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## FX Connect Partners with BestX on TCA

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FX Connect is partnering with trade technology software provider, BestX, in order to offer transaction cost analysis (TCA) solutions globally.

"We're taking what we consider to be an extremely impressive set of TCA functionality that enables out-of-the-box integration between the two platforms and offers customers what essentially a turn-key integrated solution that supports the TCA required to underpin best execution policy evidencing and execution," David Newns, head of execution solutions for Global Link, State Street's suite of e-trading platforms, technology, data and workflow solutions, tells *Profit & Loss*.

He adds: "Furthermore, the bespoke integration between FXConnect and Bestex which not only includes the sophisticated models which Bestex currently offer, but also enhanced data around trade times, speed of execution and certainty of trade settlement makes this a unique offering

Explaining why FX Connect decided to partner with BestX specifically for this TCA solution, Newns emphasises the domain expertise of its staff with regards to FX TCA.

"On the one hand, you have an extremely credible set of individuals for this product set, and on the other hand, the implementation of the technology is very impressive," he says.

FX Connect is integrating an independent TCA solution into its platform due to growing buy side demand for such tools, which is in turn driven by new best execution requirements under Mifid II and increasing pressure from asset owners to improve best execution policies, according to Newns.

"We've seen the journey that organisations go on – there is a recurring theme of asset owners looking at the cost of execution or looking across their asset managers and arriving at the conclusion that there are significant costs involved in FX execution that can perhaps be handled better with a best execution policy. Now, the evidencing of this policy has been enshrined in Mifid II, but it would seem to be best practice in the real money space regardless," he says.

Although the majority of FX products are not in scope of the Mifid II requirements, Newns expects that buy side firms will still use TCA tools to evaluate their execution for these products.

"There is very much a consensus on the buy side that this is an issue, and one that could be tackled in conjunction with the use of functionality such as the TCA provided by BestX. I think that as an asset manager, it would be difficult to explain why you're doing TCA on your FX transactions, but not your spot FX just because it isn't included in the regulation," he says.

Newns adds: "Given what's happened in the market over the past few years, with the allegations around the benchmark fixing and last look, the conversation happening at asset managers is about going above and beyond – the expectation is to go further than the letter of the regulation when it comes to best execution."

Meanwhile, one of BestX's co-founders, Oliver Jerome, declared in a release issued today that the firm is "delighted" to be announcing the integration of BestX into the FX Connect transaction workflow.

He further comments: "FX Connect and BestX have many mutual clients, our platforms are extremely complementary to one another, and the potential benefits to the buy side from this partnership are significant. This integration is a key milestone for us in the path to being the industry standard for FXTCA."



David Newns

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