

FXCM Pro Providing next generation technology coupled with best-in-class levels of market access

FXCM Pro offers wholesale execution and liquidity solutions for retail brokers, hedge funds and emerging market banks. The firm's relationships with tier 1 banks and non-bank liquidity providers, prime broker relationships, and technology vendors provide its customers with market access on a best-in-class scale. We talked to Mario Luis Sanchez Wandemberg, Managing Director - Global Head of the company to learn more about its capabilities and plans for the future.

First Published: e-Forex Magazine 95 / e-Forex Interview / March 2020



Mario, you have worked in the FX market in various roles for over two decades. What is it about this market and industry that you enjoy?

I joined FXCM Pro in 2011 as Senior Vice President before becoming Global Head of Sales in 2015 and then Managing Director and Global Head of FXCM Pro in 2018. During that time I've seen first-hand the major changes that have transformed the market including innovations in digitisation along with the ever-increasing size of the market.

Specifically, I enjoy the variety. Every day is different, I get to interact with different people and cultures from all around the world. It allows me to be connected and constantly learning. I enjoy the capability to be more productive by taking advantage of the extensive opening hours and edge the FX market has to offer. I think this, together with the excitement of the job itself, makes reaching your goals in a super competitive industry with massive turnover and record daily volumes a great challenge, and the perfect environment for constant improvement.

As Managing Director, tell us about your role at FXCM Pro?

As Managing Director, I'm responsible for overseeing the establishment of strategic goals and formulating plans to make sure that these aims are met. This involves leading the development of the FXCM Pro's short- and long-term strategies, assessing risks to the company and ensuring they are monitored and minimised.

I also provide strategic advice to the Board of Directors, work with key partners to ensure ongoing results, creating and innovating new products and services as well as establishing a presence in new and emerging markets.

It's also important to maintain awareness of the competitive market landscape, expansion opportunities and industry developments. As such, I regularly attend industry conferences and events to network with other industry leaders, hear about new and upcoming developments in the sector, as well as speak to others about the work of FXCM Pro.



The needs of our clients are more diverse when compared to our retail customers

Since being appointed in your current role, have you instigated any major changes?

Over the past year, our focus has been in building on the existing foundations of our business. This included a fresh, objective look at our internal structure and operations, strengthening and enhancing our teams' skillset and knowledge. Investing heavily in technology, forming partnerships and finding new niches and opportunities to serve our clients effectively has also been a major focus for our business.

What types of customers does the business serve, and what is your key service offering?

FXCM Pro is our institutional arm, which serves a range of retail brokers, banks, venues, prop trading funds, small hedge funds, family offices and high and medium frequency funds in all global regions. The needs of our clients are more diverse when compared to our retail

customers. The goal, therefore, is to provide tailored and differentiated liquidity and broking solutions to meet their requirements.



The FX industry has undergone a lot of change in recent years. How is FXCM Pro adapting to the evolving landscape?

FX trading has come a long way since our inception twenty years ago. The changing market structure and rapid adoption of technology have lowered barriers to enter the market and made trading accessible to a more diverse range of institutions and customers.

To ensure we continue to align with our clients' objectives, we have made a lot of positive changes to our technology offering in the last few years. A few examples include re-launching our Pro department in 2018, partnering with technology providers such as FlexTrade, improving our Prime-of-Prime service and launching our Premium Data offering. Our recent collaborations with TrueFX and Your Bourse also demonstrate our commitment to providing our customers with enhanced opportunities.



We have made a lot of positive changes to our technology offering in the last few years

One area that has undergone change in recent years is prime brokerage and credit relationships between banks and clients. What is your view on this?

Tier one prime brokerages (PB) realised last year that the current model was becoming unsustainable. They were no longer able to onboard as freely as before, and the over-allocation of credit was becoming a significant risk.

Their eligibility criteria shifted and, as a result, smaller clients that were once able to leverage the opportunities from large PBs, are now unable to access the top venues. Unsurprisingly, the trading opportunities for smaller clients began to become restricted. There are numerous funds and institutions that trade a meaningful amount of volume but are not large enough to access prime brokerage services from the largest banks. Neutral, platform-agnostic Prime-of-Prime brokers such as FXCM Prime address this gap by acting as a neutral intermediary for these institutions.

They provide direct, all-to-all market access to numerous execution venues through a single account. This leads to lower margin requirements, stronger risk management mechanisms, and frees up cash flow to be used in other operations



During the past 20 years, FXCM has developed a close network of valuable contacts and established industry relationships

You have been offering a Prime-of-Prime service for several years. Do you see the changing prime brokerage and credit landscape as an opportunity or a threat to your business?

For a long time, clearing within PB has been dominated by large tier-one banks. This trend has reversed in recent years as prime banks reassessed their eligibility criteria for prime clients. In some cases, they have withdrawn their services as they seek to manage their credit and risk management processes. The result was considerably tighter credit conditions for some prime clients, particularly smaller and medium-sized trading institutions. FXCM Prime identified an emerging gap in the market for a Prime-of-Prime service aimed at small-

to-medium-sized NBFIs. It acts as a neutral intermediary, providing direct market access with centralised clearing to small to medium-sized funds, asset managers and HFTs.

Crucially, our technology provides direct market access with centralised clearing. This allows our customers to both make and take on more than 20 professional trading venues through to a single account. FXCM offers a true FX prime brokerage service, akin to the same service you would get from a tier one PB, albeit with much quicker on-board times and a far lower cost of entry.



How does FXCM manage credit and net open positions for Prime-of-Prime clients?

One of the biggest challenges for firms offering Prime-of-Prime services is managing credit lines and risk exposures efficiently for multiple clients. Typically, trading institutions prefer to access multiple platforms to achieve the best possible execution and use their allocated capital across different trading venues.

If a customer is allocated a net-open position of USD100 million, for example, and has access to five trading venues, some prime brokers can only offer USD20 million for each platform to ensure fair access and distribution of capital across trading venues. This limits a customer's ability to use the allocated capital efficiently and achieve the best trading experience.

To counter this, some prime brokers have occasionally found themselves extending credit lines of USD100 million for each venue, exposing them to significant operational and credit risks if their customer were to default. When replicated across hundreds of customers, these institutions become a potential source of systemic risk.

It's therefore critical for Prime-of-Prime providers to incorporate robust risk and credit management mechanisms. FXCM Prime operates a unique low-latency software that automatically conducts a pre-trade credit check on every trade that goes through our system. This ensures its customers have access to sufficient credit across all venues so that their trading is not impacted. Our pre-trade credit solution also provides aggregation, SOR and TCA capabilities if required and all back-office requirements are met by FXCM for our Prime-of-Prime clients.



Our technology provides direct market access with centralised clearing

Are there any niche areas that you consider to be a particular strength?

During the past 20 years, FXCM has developed a close network of valuable contacts and established industry relationships. From this we have formed, and are continuing to form, exciting partnerships to provide our clients with excellent opportunities out there. We have the most up to date technology available to ensure our customers can enjoy the fastest connectivity possible to maximise their potential trading opportunities. Our balance sheet allows us to offer large NOP, soft NOP and overnight loss limit in a case by case basis.

Also, the customer experience is one of the values we place high importance on. We sit with our clients to understand their pain points and work out ways to address them. FXCM's global office network and round-the-clock coverage mean clients always feel supported. So, whether it relates to credit access, net-open positions, regulatory reporting or API support, we always have a team able to help them.

Last year, FXCM Pro signed up with a new partner, FlexTrade. What do you expect to achieve from this relationship in the long-term?

Following our partnership with FlexTrade, we're currently in the process of integrating MaxxTrader, their high-performance execution and order management system. This system will supplement FXCM's existing liquidity and execution solutions, giving a significant edge in areas such as bank and non-bank liquidity customisation, connectivity between market makers and takers, reporting and measuring best execution. This partnership also increases operational efficiency and enables institutional FX clients in all global regions to access FXCM's institutional services through global data centres, including NY4, LD4 and TY3.

Therefore, our partnership with FlexTrade will give us a significant edge when it comes to areas such as liquidity customisation, connectivity between market makers and takers, reporting and transaction cost analysis. Our partnership with FlexTrade is already live and onboarding clients for our LD4 hosting centres, which will provide our clients with further reduced latency and faster execution.



You have recently partnered with TrueFX, so please tell us about that.

TrueFX is an exceptional step forward in the integration of connectivity, liquidity, clearing and bridging technology. Bringing these services together in one seamless ecosystem allows for significant cost savings to the end client. FXCM is happy to be an original TCM or Clearing Member on the system.

Through working with TrueFX we will provide our clients with easier access to credit and liquidity by reducing the cost of FX trading. True FX will reduce market inefficiencies so that customers would no longer need to search for a prime broker, a technology solution or develop liquidity relationships separately. Through our new collaboration, our customers will now be able to access and trade on TrueFX without the need to be a client of its parent company, Integral and Jefferies.

To showcase our long-standing commitment to providing our customers with one of the most cost-effective and efficient opportunities available, we'll also be conducting the first live trade on the TrueFX platform.



Our team

In today's financial markets, data is crucial for effective trading and execution. What is FXCM Pro doing in the data space?

At FXCM, we have built up years of historic trading and execution data, which has been utilised primarily for internal purposes. We recognised the value of this data, and are now offering a suite of historic and real-time data for our clients. With over 100,000 live trading accounts globally, our data products address a real market need, by providing an accurate representation of client behaviour.

The core market data products (FX prices and CFD market data) offer live pricing updates which are sourced directly from major interbank and non-bank market makers and updated multiple times per second. This is complemented by additional, Premium Data products (Retail Sentiment Data, Trade Tape and Volume). Through these data products, our data customers can build comprehensive strategies to support their trading activity.



FXCM's data offering is unique as our data is generated from our clients trading behaviour

What makes FXCM's data offering unique compared to other products in the market?

FXCM's data offering is unique as our data is generated from our clients trading behaviour. Additionally, we know that there is a market need for financial information, and there is a scarcity of data like ours currently available and so easily accessible. Our data offering is filling this void. Additionally, the value of being able to offer high-quality, well-organised historical data sets over many years cannot be underestimated. Simply put, the same data cannot be sourced anywhere else, and our data customers are able to identify unique potential trading opportunities as a result.



FXCM's global office network and round-the-clock coverage mean clients always feel supported

Which data products are the most popular amongst customers?

It's fairly even across the full suite of our data products. With over 20 years of history, FXCM's position as a global broker means that our data is highly regarded and we're finding that many clients value our FX and CFD prices because of the precision in which they

represent the underlying market. In terms of our Premium Data products, our sentiment data is extremely powerful due to the size of our global pool of clients, meaning our client sentiment data is a fairly accurate representation of retail positioning globally.

Many other brokers offer a widget on sentiment data, but we offer much more granular detail with upwards of twelve data points. We also offer regional sentiment data in addition to the global product.

Please also tell us about your recent partnership with Your Bourse.

Your Bourse provides liquidity aggregation and a risk management platform for MT4/MT5 brokers with hosting in Equinix data centres. In today's market FX and CFD market participants are focused on cost-saving opportunities as well as execution efficiency. Through our collaboration with Your Bourse, our clients will have one of the latest innovative technology as well as greater flexibility while accessing multi-asset liquidity. This collaboration also means that MT4/MT5 traders will experience a host of low latency solutions at a reduced cost.

As we begin a new decade, what do you think will be the key factors driving market evolution?

Today, every broker out there has to keep up and stay on top of the current regulation changes, along with updating business practices. For example, the FX Global Code has been in the news recently, with the call for wider adoption.

As the Code evolves, and more participants, vendors and platforms sign up and operate according to its guidelines, ethics and conduct will increasingly become front and centre in day-to-day practices for everyone across the market.

In terms of market participants, a big rise in the number of non-bank liquidity providers might be expected. In this case we will see these institutions being more active in this space and as a result, liquidity will change as well.

FXCM Pro offering and services are intended for institutional and professional clients.

Trading on margin carries risk.



FXCM's global office network and round-the-clock coverage mean clients always feel supported

About FXCM:

FXCM is a leading provider of online foreign exchange (FX) trading, CFD trading, and related services. Founded in 1999, the company's mission is to provide global traders with access to the world's largest and most liquid market by offering innovative trading tools, hiring excellent trading educators, meeting strict financial standards and striving for the best online trading experience in the market. Clients have the advantage of mobile trading, one-click order execution and trading from real-time charts. In addition, FXCM offers educational courses on FX trading and provides trading tools, proprietary data and premium resources. FXCM Pro provides retail brokers, small hedge funds and emerging market banks access to wholesale execution and liquidity, while providing high and medium frequency funds access to prime brokerage services via FXCM Prime. FXCM is a Leucadia Company.

Trading Forex/CFDs on margin carries a high level of risk and may not be suitable for all investors. Leverage can work against you. The products are intended for retail, professional and eligible counterparty clients. Retail clients who maintain account(s) with Forex Capital Markets Limited ("FXCM LTD") could sustain a total loss of deposited funds but are not subject to subsequent payment obligations beyond the deposited funds but professional clients and eligible counterparty clients could sustain losses in excess of deposits. Clients who maintain account(s) with FXCM Australia Pty. Limited ("FXCM AU"), FXCM South

Africa (PTY) Ltd (“FXCM ZA”) or FXCM Markets Limited (“FXCM Markets”) could sustain losses in excess of deposits. Prior to trading any products offered by **FXCM LTD**, inclusive of all EU branches, **FXCM AU**, **FXCM ZA**, any affiliates of aforementioned firms, or other firms within the FXCM group of companies [collectively the “FXCM Group”], carefully consider your financial situation and experience level. If you decide to trade products offered by FXCM AU (AFSL 309763), you must read and understand the **Financial Services Guide**, **Product Disclosure Statement**, and **Terms of Business**. Our FX and CFD prices are set by us, are not made on an Exchange and are not governed under the Financial Advisory and Intermediary Services Act. The FXCM Group may provide general commentary, which is not intended as investment advice and must not be construed as such. Seek advice from a separate financial advisor. The FXCM Group assumes no liability for errors, inaccuracies or omissions; does not warrant the accuracy, completeness of information, text, graphics, links or other items contained within these materials. Read and understand the Terms and Conditions on the FXCM Group’s websites prior to taking further action.

[Read full disclaimer.](#)