

Regulators should look to companies already practicing the FEMR global code of best practice and driving greater transparency in FX markets, says David Mercer, CEO of LMAX Exchange

London, 11 June 2015 - Commenting on the Fair and Effective Markets Review Final Report published yesterday, **David Mercer, CEO of LMAX Exchange, said**, “As the leading FCA regulated MTF for spot FX operating a ‘no last look’ open order book, we fully welcome the review’s endeavour to bring increased transparency to the FX market. We will fully support and cooperate with the new market standards committee to help drive the effort in increasing fairness and transparency in FX markets globally.”

Section 2.4.1 of the report discusses enhanced transparency around ‘time stamping’ and ‘last look’ practices in FX Markets.

On the need to standardise the application of ‘time stamps’ to show precise execution time, Mercer commented: “We believe that ‘time stamps’ need to be universal and consistent globally. At LMAX Exchange, we time stamp every order (from receipt to execution and acknowledgement) in milliseconds and believe that this should be the industry standard.

“On the use of ‘last look’, we have a long held view that this practice is no longer required given the advances in trading technology.”

He added: “The answer is clear: to avoid the potential for abuse of ‘last look’, it is best not to have it at all. Technological advancement has entirely eliminated the need for ‘last look’ and a world without it would reinstate much-needed transparency and trust in FX markets, as people will know that they are being presented with the true cost of execution.

“25 of the leading global banks and all major non-bank market makers are already operating on LMAX Exchange’s ‘no last look’ open order book architecture, demonstrating that all participants can co-exist within the same exchange model that is the cornerstone of liquidity for every other asset class.

“This is the benchmark for global FX trading, and whilst we are encouraged that Mr Carney is taking the helm and steering the industry in this direction, we think questioning the acceptability of ‘last look’ is a foregone conclusion – the only “clear standard” that needs to be set is that it should not exist.

“Across the industry there is still not enough understanding about the practice of ‘last look’. A worryingly high number of customers we were speaking to six months ago had never heard of ‘last look’, despite being quoted this way for the last decade. The regulators need to not only draw attention to the practice, but go all the way and accept that it is not needed, under any circumstances. The regulators need to look beyond the established spot FX venues, they need to understand how the new venues operate and see that we have already solved the problem.”

Mercer concluded, “We urge the FEMR to more actively engage with all participants in the market, whether big or small, old or new. As an MTF already practicing ‘no last look’ as standard, we are fully committed and willing to be an industry example of good practice in this respect.”

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Notes to Editors

About LMAX Exchange:

Ranked No.1 fastest growing technology firm in the UK (2014 Sunday Times, Tech Track 100), LMAX Exchange is the leading MTF for FX, authorised and regulated by the FCA. Servicing retail brokers, funds, corporates, asset managers and banks, LMAX Exchange delivers a unique vision for global FX trading - a transparent, neutral, level playing field for all market participants, regardless of status, size or activity levels.

The LMAX Exchange OPEN order book is driven by streaming, no 'last look' limit orders supplied by General Member liquidity providers. LMAX Exchange offers a range of key products, including spot FX, precious metals, commodities and equity indices, with complete pre and post-trade transparency and exchange quality execution, where orders are executed in strict price/time priority at an average speed of 4ms.

LMAX Exchange – the emerging benchmark for global FX.

Awards:

#1 Fastest Growing Tech Company in the UK – 2014 Sunday Times Tech Track 100

2015 Best Margin Sector Platform - Profit & Loss Readers' Choice Awards

2015 Best FX Trading Venue - ECN/MTF - WSL Institutional Trading Awards

2014 Best Margin Sector Platform - Profit & Loss Readers' Choice Awards

2014 Best FX Trading Venue - ECN/MTF - WSL Institutional Trading Awards

2014 Best Infrastructure/Technology Initiative - WSL Institutional Trading Awards

2013 #15 Fastest Growing Tech Company in the UK - Sunday Times Tech Track 100

2013 Best Overall Testing Project - The European Software Testing Awards

2013 Best Executing Venue - Forex Magnates Awards

2013 Best Margin Sector Platform - Profit & Loss Readers' Choice Awards

2013 Best FX Trading Platform - ECN/MTF - WSL Institutional Trading Awards

2011 Best Trading System - Financial Sector Technology Awards

2011 Oracle's "Duke's Choice" - Innovative Programming Framework Award

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