FX Trading Trends

May 2014

Treasury Conference
Budapest

THOMSON REUTERS™

Key FX Themes & Trends

Cost

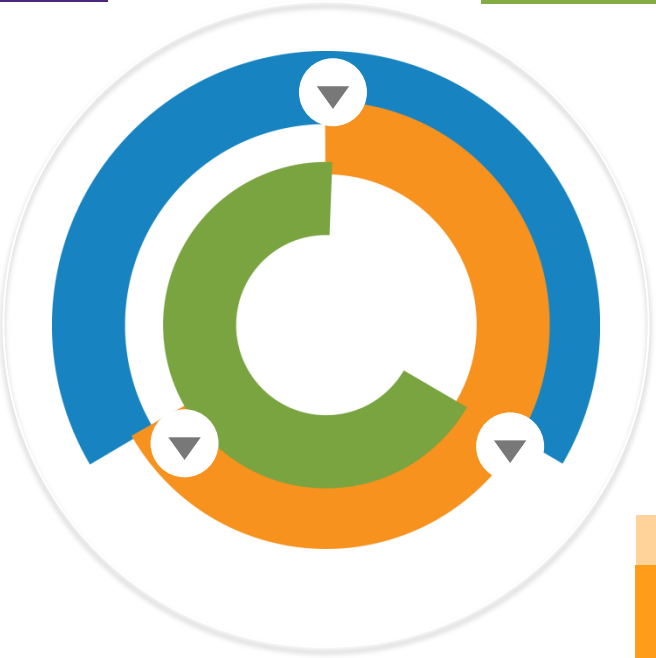
- Allocating balanced sheet
- Genuine liquidity vs. agency trading
- Customer profitability

Regionalization

Tier 1 – Retrenchment to HUBs. Global liquidity provision

Tier 2 – Regional Service Excellence & Specialization

Tier 3 & 4 – Domestic Service Excellence



Regulation

- Driving e-FX volumes
- OTC to Order book on SEF
- Instrument substitution

Aggregation

- Multi-venue/ Multi-counterparty liquidity
- Smart order routing
- Auto-Hedging & Risk Offset

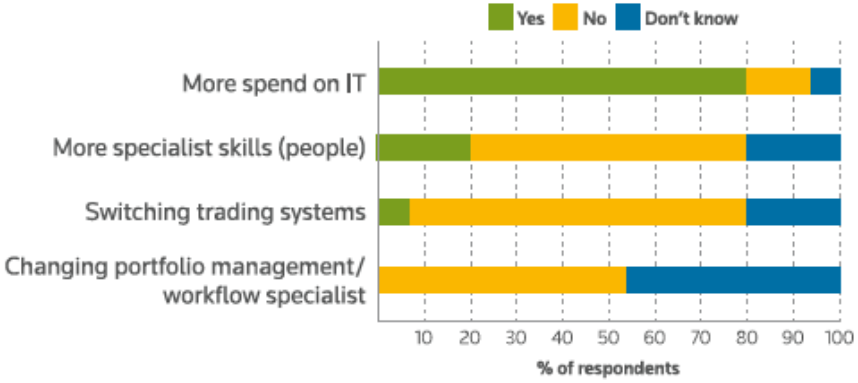
© 2014 Thomson Reuters CONFIDENTIAL

FXExchange Survey 2014

Has your internal process for trading the FX markets become more onerous since the advent of increased regulation?

27% Much more onerous
66% Slightly more onerous
7% No more onerous

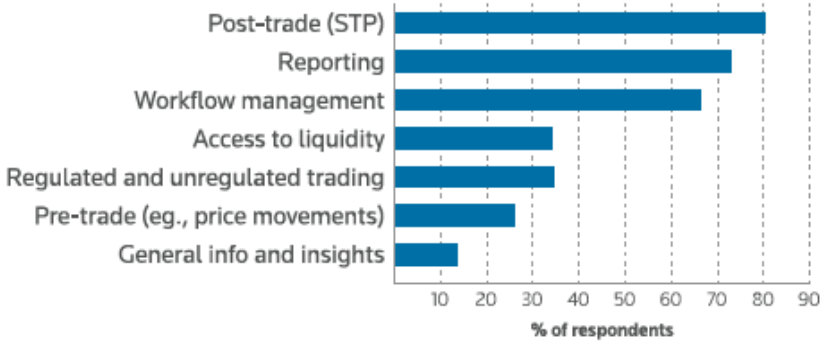
Do you think that regulation will affect the following aspects of your internal infrastructure in the coming year?



Have your trading practices shifted to include more e-trading as it has become available?

40% Significantly increased e-trading
13% Some incresed e-trading
47% Minimal change

In what areas can workflow and trading technology vendors help you most in the current environment?



© 2014 Thomson Reuters CONFIDENTIAL

Today's FX Communities Demand Platforms that Seamlessly Deliver to the Community as a Whole

- Inter dealerExecutors
- Developed Liquidity providers
- Local Market / Agency Traders
- Technology or Trading Operations Managers
- Regulators
- Corporate Treasury
- FX Alpha seekers
- FX overlay management
- Research Analysts

© 2014 Thomson Reuters CONFIDENTIAL

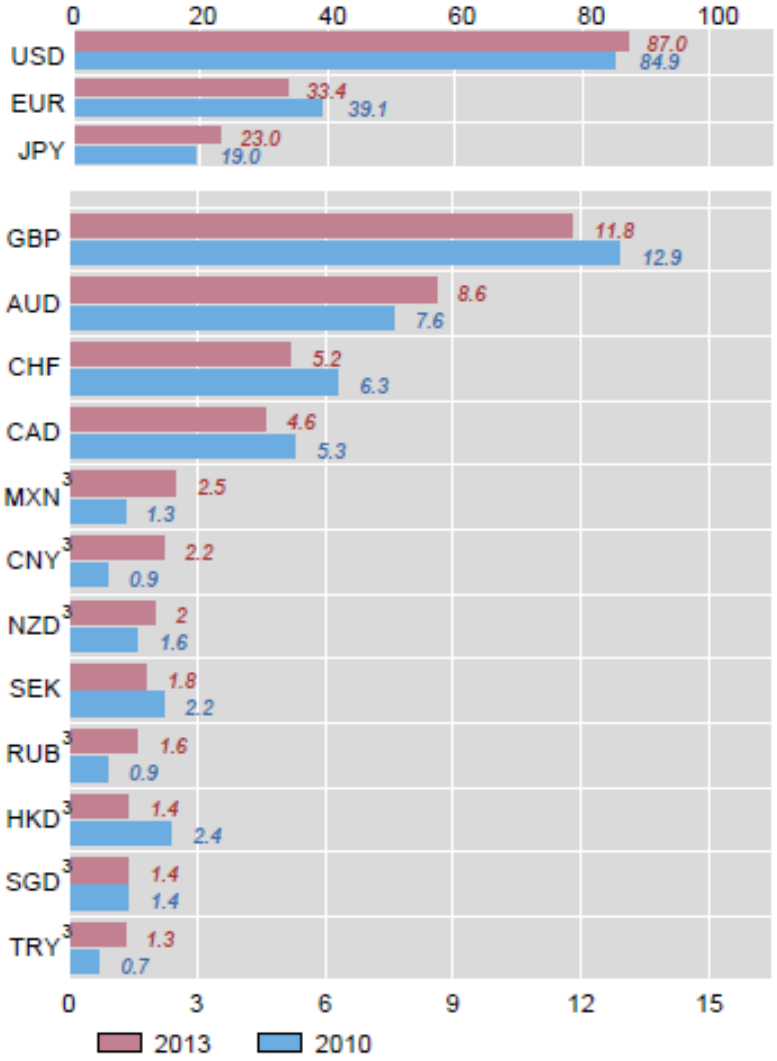
FX Trading Liquidity/Venue Fragmentation

Type of Venue	Description
IDB	Primary market spot, forwards, NDFs 90+ Bln USD ADV & primary market liquidity in GBP, AUD, NZD, CAD, SEK, NOK, DKK, CNH, MXN
Negotiation Network	Conversational dealing Global Cross-asset Peer-to Peer commission free trading with STP. 16,000+ participants
Relationship Trading	Dealer-to-client request-for-quote trading Dominant liquidity source
Order Book	Anonymous ECN spot Complementary trading paradigm on majors (EUR, CHF, JPY)
Bank Stream	Continuous streaming bank rates Streaming Bank Liquidity as a step up from Relationship Trading
Regulated venues (SEFs)	SEF's access Comply with regional flavors of regulations

© 2014 Thomson Reuters CONFIDENTIAL

FX Flow Trends

- BIS Triennial Central Bank Report
  - US$ seems unchallenged by the EURO (87% onside share vs. 33%)
  - Yen, Rubel and Aussie $ are gaining significants
  - Mexian Peso and Renminbi joined the top 10
- Flow products keep increasing market share
  - FX Swap (2,2 Trillion April ‘13)
  - FX Spot (2 Trillion April ‘13)
  - FX Options (vanilla)



© 2014 Thomson Reuters CONFIDENTIAL
THOMSON REUTERS™

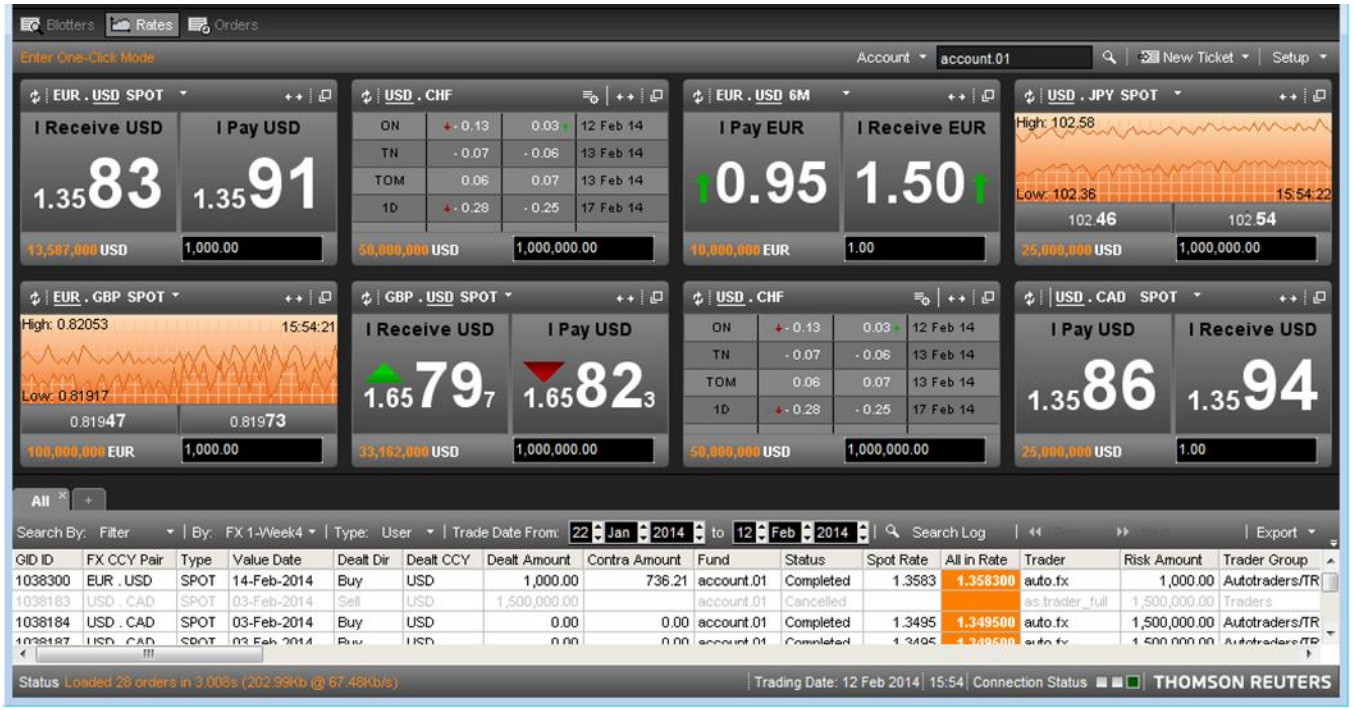
FX Trading Insight

- Valuable insight empowers user trading strategies and decisions
  - Market News & FX Buzz
  - FX Polls
  - Market Activity & Heatmaps
  - Charting
  - Real Time & Historical Market Data
  - Indicative Price Curve (Spot, Swaps, NDFs, Options)
  - Deposits, Forwards & Options Calculators
  - Sell side added value data and apps

© 2014 Thomson Reuters CONFIDENTIAL
THOMSON REUTERS

Evolution of Corporate Trading

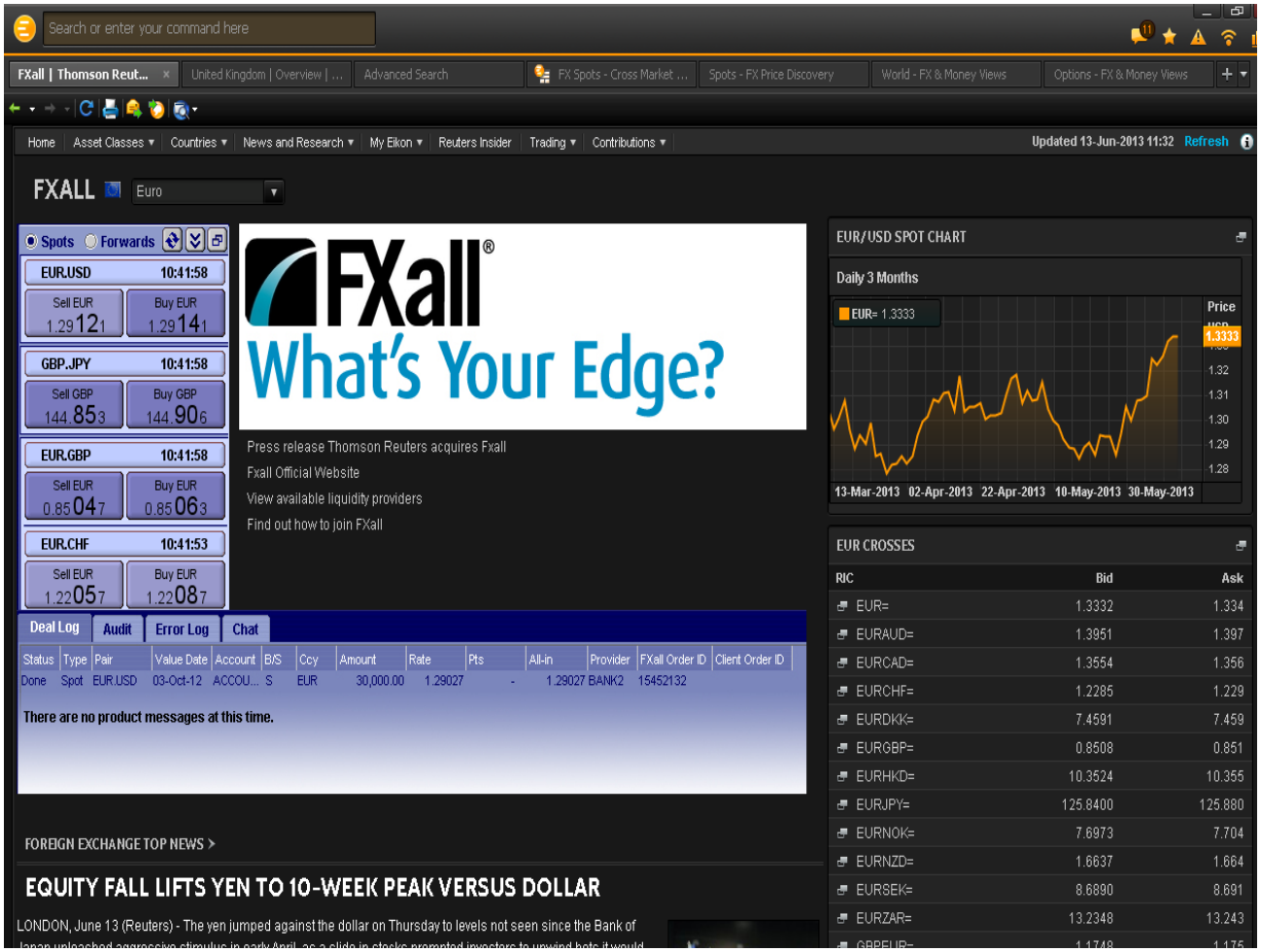
- Effective management of client flows through e-commerce solutions covering price making, price distribution, liquidity connectivity, auto-heading and aggregation



© 2014 Thomson Reuters CONFIDENTIAL
THOMSON REUTERS™

Buy-side access to aggregated liquidity

- Corporate Treasury & Institutional Fund Managers access to liquidity from 85+ Banks
  - standalone Multibank portal
  - Trading integrated into pre trade analytics
  - Relationship Trading (RFQ)
  - Bank Stream (Streaming RFQ)
  - Regulated Trading
  - Added value conversations with peers and sell side



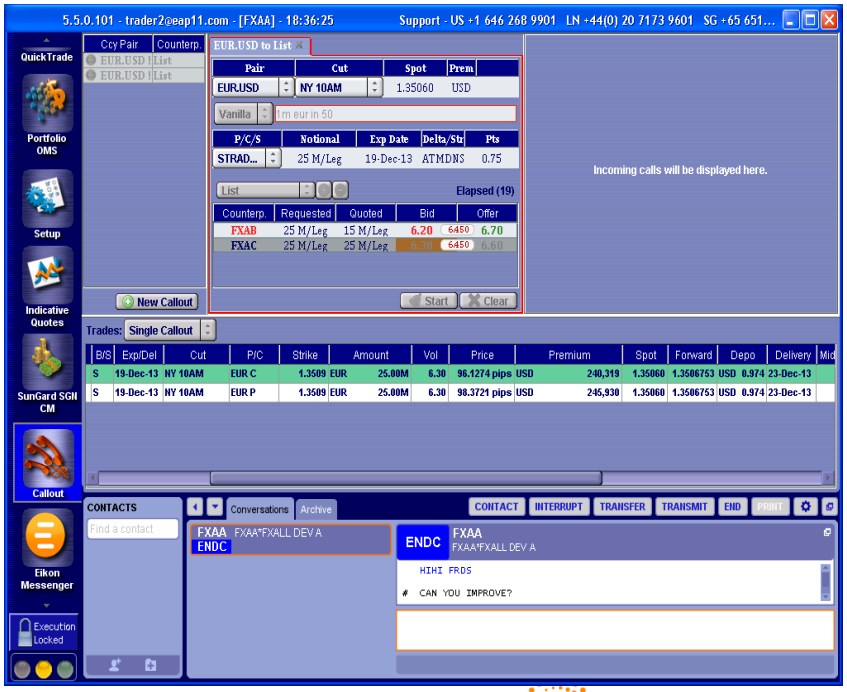
© 2014 Thomson Reuters CONFIDENTIAL
THOMSON REUTERS

FX Trading Innovation

- FX Trading rapidly delivers new electronic trading functionality to the market including NDF Matching and FX Options Callouts
- FX Trading will continue to deliver innovative new products including Desktop Aggregation and Risk Management

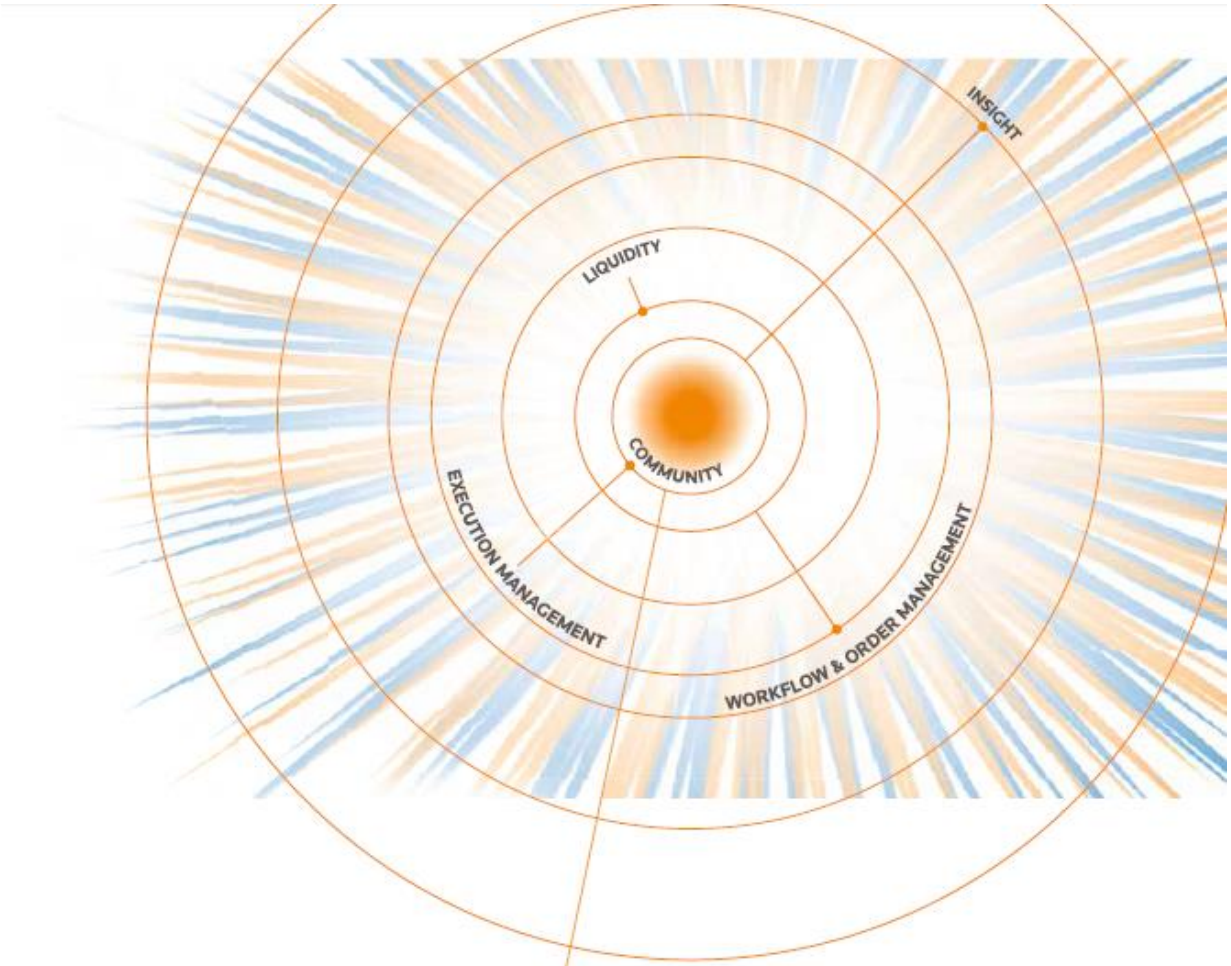
Desktop Liquidity Aggregation

FX Options Callout



© 2014 Thomson Reuters CONFIDENTIAL

THANK YOU!



ONE COMPANY
YOUR SOLUTION

© 2014 Thomson Reuters CONFIDENTIAL
THOMSON REUTERS™