

TraderTools steps into the light with Citi Prime Finance

Author: [Joel Clark](#)

Source: [FX Week](#) | 18 Apr 2011

Categories: [Trading Systems](#)

Topics: [Foreign Exchange](#), [Citi](#), [TraderTools](#), [electronic trading](#)



Vendor plans to pilot fully transparent aggregation tool to rival FX ECNs by the end of April

Foreign exchange trading platform provider TraderTools plans to launch a hosted relationship-based pricing and aggregation service for buy-side firms, dubbed LightFX, within weeks.

Developed in partnership with Citi's Prime Finance, LightFX is based on existing technology owned by TraderTools and Citi, and aims to provide a more transparent and cost-effective alternative to FX electronic communications networks, which execute trades anonymously and charge both liquidity providers and liquidity takers.

LightFX will launch with six top-tier banks as liquidity providers and will only charge liquidity takers. According to TraderTools, firms taking liquidity will benefit from receiving relationship-based pricing at significantly reduced upfront and operational cost, while liquidity providers will benefit from being able to provide competitive pricing to the buy side through a fully transparent service.

"Our research shows our aggregation platform and smart order routing achieve between \$60 and \$100 of price improvement per \$1 million. What differentiates LightFX from other offerings in the marketplace is that buy-side liquidity takers will be fully disclosed to the six banks providing liquidity and will be able to see good prices in the relevant currency pairs, using our smart order routing capabilities and Citi's straight-through processing to get better execution," said Yaacov Heidingsfeld, chief executive at TraderTools in New York.

LightFX is scheduled to launch in pilot phase before the end of April, and Heidingsfeld expects more banks will become liquidity providers in due course, as they won't be charged to use the service. While he doesn't rule out using other prime brokers in the long term as well, Citi will be the sole provider of prime services for the foreseeable future. The bank was chosen on the basis of its leading position and experience in prime brokerage, its straight-through processing and messaging capabilities, and its quick time-to-market, said Heidingsfeld.

"We are very honoured to be a partner in LightFX. It is a truly unique offering that works well for all participants," said Andrew Coyne, managing director, head of FX Prime and G-10 electronic commerce at Citi in London.

According to Heidingsfeld, LightFX will also benefit FX market participants seeking to comply with new regulations. Although there is still little clarity on exactly how European and US rules will affect the FX market, he believes the transparent aggregation of prices for buy-side firms is sure to be a preferable option to anonymous trading under the tighter rules.

"Historically, when liquidity takers used prime brokers, they were anonymous behind the prime – in this case they will still use a prime broker but with full disclosure, so the customer will have a really transparent way of determining that they got the best price. In the new regulatory environment, that is sure to be an important consideration for the buy side," said Heidingsfeld.