

EBS & TORA, a Strategic Relationship for Accessing FX Liquidity



Fireside chat with
Hugh Whelan

HEAD OF EBS DIRECT TRADING PLATFORMS

It's been a few months since TORA and EBS announced their collaboration to link EBS's FX liquidity with TORA's multi-asset OEMS platform. Market participants now have the ability to view prices for all spot FX, forwards, swaps and NDFs traded on EBS Market and EBS Direct, side-by-side with prices for CME Group FX futures and other asset classes, all through the TORA platform.

In this Q&A, **Hugh Whelan**, Head of EBS Direct Trading Platforms, discusses the reasons behind the relationship, the opportunities it offers to market participants, and how things have been progressing since the announcement.



Hugh, why did EBS decide to partner with TORA?

There's been a seismic shift towards aggregation in the industry. Venues like ours typically own some degree of real estate on the client's desktop. With aggregation, that's becoming much more challenging as firms look to reduce their technical debt and decrease desktop real estate.

By connecting with TORA, we can provide our clients with all of our available liquidity and functionality as well as access to a platform which allows them access to multiple asset classes from a single UI.

Following the acquisition of NEX Group plc in 2018, CME Group now offers access to deep and diverse liquidity in both futures and cash FX (via EBS) under one roof. As CME Group brings these pools together through the migration of EBS Market onto CME Globex, and through the roll-out of EBS Direct

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2.0, we will provide seamless and efficient access to this liquidity via common CME Group technology. By connecting with TORA's single interface, clients can now seamlessly access over \$120bn in combined FX spot and futures ADV via TORA's single UI, across multiple asset classes, desks and regions and across the entire lifecycle of a trade.

TORA's strength with the buy side will allow EBS to provide an enhanced offering to that client base. Similarly, EBS' strength with the sell side allows TORA to access a new client base.

Are there any particular aspects of the TORA platform, for example in terms of functionality, or how the platform is architected, that stand out for you?

TORA has a very attractive front end with great usability that plays straight into an active trading community. And it's been very well built, with a lot of client feedback around ergonomics and muscle memory, for example.

TORA ticks a lot of boxes, for example it allows for all of our liquidity pools to be nicely aligned side by side, so you have all the different price cards, i.e. OTC bilateral liquidity on EBS Direct, EBS Market's central limit order book, and CME Group futures, all combined together so you can compare and contrast, and use some of the algos that TORA offers to seek the best liquidity from all three venues.

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TORA's OEMS functionality allows our clients to not only get access to our liquidity but also an opportunity to upgrade their whole front office solution. The TORA Pairs trading functionality is also a huge win for clients who need to trade the basis between cash and listed, straight out of the box. So if you're a futures/cash trader, you can transfer risk from one to the other by trading legs allowing for a more efficient way to manage your risk.

Also, there's a vast network of brokers behind it, which allows buy sides who want to leverage their PBs, to do so. What's more, with TORA being multi-asset, it allows firms to trade other asset classes such as equities or commodities, all via a single UI.

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Can you expand a little on EBS's approach to collaborations, and where TORA fits in from a strategic perspective?

Typically, EBS has been agnostic to vendors in the past, but this opportunity with TORA was very compelling and came at the right time.

While we work to bring CME Group's futures and cash FX offerings together by migrating EBS onto CME Globex, working with TORA plugs the gap. TORA is a well-established platform, is well positioned in this space and can support a quick implementation process.

When we looked at providing clients with an aggregation solution, EBS considered whether we should build, buy or collaborate. We concluded that collaborating with TORA allowed us to meet our client needs both today, and into the future.

Now that you're a few months into the relationship, what positive outcomes have you seen so far?

There's been a lot of interest. We have a deep and growing pipeline of prospects, and we've already signed a handful of customers who we are onboarding and some starting to trade. Our internal sales teams are very excited about the proposition, this is something that they've been wanting for many years, and now they can see the strong value proposition where either they can pitch for new business and protect existing business. So, there's a lot of excitement around this.

From a geographic perspective, we're seeing significant interest coming out of Asia and the U.S. Maybe less so in Europe at the moment, but I think that's just due to the nature of our clients, it's a more mature client base in Europe in terms of aggregation, relative to Asia and the U.S., Asia is a little behind the curve in that regard, so that's where a crescendo is building. And in the U.S, there are a lot of buy side players, so that's why things are percolating quite well there.

We're now developing some co-branded marketing collateral that will present use cases, as well as using videos and social media to educate people and bring them along the journey. This is not going to succeed by just signing the agreement, it will require focus, collaboration, attention to detail in follow ups with the clients, and just making sure that everybody knows how they should pitch it and in what situation.

To wrap up, how do you see EBS and TORA working together in the future, and how do you expect the relationship to develop?

The key is continuously working with our respective teams to be creative. For EBS, gaining a deeper understanding of the key functionality within TORA will fuel that creativity.

For example, I mentioned Pairs trading earlier. As well as FX, we have a metals business, and we're looking to try and bridge those two liquidity pools together. TORA's Pairs functionality allows us to do that. Metals is an asset class where the bridge between OTC and listed contracts can be quite formidable. There is a need for the buy side to hedge their listed exposure, and trading the basis is one way to do that. TORA provides that out of the box.

With EBS Direct, we're currently discussing our next gen platform with market participants across the industry and how we deliver our front end and APIs. Users can also access our API's and liquidity through TORA with single screen access to bilateral liquidity on all of the EBS products, together with CME Group FX liquidity as well.

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We will continue to present TORA as our partner, and that will naturally build business and create opportunities. Making TORA part of our day-to-day offering is where I think opportunities will present themselves and creativity will then allow for new ideas to form.

What's more, as and when TORA develops new products, we can work side-by-side. One of the potential ideas coming down the pipe, for example, is around our FX Link product, which provides a transparent central limit order book on CME Globex for trading spreads between OTC FX Spot and CME Group FX futures. TORA could be a distribution channel for that, too. Ideas like that will help build a stronger value proposition around the collaboration.

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