

Crédit Agricole Corporate and Investment Bank

Delivering high quality FX execution and very competitive pricing



Stamos Fokianos

Crédit Agricole CIB is a leading market maker on the foreign exchange and precious metals market and offers a full range of spot, forward, option-based and derivative foreign exchange and precious metal products. e-Forex talks with Stamos Fokianos, Global Head of eBusiness, about the range of FX services the bank now offers, its growing electronic trading product suite and future plans for building on its comprehensive FX e-commerce capabilities.

Stamos, please can you give us an idea about the size and scope of the FX business at Crédit Agricole CIB such as the range of currencies you cover, where your major liquidity centres are located and the types of client you cater for?

Crédit Agricole CIB (CACIB) has a long history in FX, both in Major and EM currencies. In 2014 we consolidated all Global Markets digital products under one umbrella, which we call eBusiness. Our strategic ambition is to become a top 10 FX bank through a client-centric value proposition.

We have a wide range of electronically provided currencies, from G10/Majors, to EM Latam, Eastern Europe, Asia, and Gulf as well as Precious Metals.

We have a number of key liquidity centres around the world that include London, Paris, New York, Hong Kong, Singapore, Tokyo, Dubai amongst others. Thanks to our durable commitment to FX markets, our client base is very diverse, ranging from Corporates, to Real Money Managers and Insurance, Hedge Funds and Banks. We also have a significant Crédit Agricole Group network of businesses to which we provide liquidity to support their own client base in their own region and market.

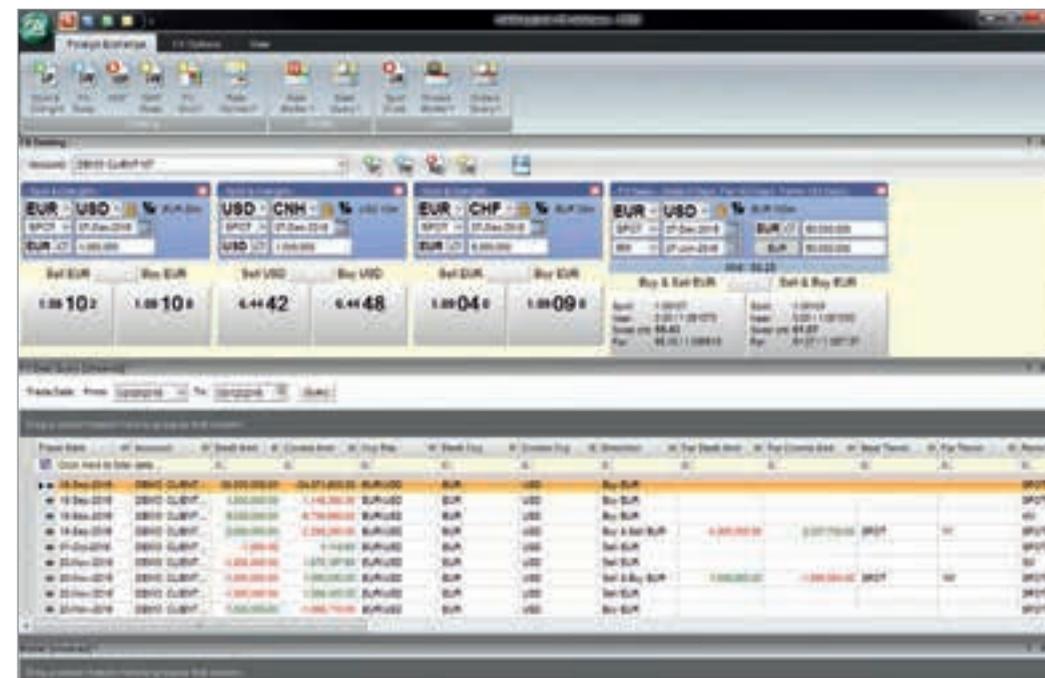
What direct and indirect options are available to clients who wish to trade FX electronically with Crédit Agricole CIB?

Our clients can reach our

liquidity electronically through a variety of channels. In the multibank space, we contribute prices in all major platforms, including FXALL, Currenex, 360T, Bloomberg, FX Connect, Integral and Trading Screen.

For clients that prefer the convenience of a single dealer platform, we offer Jetstream which began from eFX. Within FX in Jetstream, we offer not just cash (Spot, Forward Outrights, Swaps, Forward Forwards) but also FX Options and NDFs.

We offer direct API connectivity for clients that prefer to aggregate pricing in their own order management systems and execute directly from there using their own algorithms and strategies, with immediate STP to their own systems.



Jetstream is Crédit Agricole CIB's electronic FX trading platform. Can you summarise some of the key features that it now offers?

We offer a full range of Cash and Derivatives FX products as well as Money Markets and Limit Orders. We have an ambitious and fully funded plan to add fixed income cash and derivatives, as well as structured products and additional FX Options products.

Our technology architecture is based on the principle of building backbone services and abstracting them from the actual distribution channel(s). Thus, we optimise our technology spend by

not replicating the same development for each category of platforms, helping us to rollout new products much faster across all client touch-points. The risk management of positions and the dynamic price construction that follows is also a clear beneficiary of this architecture.

To what extent can your e-trading platform and various e-FX toolsets be customised to meet the specific needs of different users?

The core technology of our platform has been built initially in a way that focuses significantly more on performance. The same

principle has been applied in our focus of constructing, distributing and risk managing our pricing process. The development of the single dealer platform for wider distribution will come into play starting 2016, as we wanted to focus first on the integrity and consistency of our offering.

This being now achieved, we are moving towards the innovation that is allowed to us through managing the development of our own electronic channel, away from the fixed boundaries of third party platforms. It is our opportunity to differentiate ourselves and it is very exciting to us that we will be able to present something "fresh" to our clients.

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Many banks have been trying to improve the user experience of their trading platforms and electronic offerings. What factors influenced the design of Jetstream and how has it been engineered to make it easier for clients to engage with Crédit Agricole CIB?

The Crédit Agricole Group has a strong cross product user base both internally and externally of internal and external client users. The fluidity and flexibility of the FX product means that the end user has many different ways of looking at the live data and executing in a manner that is suitable to them. Jetstream was therefore developed to satisfy different balance points between speed and pricing. Some users prefer more time to digest the transaction before executing while others are happy to operate in a low-latency environment as their execution style and goals are completely different. Jetstream caters for both ends of the spectrum, while providing the client with a positive digital experience.

Another very important current focus for banks and sell side FX providers is on improving their post-trade capabilities. What work has Crédit Agricole CIB been doing in this area?

In an environment that sees continuously increasing

transparency and spread compression, seamless post-execution processes provide ground for differentiation. Technology investment used to be applied mostly to front-office applications, seen as the primary source of revenues but now the benefits can be reaped by investing in each step of the trading process.

To achieve this goal, CACIB Operations are fully included in the eBusiness decision-making process to ensure alignment between pre and post execution and an optimal allocation of resources. Our roadmap includes the creation of post execution tools, especially for clients that are not connected to SWIFT or other automated post-execution systems. In terms of payments, we are working closely with our cash management colleagues to bring our digital CACIB services even closer together for the benefit of our clients.

How has Crédit Agricole CIB been gearing up to meet the challenges of regulatory reform in FX and in what ways does it represent an opportunity for the bank to provide enhanced value to clients on the eBusiness side?

CACIB remains on top of the regulatory changes. These changes create a number of opportunities in a very competitive landscape, fostering transparency and opening up

further the flow of information within the industry. The MTF concept of the electronic process for flow instruments is clear and transparent, increasing the confidence of all stakeholders to transact. The clearing element creates a level playing field allowing more competition and ultimately a better deal for the customer. Uncertainty remains though, due to the different approaches taken by the main regulatory bodies of work, i.e. Dodd-Frank and EMIR/MIFID and extraterritoriality implications. In a nutshell, new regulations are good for clients and for competition, but they need further harmonisation to achieve their initial goals.

Looking back, do you think the value proposition of electronic trading in FX has strengthened from what it was a few years ago and what do you see as the most important benefits that e-FX now brings to your clients?

The value proposition for eFX has been very strong for many years. However, its execution protocol has significantly evolved over time. What started with a Spot RFQ (as opposed to an RFS, an RFQ is a static price for a number of seconds) then was enhanced with Forward Outrights, Swaps & Forward Forwards, and then moved to RFS with prices refreshing every minute, then in real-time and with one-click dealing. The original idea of fixing FX rates



at a specific moment in time later evolved to a process of VWAP, TWAP or TCA algorithms transacting significant volumes without moving the market. Intelligent order management systems with execution strategies have contributed to the reduction of individual ticket amounts and transformed risk management techniques.

The commoditisation of technology has reduced the costs and created a level playing field for all participants. All in all, the value proposition in an immensely competitive and open environment has never been better.

Looking ahead, what plans does Crédit Agricole CIB have for rolling out new e-FX functionality and further enhancing your suite of FX e-commerce solutions?

CACIB plans new developments that will sharpen the eFX offering further and allow us to achieve our strategic goals and stay ahead of the competition.

We will complete our colocation globally, to deliver fast and tight pricing for all FX cash and derivatives. We will introduce a client algo execution product on Jetstream and through the multi-dealer platforms that provide this facility, increasing the competition of programmatic execution of orders.

We will also release a brand new FX Options pricer, compete in multi-dealer platforms for flow FXO and industrialise our Forwards offering. We will build on our tradition of Emerging Markets to redefine our NDF pricing, as well as all the deliverable EM currencies that our clients need to conduct their

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business efficiently. Finally, we have solid plans to electrify certain Structured Products that are very relevant to certain segments, in particular Wealth Management and Private Banks. Efficiency is also a significant part of our product plan, with allocations and other post execution facilities as part of our core offering.

What is the easiest way to contact the eBusiness team at Crédit Agricole CIB for companies and institutions that would like to know more about your services?

We have a global eSales team in London, New York, Hong Kong and Tokyo that are dedicated to handling all client enquiries and providing a seamless service to get our customers online.

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