



# Thomson Reuters Presentation to FXCG

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THOMSON REUTERS

# Agenda

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- Thomson Reuters Overview
- Key FX Market Themes
- Our Approach to Markets
- Matching Rules Review
- SEF Preparation

# Our Focus is to Partner with Key FX Communities to Meet their Holistic Needs

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- Agency Executors
- Developed Market Spot Traders
- Local Market / Derivatives Traders
- Technology or Trading Operations Managers
- Regulators
- Workflow Sales
- Workflow Traders
- Middle and Back Office Staff

# Key FX Market Themes

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## Buy-side Challenges

- Compliance with regulatory requirements for transparency and reporting
- Demonstrating performance to stakeholders
- Efficiency and cost reduction In low return environment
- Control to manage risk more effectively

## Sell-Side Challenges

- Changing competitive dynamics from new market entrants
- Evolving regulation and market structure
- Managing the cost of and complexity of multiple distribution channels
- Access to growth markets
- Deepen and expand customer relationships



## How Thomson Reuters Can Help

- One partner that can meet the unique needs of participants
- Regulatory insight and preparedness
- Insight, Tools and Analytics to help make better trading decisions
- Global presence in rapidly developing economies
- Adherence to Thomson Reuters Trust Principles to ensure a level playing field

# Our Approach to Fairness Dates Back to 1941

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- Thomson Reuters is dedicated to upholding the Trust Principles and to preserving its independence, integrity and freedom from bias.
  - Thomson Reuters shall at no time pass into the hands of any one interest, group or faction;
  - The integrity, independence and freedom from bias of Thomson Reuters shall at all times be fully preserved;
  - Thomson Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses governments, institutions, individuals and others with whom Thomson Reuters has or may have contracts;
  - Thomson Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
  - No effort shall be spared to expand, develop and adapt the news and other services and products so as to maintain its leading position in the international news and information business.
- In practice our objective is to ensure fairness to all market participants
  - Offer capabilities consistently across client groups
  - Ensure a level playing field
  - No systemic biases because we don't trade our own account
  - Manage activity through market conventions and venue specified rules that we monitor and enforce

# Thomson Reuters Operates a Variety of Markets

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- Primary Markets
  - Where reference prices are formed
  - Greater number of constraints creates uniformity
  - Many to many (with the exception of credit)
  - Hard matches with high certainty of completion
- Non-Primary Markets
  - Fewer constraints which adds flexibility i.e. no min size
  - Some to some allows for channel tailoring
  - Both hard and soft matches to maximize liquidity through networks with variability of response time
- D2C Markets
  - Optimized for clients who pay a spread for immediacy of perfect risk transfer

# Each Market is Tailored to its Participants

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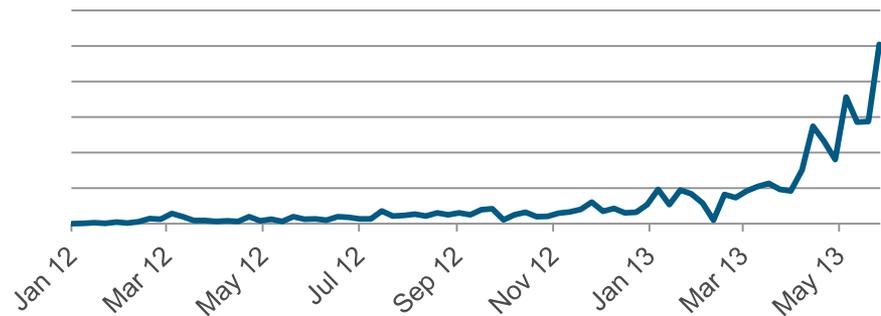
- Onshore Markets

- 95% Manual
- Participation may be restricted by local regulations

- Emerging Markets

- Primarily manual, with some electronic price support
- Spreads tend to be wider, getting the right quote and tick size precision is key

CNH - Weekly Trading Volumes



- Developed Markets

- Combination of manual and electronic / API users
- Buy-side activity through Prime Brokers
- High trade volumes, frequent updates on the book



# Matching Rules Review

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- Rulebooks for Thomson Reuters FX venues are being updated
- Presently working with clients on review of Matching rules
  - Invited all clients to participate and provide input
  - Draft rules will be published to entire Matching community
  - Final rules planned to be published September
  - Rules become effective early 2014
- Very well received by all clients

# Matching Rules Review: Areas Under Discussion

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- Instrument specific Granularity, MQL and Quote to Fill ratios
- Market data delivery
- Market abusive behaviour
- Platform and market transparency
- Surveillance, reporting and escalation procedures

# SEF Preparation

## Recent Changes to SEF Rules

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- Two kinds of SEFs:
  - “Required” for trading mandatory-cleared products (e.g., certain credit default swaps)
  - “Permitted” for trading non-mandatory cleared products (e.g., FX options, NDFs)
    - Only difference: no minimum RFQ rule and no obligation to clear
- Multi lateral platforms must become SEFs to trade swaps
  - Clients have no mandate to trade products on SEFs until mandatory clearing starts for those products. Voice brokers are multi lateral and must register as SEFs
- Existing platforms must apply as SEFs by Oct 2013

# SEF Preparation

## Thomson Reuters SEF

