



With Special Guests From:



FX Market Structure Update

Changing Market Dynamics and Disruption

July 19, 2016

Speakers



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Topics Of Discussion



About Greenwich Associates



FX Market Structure Update



Brexit



Automated Trading



Non-Bank Liquidity



Relationships



Questions



About Greenwich Associates

About Greenwich Associates

Greenwich Associates is the leading provider of global market intelligence and advisory services to the financial services industry

We provide unique market information, insights and advice to help clients:

- Improve their business performance
- Drive product strategy & development
- Increase sales effectiveness
- Gain a significant competitive advantage
- Enhance operational performance
- Optimize development initiatives
- Transform their business to improve every aspect of customer experience

Firm Facts:

- Founded in 1972
- Privately held
- Headquartered in Stamford, CT, with regional offices in Pleasanton, CA, Toronto, London, Singapore, and Tokyo

By the numbers:

260+ Sell-Side Clients
in the financial services industry

350 Employees
throughout the United States, Canada, Europe, Asia, and Japan

60,000 Annual Interviews
with buyers of financial services

150 Executive Interviewers
gather data in 70 countries in 14 languages

310,000 Universe of Experts
unique buy-side contacts



FX Market Structure Update

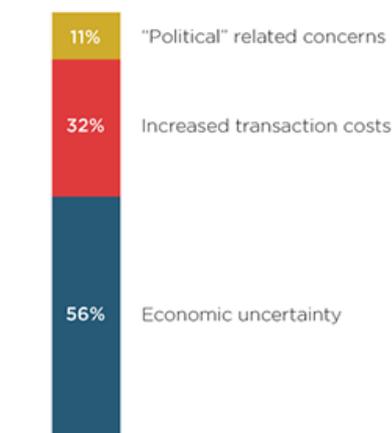
Drivers Of Market Structure Change Are Numerous

- **Economics:** Monetary policy around the world is like nothing we've seen in our lifetimes. The U.S. is (sort of) growing while the rest of the world can't shake the credit crisis.
- **Regulation:** Basel III's impacts are starting to hit home; uncleared margin requirements will impact the economics of product selection; MiFID II and EMIIR combined make Dodd-Frank look like child's play.
- **Technology:** Innovation both within Wall Street and outside is disrupting business as it did in the late 1990's – but with actual profits this time.
- **Politics:** Brexit and the U.S. presidential election have created enough political uncertainty to keep us all busy for a while.

Which of these is driving the most change? Which are cyclical?
Which are structural?

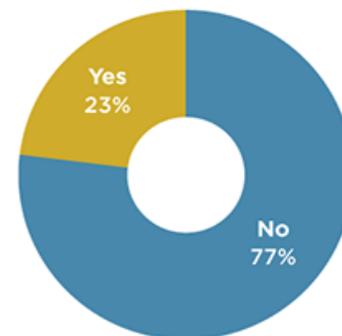
There is no single answer except change is inevitable.

SPECIFIC CONCERNS IF BREXIT PASSES



Note: Based on 90 responses.
Source: Greenwich Associates 2016

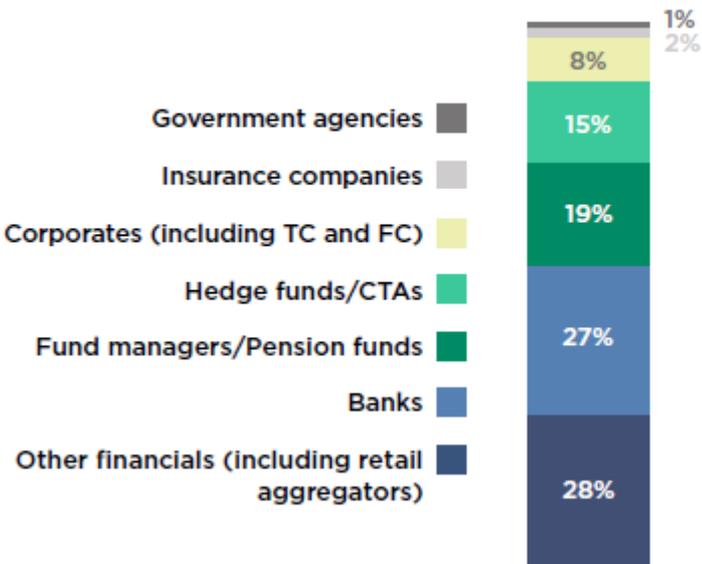
HEDGES IN PLACE TO PROTECT AGAINST CURRENCY/IR VOLATILITY IN THE EVENT OF BREXIT



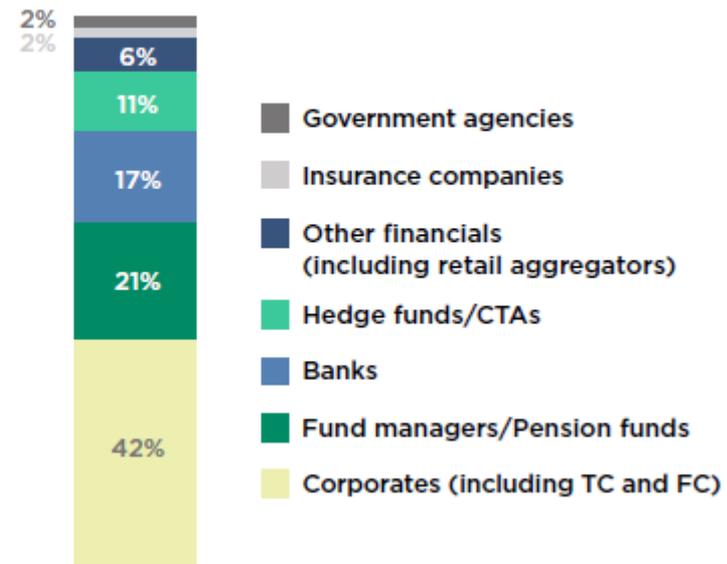
FX Research Methodology

Between September and November of 2015, Greenwich Associates conducted in-person interviews with 1,633 top-tier users of foreign exchange at large corporations and financial institutions in North America, Latin America, Europe, Asia, Australia, and Japan.

**RESEARCH PARTICIPANTS BY TYPE
—VOLUME WEIGHTED**

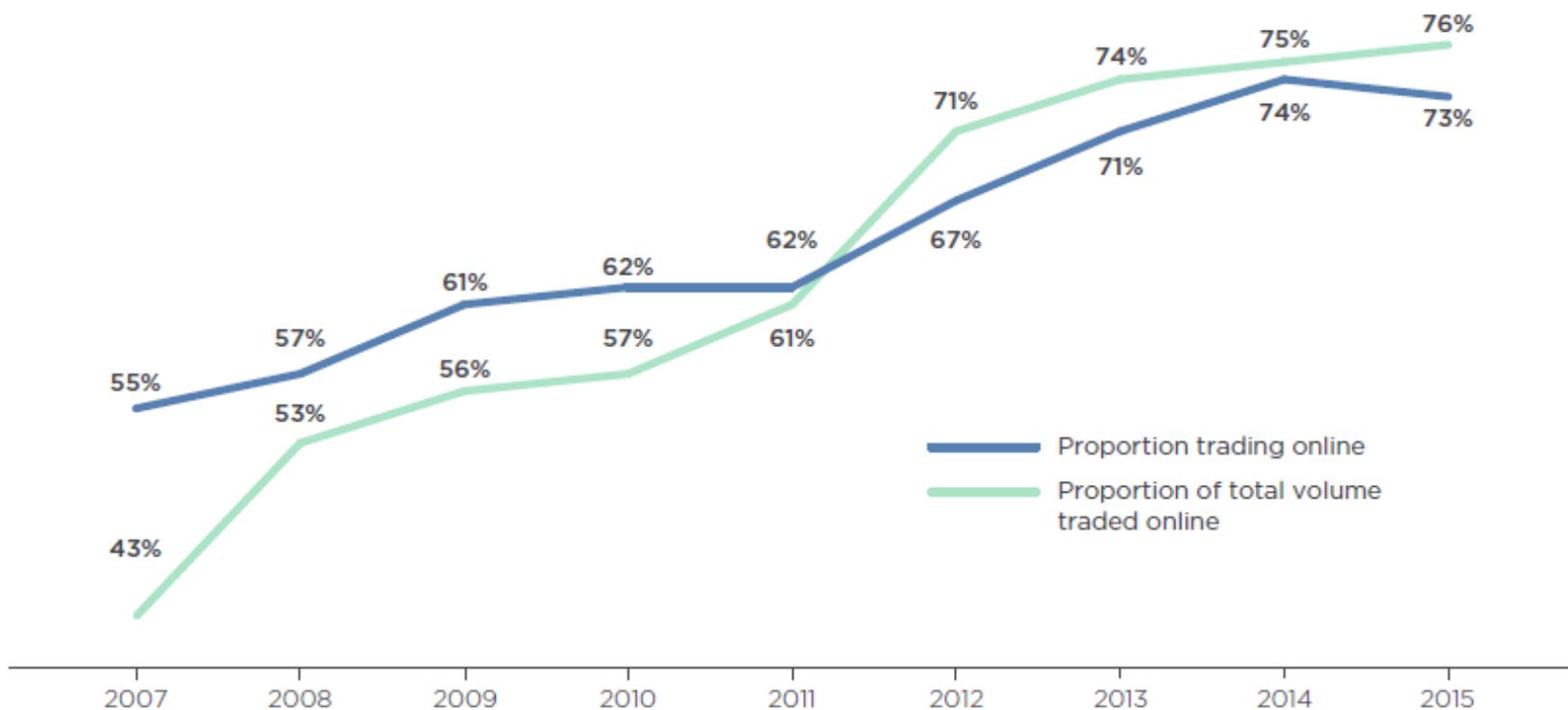


TRADING VOLUME BY INSTITUTION TYPE



FX Is The Most Electronic Institutional Market

BUY-SIDE ELECTRONIC TRADING OF GLOBAL FX

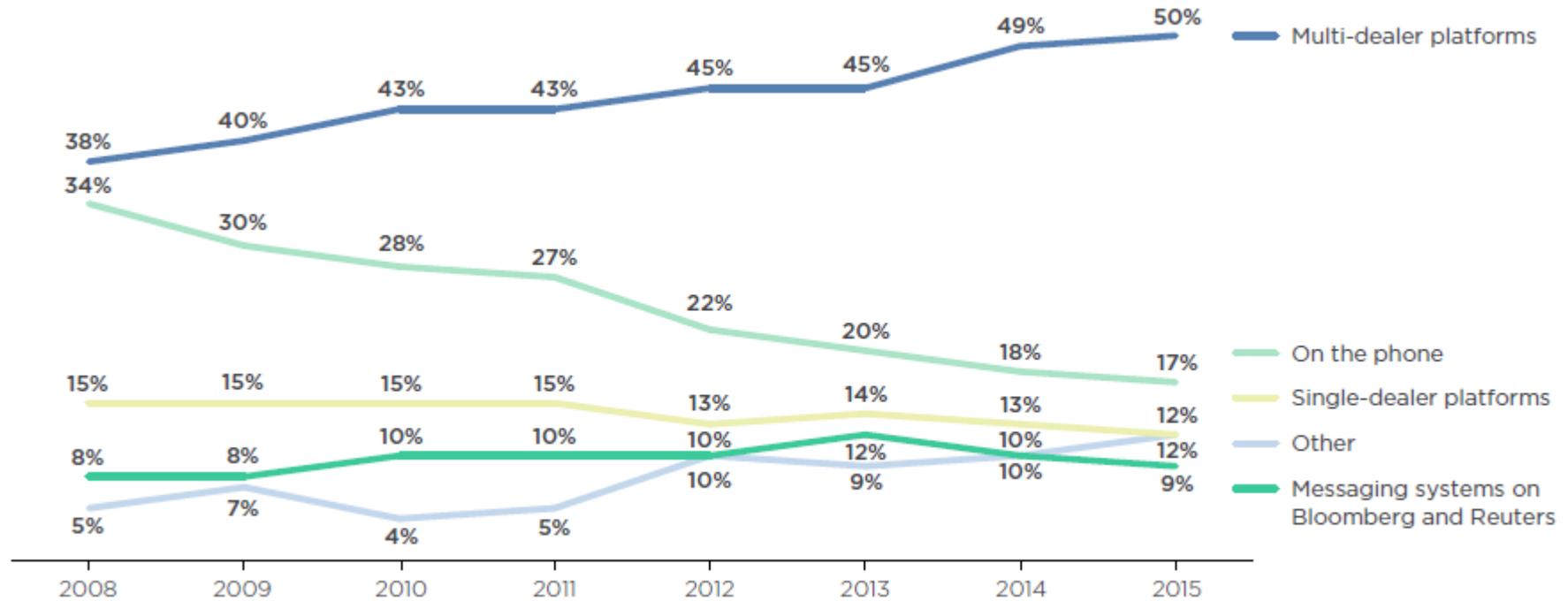


Note: In 2012 and 2013 online volumes include short-dated swaps/rollovers. Based on 1,780 responses in 2007, 1,440 in 2008, 1,497 in 2009, 1,563 in 2010, 1,632 in 2011, 1,763 in 2012, 1,584 in 2013, 1,612 in 2014, and 1,633 in 2015.

Source: Greenwich Associates 2015 Global Foreign Exchange Services Study

Best Execution Requirements Driving MDP Use

PROPORTION OF FX TRADING VOLUME, BY CHANNEL

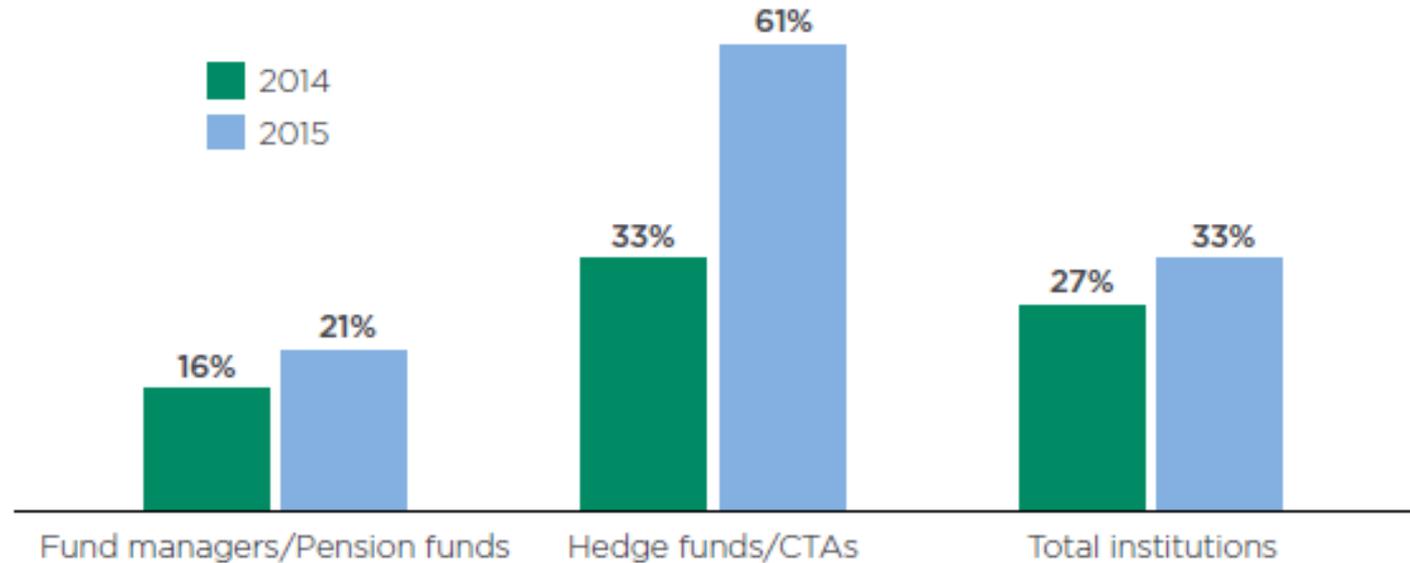


Note: Based on 814 in 2008, 906 in 2009, 963 in 2010, 1,013 in 2011, 1,094 in 2012, 1,127 in 2013, 1,211 in 2014, and 1,172 in 2015.

Source: Greenwich Associates 2015 Global Foreign Exchange Research Study

The Buy Side Is Finally Looking To FX Algorithms

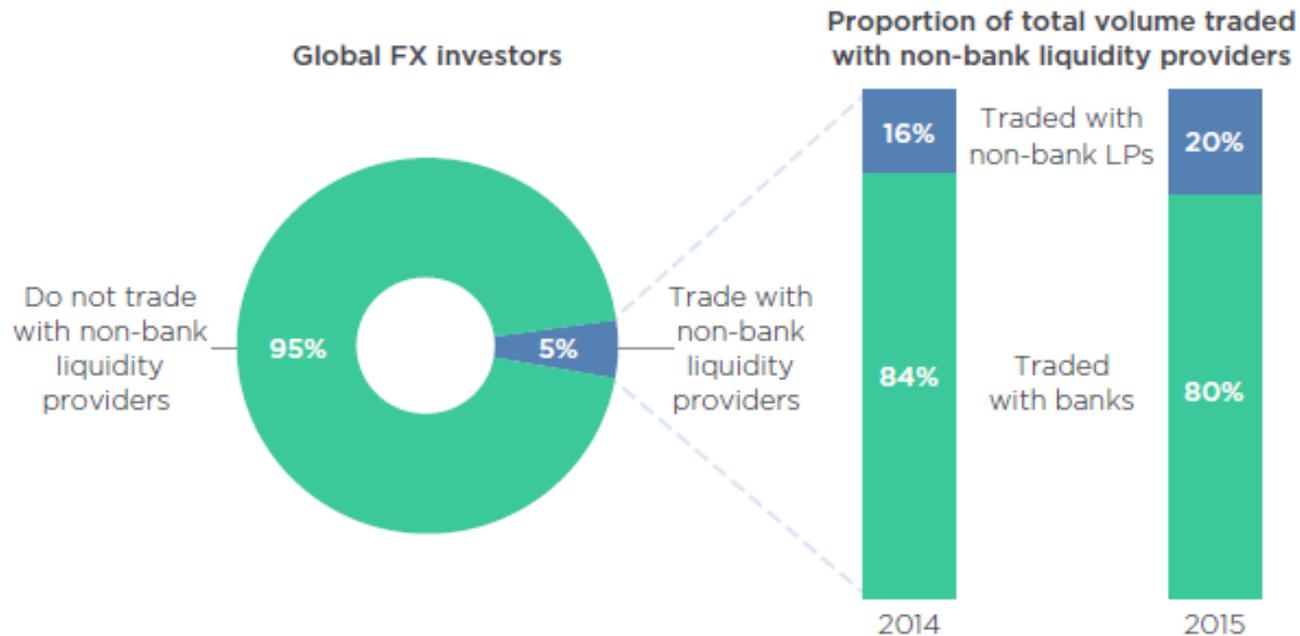
USE OF ALGORITHMIC MODEL TRADING Volume-weighted proportion executed using algo tools



Note: Based on responses from 1,660 foreign exchange users trading online in 2014 and 1,597 in 2015.
Source: Greenwich Associates 2015 Global Foreign Exchange Study

Non-Bank Liquidity Providers Are Expanding

USE OF NON-BANK LIQUIDITY PROVIDERS

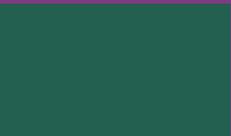


Note: Based on 1,682 responses from global top-tier users of foreign exchange in 2014 and 1,633 in 2015.
Source: Greenwich Associates 2015 Global Treasury Services Study



Discussion: Brexit

Discussion: Automated Trading



Discussion: Non-Bank Liquidity

Discussion: Relationships

Additional Information Or Questions?



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