



## FXMS CONTINUES STEADY START



RICK SEARS

**F**X MarketSpace, the 50/50 joint venture between CME and Reuters which has produced the FX world's first cash-settled global exchange, has continued with its steady start, although already the platform is showing signs of settling into a role within the wider industry.

Data from the firm shows that average daily volume rose 54% from its first month to hit \$509 million per day, however the firm has since also had what could be termed two especially heartening days. Firstly on June 1 the platform transacted in the region of \$1.8 billion according to sources close to the firm and then on June 7, it broke through the two-yard barrier to record \$2.4 billion.

The first of the spikes is likely to be of great heart to FXMS given that it came on Non-Farm Payrolls' day in the US. As several market sources point out to *Profit & Loss*, if a platform does not see a spike on payrolls day, it means the market is likely to be ignoring it as a trading venue. "The numbers are still not jaw-dropping but clearly the liquidity and trading pat-

tern is following a familiar path in the industry," says a trading firm source.

Top currency pair for the fledgling platform remains EUR/USD with a daily average of \$194 (a 40% increase from April's \$139 million), followed by USD/CHF at \$86 million (+109%) and USD/JPY, which actually showed a small drop of 6% to \$80 million per day. Cable business rose by just over double to \$57 million per day, but even this increase was dwarfed by the 168% rise in EUR/JPY – albeit from a very small base of course – to \$51 million per day (all volume single count dollar equivalent).

Sources close to the firm suggest that since the surge, turnover has settled down a little from the peak, and the firm is confident it will be announcing average daily volumes for June approaching the \$1 billion per day mark, just about double May's numbers.

Although the numbers are heading in the right direction, FXMS remains at the whim of a few firms, therefore as firms switch their algorithmic trading engines on and off for maintenance purposes or to tweak models, FXMS's data will fluctuate accordingly. More pertinent will be the trend over a longer period of time, probably to the end of 2007. To maintain the growth pattern, sources in the industry suggest the firm needs to accelerate its onboarding of GUI traders as opposed to API traders. "This will help the firm stabilise its turnover," says one source.

### BUILDING ASIA

As well as unveiling its latest vol-

ume numbers, FXMS has also inaugurated its first Asian office to coincide with its first Japan-based account going live and trading on the platform. Michael McCorkle has moved to head up the Tokyo office in the role of vice president and head of sales, North Asia, with responsibility for building customer relations. McCorkle previously worked for Reuters in its treasury group. Prior to Reuters, he was based in Tokyo serving as managing director, Asia, for Icor, the Reuters joint venture FX option matching platform, from 2000-2003. He began his career as an FX options broker at Hatori-Marshall in Tokyo.

"Japan is an important centre for FX trading and dollar-yen is the second most traded currency pair in the FX market," says Rick Sears, president and chief sales officer of FXMS. "The opening of our Tokyo office marks the next stage in our strategy to support a global customer base and we look forward to working with the local banks, leveraged funds, asset managers and corporates. By trading over the first centrally-cleared FX platform, customers in Japan are now able to benefit from complete market transparency and full anonymity, without the limitations imposed by bilateral credit."

Sources close to FXMS tell *Profit & Loss* that the firm is also close to opening an office in Hong Kong, thus confirming its intention of establishing a global footprint. Currently the platform has around 25% of its customers based in Chicago and aside from the Tokyo-based customer, none in Asia. An announcement is expected soon, the sources add.