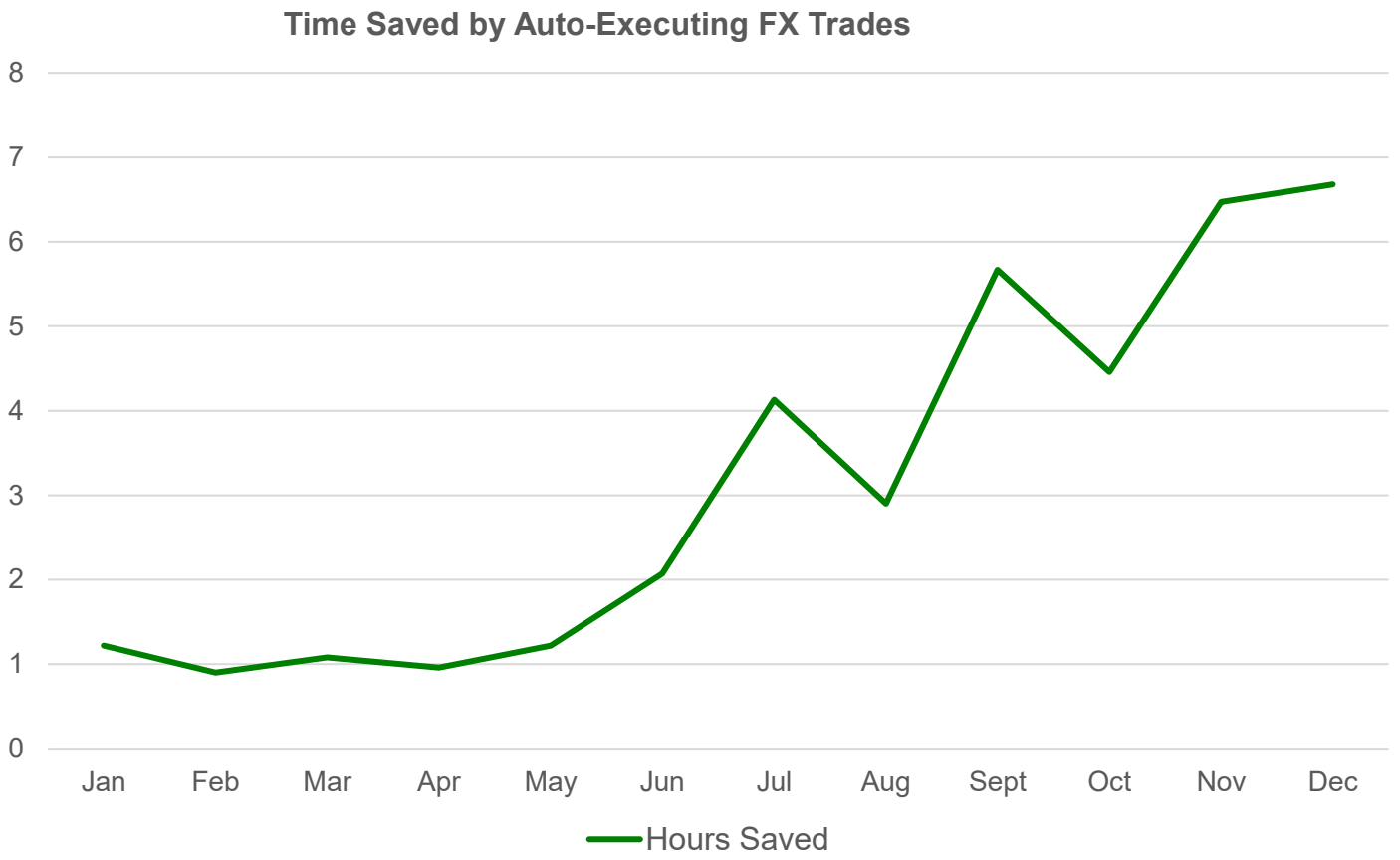
Automation Case Study: Productivity Gains

- We analyzed how long it typically takes this client to execute on a trade after first requesting pricing and found the average to be 15.7 seconds.
- By comparing that average against the auto-execution speed of 300 milliseconds per trade we calculated the monthly time savings for the client.
- As the client ramped up their automation of FX trades, the time saved correspondingly increased.
- By the end of the year, the client was saving **6.68 hours per month** by auto-executing trades.



Source: 360T internal data

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Case Study: Automation Productivity Gains

- However, this was only the initial ramp-up of trade automation.
- In one year, this client executes 70,000 tickets for FX Forwards and Spot trades with a notional value of under $5m.
- Therefore, the total yearly time savings associated with executing these trades is **297 hours**.

Product	Annual tickers <5M	Time savings (hours)
Forward	35,181	150
Spot	34,372	147
Total	**69,553**	**297**

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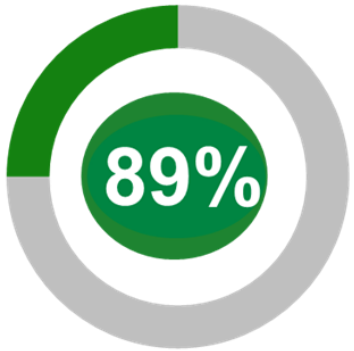
Case Study: Best Execution

- While the time savings are highly beneficial for this client, they also have to ensure they meet their best execution mandate.
- Therefore, they implemented a fully customizable set of parameters to conduct rules-based automated trading and used real-time market data as a tolerance check to ensure that no trades were ever executed more than a predefined distance from the market midpoint.
- The client determined that G10 trades under $5m notional value would be subject to the automated trading rules they had created.
- Analytics on this trading found that the client achieved choice pricing on 89% of these trades.



Buy-Side Technology Trends

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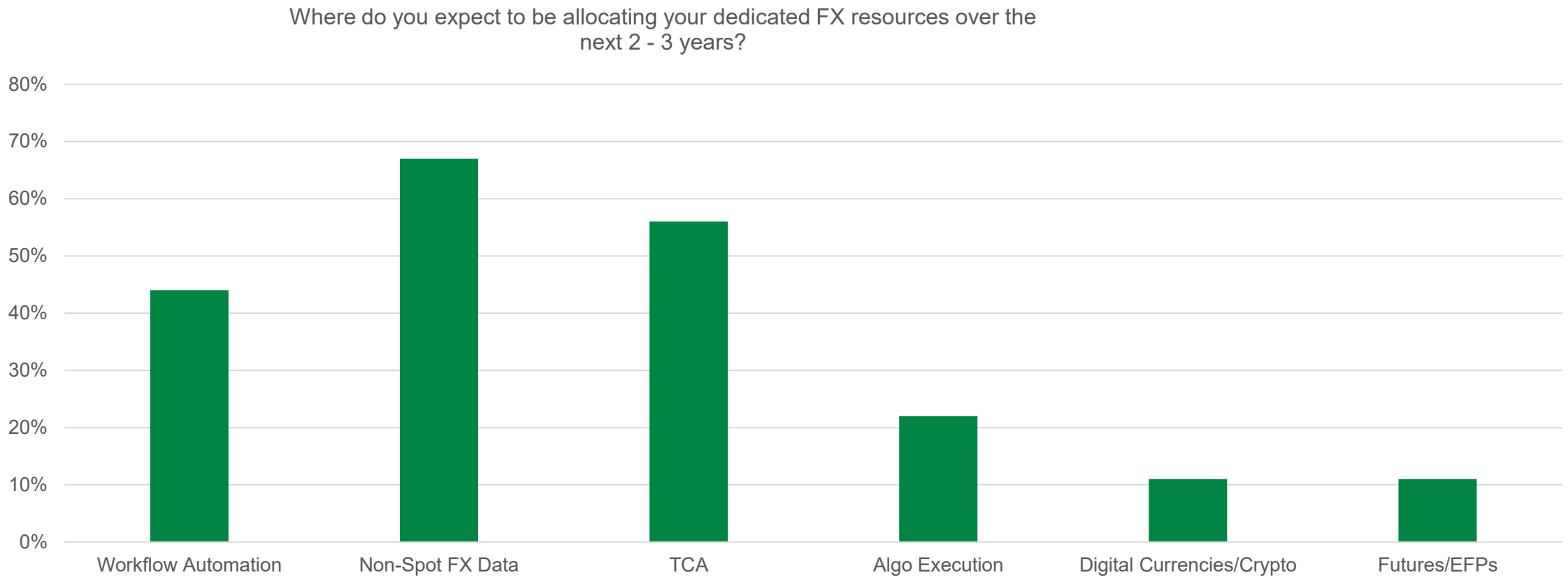
Buy-Side Technology Trends



Source: 360T 2024 Annual Client Survey

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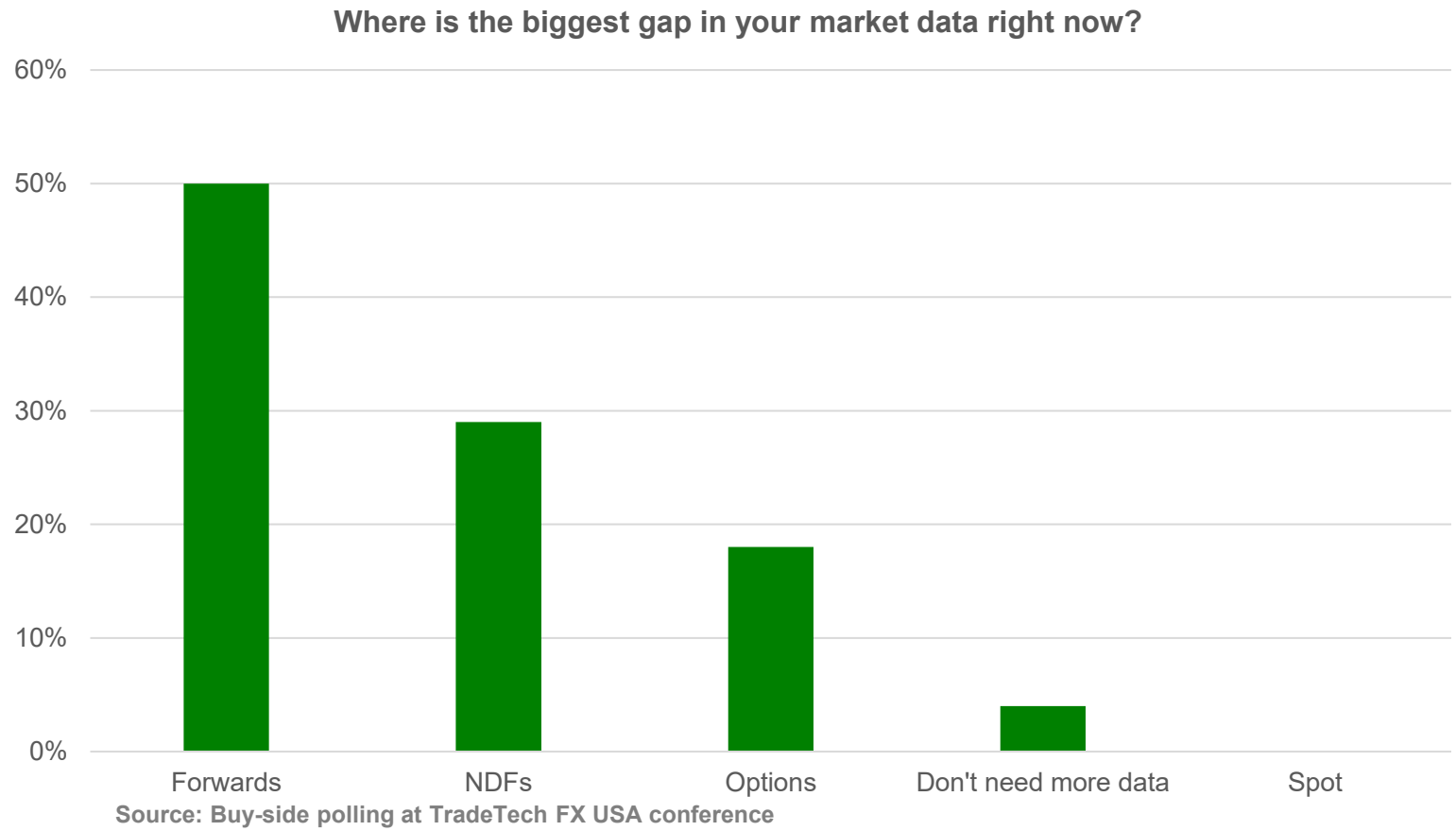
Buy-Side Technology Trends



Source: Buy-side polling at TradeTech FX USA conference

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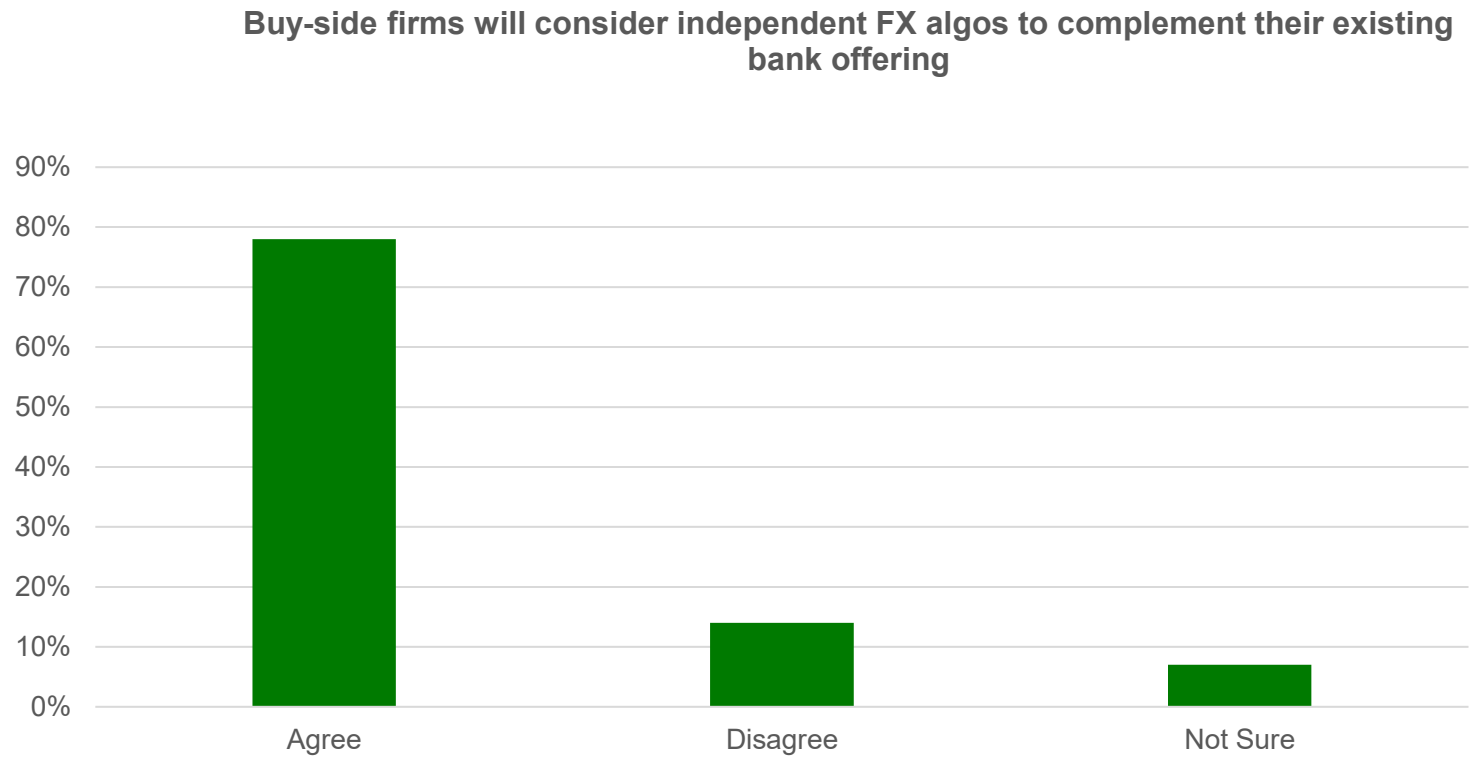
Buy-Side Technology Trends



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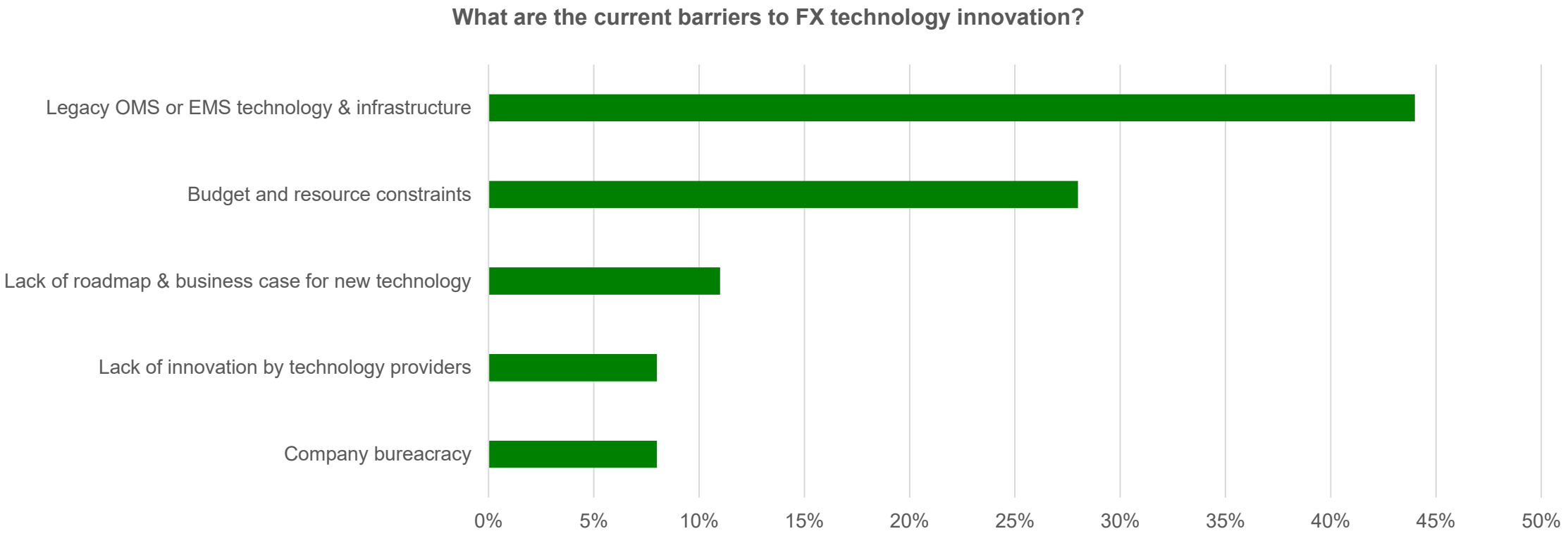

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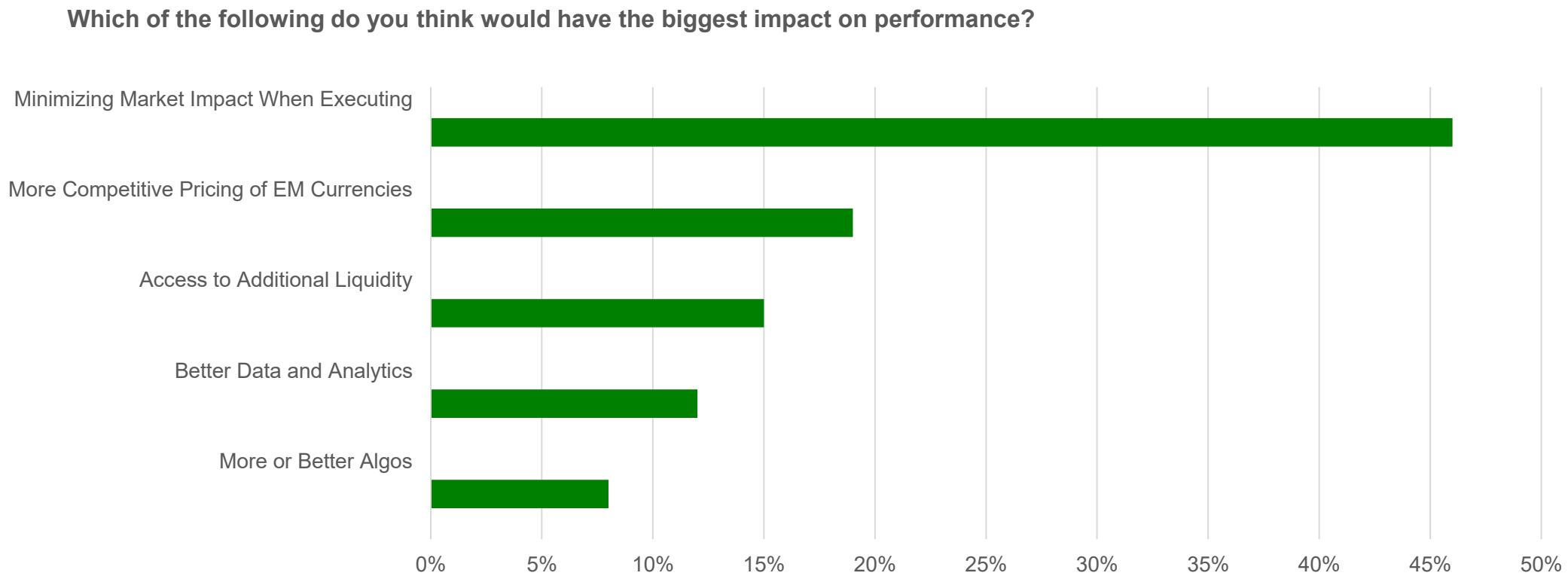

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Thank you.

MORE INFORMATION

info@360t.com
360t.com

360T Europe
+49 69 900 289 0

360T Americas
+1 212 776 2900

360T Asia Pacific
+65 6597 1770

360T Middle East
+971 4 458 7440

360T Three Sixty Trading Networks (India) Pvt Ltd.
+91 22 4090 7165

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