

# Spotex launches Liquidity, Credit and Margin solutions for Prime of Primes and FX Brokers

Spotex provides foreign exchange technology and liquidity solutions to leading global brokers and institutions. The company's modular technology and institutional ECN enables FX brokers and institutional market participants to create their own, innovative trading paradigms. Spotex recently launched Periscope™ Multilevel Credit-Margin Manager as well as new dedicated broker liquidity hubs. Having just introduced two new products, we asked John Miesner, Senior Managing Director, of the firm, to tell us more about them.



John Miesner

John, Spotex is known for its institutional ECN and integrated technology suite for FX brokers. Can you tell us about the two new products you've released and explain how they enable brokers to expand their businesses?

I'd be happy to. We just released Periscope™, which is a multilevel credit and margin manager for prime of primes and FX brokers. It gives them the ability and the tools to extend credit and margin to multiple tiers of smaller sub brokers.

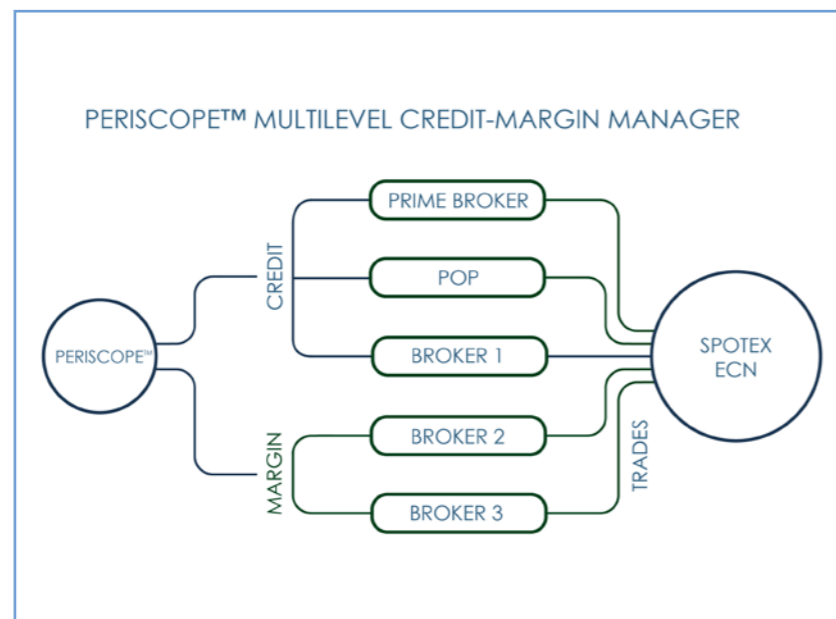
The release of Periscope follows our July launch of dedicated broker liquidity hubs. In a broker liquidity hub, the broker can create discrete liquidity pools for their clients to trade using our core low-latency matching technology.

It's significant because it enables brokers operating B-book models to use our white-label broker stack, which has historically been used by A-book brokers.

**What prompted you to develop Periscope?**

In our ongoing discussions with prime of primes and FX brokers, we often heard that if they were able to extend credit or margin, they could exponentially grow their businesses.

We realized the technology architecture of our multilevel broker white-label technology suite and institutional ECN would support a



solution, so, working closely with key prime of primes and brokers, we built Periscope.

**How, specifically, does Periscope enable prime of primes and brokers to extend credit and margin?**

It's somewhat complicated, but essentially it tracks both credit and margin exposures at each broker and sub broker level as well as in the aggregate.

The prime of prime or broker at the top level of the multilevel sub broker structure can monitor position risk down as many as 5 levels. The top-level prime of prime or broker clears all trades executed by the sub brokers below.

**Who are the main users of Periscope and how are they using it?**

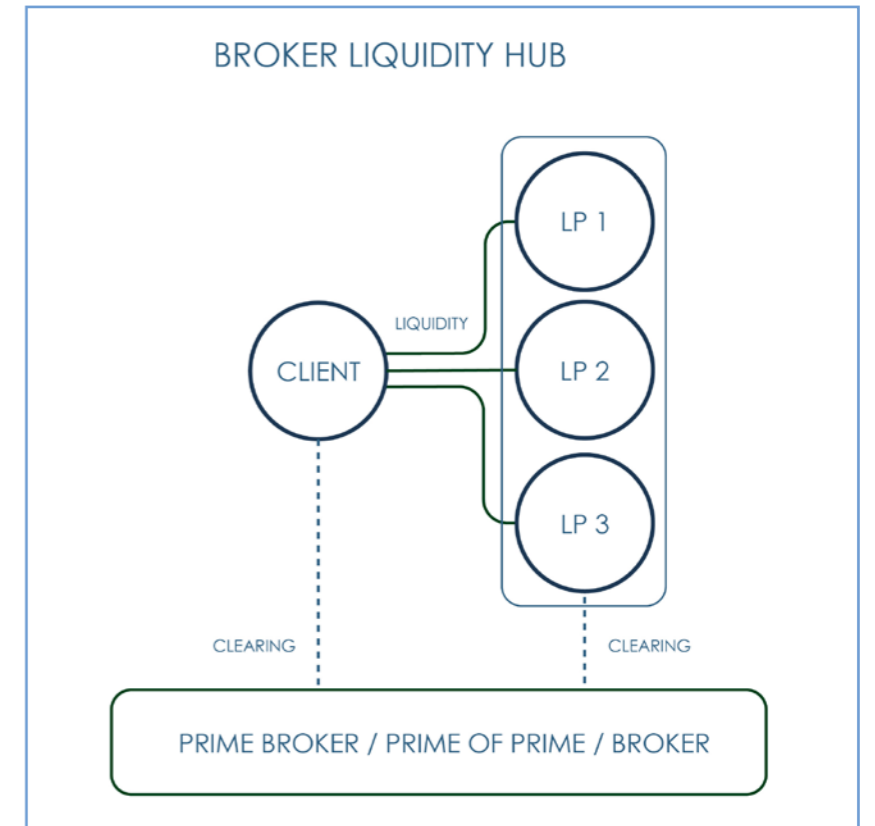
The main users thus far are prime of prime brokers. They are using it to onboard clients they can't take on directly, but can refer to their broker clients.

This arrangement is desirable because the prime of prime still clears the trades of the new broker client, albeit indirectly. For the new broker client, or sub broker in the context of Periscope, it's a win because they do business with their preferred prime of prime.

Prior to launching Periscope, it would have been difficult or impossible for the prime of prime to accommodate clients who did not meet their counterparty requirements.

**Let's turn our attention to the Broker Liquidity Hubs. What are the specific benefits for brokers?**

Our Broker Liquidity Hubs support brokers that have access to prime



of prime or prime broker credit and prefer to receive pricing directly from preferred liquidity providers. The hubs are built on our core matching engine technology and fully integrated with our white-label broker technology, so getting up and running can be done quickly.

In addition, broker clients can source liquidity from the many bank and non-bank liquidity providers already connected the Spotex ECN. This is done without additional IT work and, often, without new legal agreements.

The bottom-line benefit is brokers operating B-book models can now migrate to Spotex's low-cost, high-performance technology to run their entire businesses. This option was previously available to A-book brokers only.

**You recently announced that J.P. Morgan and NatWest have joined the ranks of Spotex prime brokers. Is there a connection to these product launches?**

There is. The Spotex ECN sees a lot of direct, individual trader and retail money manager flow from its broker clients.

That flow is uncorrelated to the rest of the market and it is desirable to top market makers as well as institutional fund managers, especially those using algorithms to improve their execution performance.

These large institutional clients would like to see as much uncorrelated flow as possible so the more we innovate and gain additional broker clients, the better we serve all client segments active on our ECN.

**Thanks very much for taking the time to explain the new product launches.**

You're most welcome. We have additional launches in the pipeline for both brokers and institutions. I'll be happy to speak with you about them when they go live.