

Breaking News Breaking News Breaking News Breaking News

## ACM, The World's Leading On-line Forex Brokerage Opens Representation Offices in Dubai

# ACM



Swiss-based company, ACM (Advance Currency Markets – [www.ac-markets.com](http://www.ac-markets.com)), labeled by Swiss newspapers as “The Kings of Forex” due to the astounding success of their on-line Forex trading website, officially opened representation offices in Dubai on Wednesday, March 15th, 2006.

ACM was found in 2002 by three Swiss business partners and friends – Alexandre Axarlis, Nicholas Bang and Lloyd la Marca. A start-up company based on a simple yet ingenious formula: an on-line Forex platform offering clients transparency, low margins and simplicity of use. With a site that has worldwide reach and is translated into 13 different languages, this on-line Forex brokerage has managed to

rapidly differentiate itself from competition. ACM now boasts transaction volumes that average at USD 60 billion per month and the site receives between 30-40,000 visitors per day.

### The fundamental concepts of ACM are:

- (1) User friendly: ACM Offers the world's largest on-line Forex brokerage, now in Dubai, in the most competitive, transparent and user-friendly methods.
- (2) Transparency: Transparency is paramount in all ACM dealings- from the initial presentation of the company to the method of trade execution.
- (3) Minimal Profit Margins: Profit margins are kept to a minimum so that execution is superior to that of any other brokers and clients are entirely

satisfied. The aim being to gain the largest market share, possible due to the outstanding trading conditions offered.

Today ACM is the World's Largest on line Forex broker, has the world's second most visited on-line Forex site and is the First online broker to implant in the Middle East. “A large part of the success behind ACM comes mainly from our unfaltering commitment towards client satisfaction. This client satisfaction is directly translated by the fact that we have opened over 10,000 accounts to date,” said Nicholas Bang, Managing Director, ACM.

The Dubai team will function as a representative office for Middle East in markets and will cater to both institutional and private customers. ■

# NEW CURRENCY PAIRS

ACM ADVANCED CURRENCY Markets part of the Refco group of companies will be adding several new currency pairs and precious metals to it's online dealing platform.

Nicholas Bang executive director & partner of ACM says, "Our client base has grown exponentially over the last year since Refco acquired majority ownership of ACM. As a result we have seen increased demand for new currency pairs and precious metals. In the following days we will be adding Spot Gold and Silver in addition to USDMEX, EURNOK, CHFNOK and GBPNOK in the first instance and soon to be

followed by 20 to 30 or so other currency crosses."

The new release will bring the amount of available

currency pairs to 23. ACM confirms that all new currencies will be executable with the exact same methodology the company has supplied up to now, namely with the tightest spreads possible, without any request for

quote or any slippage.

"Since our business model is based upon supplying the most attractive and fully transparent dealing we feel that it is essential to our identity that we maintain the same level of execution," said Nicholas Bang.■





# «La licence bancaire nous permettra de diversifier notre offre de produits»

Alors que la demande va être déposée sous peu, le broker genevois ACM, spécialisé dans le trading des devises, pourra proposer d'échanger des actions.

PROPOS RECUEILLIS PAR  
**MATHILDE FARINE**  
À GENÈVE

Du haut de ses locaux perchés au-dessus de la rue du Rhône, ACM fait partie de ceux qui ont observé la crise de loin. Car le courtier genevois, spécialisé dans les échanges de devises, n'a pas le moins du monde été affecté par les tourments du secteur bancaire. Le courtier en devise genevois peut ainsi se concentrer sur son propre développement, qui passera par le dépôt imminent d'une demande de licence bancaire. Entretien avec Nicholas Bang, l'un des trois fondateurs de la société née en 2002 et réunissant désormais presque 200 employés.

**Comment avez-vous vécu la crise?**  
**Nicholas Bang:** La crise a touché un nombre considérable d'institutions financières. Cependant, étant donné que notre métier est décorrélié de la plupart des marchés financiers, notamment des actions, notre activité n'a pas vraiment été affectée. Nous vivons un essor exceptionnel, mais nous n'avons en tout cas pas constaté de baisses au niveau des volumes et des nouveaux clients notamment.

**A l'inverse, vous n'avez pas constaté d'augmentation importante de volumes dans les pires moments de la crise?**  
Je n'irai pas jusque-là. Cela dit, à la fin de l'année, nous avons constaté des augmentations de volumes. Le mois courant semble être au même niveau. Et nous devrions voir des hausses supplémentaires dans les prochains mois.

**Pouvez-vous donner quelques chiffres sur vos activités?**  
Nous ne dévoilons pas notre bénéfice. Toutefois, en ce qui concerne les volumes échangés, ils se situent autour de 150 milliards de dollars par mois. C'est du moins notre chiffre de décembre.

**Vous vous êtes développés rapidement hors de Genève, à Dubai, Montevideo et New York. Pourquoi ces régions en particulier?**  
Tous ces bureaux ont la même fonction – vente et marketing – afin d'acquiescer des nouveaux clients régionaux, même si cela va au-delà de la ville ou du pays dans lesquels ils sont installés. Nous avons constaté au début de notre activité que nous avions de plus en plus de clients arabes qui se tournaient vers ACM. D'où l'idée de s'implanter à Dubai, qui est la plaque tournante financière du Moyen-Orient. Cela s'est très bien passé et la croissance a été rapide et forte. Il faut dire que la Suisse a une relation naturelle avec les pays de cette région, du moins en termes de gestion de fortune et de banque privée. Par ailleurs, ACM a toujours eu une équipe d'hispanophones, très performants au niveau de la vente et du marketing, et nous voulions les utiliser à leur potentiel maximum. Nous avons choisi Montevideo en

Uruguay, car le pays est considéré comme la Suisse de l'Amérique latine en raison de sa stabilité.

**L'Asie de l'Est ne vous tente pas?**  
Aujourd'hui, l'Asie de l'Est n'est pas la région la plus intéressante. Elle l'est évidemment à moyen terme, en raison de sa forte croissance. Il est difficile de parler de forte croissance avec la conjoncture actuelle, mais une fois que les économies se seront sorties de ce mauvais pas, on reviendra au niveau de 2006-2007. Cependant, le plus important pays du continent, la Chine, n'est pas un marché extrêmement ouvert aux opérations de change. C'est pourquoi nous préférons concentrer nos efforts ailleurs, jusqu'à ce que cela évolue.

**Swissquote a clairement décidé de se concentrer sur le marché suisse et a très peu de clients hors de nos frontières. Vous avez fait le choix inverse, pourquoi?**  
ACM est une société – et bientôt une banque – helvétique et s'intéresse à son marché local. Nous sommes très fiers d'être suisses. Nous avons voulu nous concentrer sur un marché international tout simplement parce que nous en avons la possibilité, surtout en étant basés à Genève. C'est dommage d'être présent dans une ville tellement internationale avec une richesse de cultures et de langues différentes et de ne pas utiliser ces atouts pour aller conquérir d'autres marchés.



Nicholas Bang, l'un des trois fondateurs d'ACM et actuel directeur opérationnel : «La Suisse reste un marché très intéressant pour nous.»

Cela dit, la Suisse reste un marché très intéressant pour nous, parmi les moins touchés par la crise financière encore aujourd'hui. En devenant une banque, ACM se concentrera d'ailleurs encore plus sur son pays d'origine.

**Où en est d'ailleurs votre demande de licence bancaire?**  
Nous avons de la chance, car nous avons commencé à nous préparer en 2005 déjà. Nous avons déjà obtenu les certifications ISO 9001 et 27001 et nous avons complètement

changé la structure de la société. Nous avons notamment fortement renforcé nos équipes au niveau du back-office, de la compliance et de l'audit. Nous déposerons prochainement la demande.

## «Le franc tiendra le cap, même si l'économie s'affaiblit»

La visite furtive de Peter Rosentreich, responsable de l'analyse Forex chez ACM, a permis d'essayer les tendances prochaines des devises principales. Ainsi, tandis que la livre a encore quelques mauvais jours devant elle, le dollar et le franc tiendront le cap. De son côté, l'euro devrait recommencer à grimper dès la fin de l'année.

**La livre sterling dégringole depuis plusieurs mois. Voyez-vous des perspectives de redressement?**  
**Peter Rosentreich:** La pression est énorme en Grande-Bretagne en ce moment, que ce soit en termes de devise ou de fixed income. Le fait que Standard & Poor's (S&P) ait mis la note du pays sous surveillance, en vue d'une dégradation possible du triple A vers AA+, l'explique. Si un tel abaissement se produit, cela mettra en évidence l'intérêt pour la Grande-Bretagne de rejoindre la zone euro. On entend d'ailleurs de nombreux appels dans ce sens actuellement, mais le sentiment des Anglais reste de garder la monnaie nationale. Ce n'est pas un raisonnement économique mais émotionnel. Les trois prochains mois seront très difficiles pour la livre sterling, en raison des conditions économiques. La situation est passée de mauvaise à cauchemardesque.

Quoi qu'il en soit, la décision de S&P serait logique, la dette publique est hors de contrôle.

**Le dollar continuera-t-il de profiter de la crise?**  
L'aversion au risque favorise effectivement le dollar. La faiblesse de l'économie américaine est en outre compensée par la crise et le ralentissement global. Nous pensons donc que le dollar va continuer à s'apprécier au cours des trois prochains mois par rapport aux devises les plus importantes, à l'exception du yen. Ce dernier réagit également à l'aversion au risque. Tout comme le franc suisse. Ce dernier tiendra le cap, même si l'économie s'affaiblit. Nous nous attendons à un retour au niveau de 1,20 franc pour un dollar, suite aux commentaires de la Banque Nationale Suisse, qui devraient permettre à la monnaie de rester plutôt faible à long terme.

**Qu'en est-il de l'euro?**  
En ce moment, nous sommes plutôt baissiers, en raison des abaissements de note de la part de S&P. Ils mettent en évidence la diversification importante entre les pays de la zone euro. L'Allemagne et la France ne s'écrouleront pas. L'Espagne, le Portugal, l'Italie et la Grèce se trouvent, eux,



Peter Rosentreich, responsable de l'analyse Forex chez ACM

dans des positions beaucoup plus difficiles. Ainsi, il est possible que l'on voie l'euro retourner vers 1,20 euro pour un dollar. Mais nous verrons un retour de l'appréciation à la fin de 2009.

**Certains experts conseillent d'investir dans les monnaies des pays qui disposent d'un important surplus de la balance commerciale. Partagez-vous ce point de vue?**  
Il est difficile de ne pas être d'accord. Mais il faut tout de même garder à l'esprit que le surplus

peut disparaître très rapidement, en particulier dans une période de déclin de la demande globale. De plus, certains thèmes empiètent sur eux-mêmes. Même si c'est un pays solide avec un important surplus, cela ne veut pas dire que les changes iront dans ce sens. On le voit en Asie émergente, dont les monnaies sont sous pression face au dollar alors que leur situation financière est très solide. La Russie reste un exemple flagrant. Tous appellent désormais à une dévaluation complète – qu'ils feront probablement de manière échelonnée – alors qu'il y a encore six mois, la situation était complètement différente. Le surplus était important grâce aux exportations de matières premières.

**Y a-t-il des monnaies émergentes que vous recommandez actuellement?**  
Nous sommes surpris par la résistance du réal brésilien face au dollar, alors que le peso mexicain a cédé beaucoup de terrain. Même si les indicateurs se détériorent, il y a toujours une demande et des exportations solides, ce qui explique la résilience de l'économie brésilienne. En revanche, l'Asie ne résiste pas aussi bien que ce que nous avions anticipé. (Propos recueillis par MF)

**Concrètement, qu'est-ce que la licence bancaire vous apportera?**  
Il y a plusieurs axes. ACM est connue dans le milieu, mais s'appelle «ACM broker» ou «ACM banque» constitue une grande différence. Le fait d'être une banque confère une assise financière beaucoup plus importante. Nous avons d'ailleurs augmenté notre capital propre. Ensuite, il y a les produits qu'ACM peut offrir. Aujourd'hui, l'entreprise peut proposer du trading sur le marché des changes. C'est notre spécialité et cela le restera, car nous croyons en notre modèle d'affaires. Par contre, dans un futur proche, ACM souhaiterait diversifier ses produits au-delà des devises vers les marchés actions, les options, les futures, etc. L'idée étant d'offrir autant que possible une destination commune (one stop shop) pour tous les produits que le client aimerait traiter sur une plateforme commune. Notre but est de devenir une banque en ligne connue mondialement.

**Sentez-vous une pression de la concurrence? Swissquote, notamment, a lancé une plateforme FOREX, et Saxo Bank tente également de prendre une plus grande place dans ce domaine-là.**  
Le marché des changes est plus populaire, il a grandi. D'autres acteurs se sont installés. Mais ACM est reconnu comme le leader en Suisse en ce qui concerne le trading de devises et parmi les plus importants acteurs en Europe.

**Comment réalisez-vous vos bénéfices? Par commissions sur les transactions des clients? Investissez-vous pour le compte d'ACM?**  
La société ne traite pas pour les clients, elle offre l'exécution à la clientèle uniquement. En tout cas pour l'instant. Nous percevons nos revenus dans la fourchette de prix offerts aux clients, soit la différence entre le bid et le ask (prix de vente et d'achat). Il n'y a en revanche pas de commissions perçues sur les transactions des clients. Cela peut sembler étrange de dire aux clients qu'ils ne paient rien pour traiter. Mais ACM arrive à obtenir des prix légèrement meilleurs puisque l'on traite en gros avec les fournisseurs de liquidités. Cela nous permet d'avoir une marge infiniment petite sur chaque opération. Avec le volume qui est très important, nous pouvons réaliser nos gains.

**Qu'en est-il de vos projets d'IPO?**  
Ce genre de stratégie est envisageable pour le futur. Mais notre stratégie est surtout d'être le plus grand acteur financier au niveau de l'exécution en Europe. Le plus important est donc de construire et consolider notre société. Le but prochain est de devenir une banque. L'IPO pourrait se produire ou pas. Cela dépend du genre de financement dont nous avons besoin.

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Nicholas Bang  
Managing Director & Partner ACM

## MARCHÉ DES CHANGES

# La nouvelle marotte des investisseurs

Internet a sans nul doute révolutionné l'approche du forex. Dans ce marché en pleine croissance, deux entreprises genevoises surfent sur la vague des monnaies et des métaux précieux.

Six ans après l'éclatement de la bulle Internet et trois ans à peine après l'échec et la fermeture de Youtrade, le monde des plates-formes de transactions en ligne est à nouveau en pleine effervescence. Mais l'heure n'est plus aux seuls titres du Nasdaq: elle est aux devises. Autrefois réservé aux professionnels anglophones, le «forex» est désormais accessible depuis n'importe quel PC et se négocie dans toutes les langues. Mais l'anglais a la vie dure...

«What you click is what you get!» Telle est la devise choisie par un des nouveaux hauts lieux du *forex on-line*, Advanced Currency Markets (ACM), pour symboliser la transparence du prix d'exécution de chaque transaction. Pour

comprendre l'émergence des devises en tant que nouvelle classe d'actifs, rencontre avec Nicholas Bang, l'un des trois fondateurs de l'entreprise, créée à Genève en 2002.

*Votre jeune entreprise – comme d'autres acteurs dans le domaine – rencontre un succès foudroyant. Quelles en sont les raisons?*

Il faut d'abord dire que, même s'il est décentralisé, donc difficile à quantifier, le marché du forex est énorme, estimé à plus de 30 fois celui des actions. Avant l'avènement d'Internet, ce marché était fermé, entièrement entre les mains des banques et de quelques gros brokers. Il était plutôt réservé aux institutionnels,

les seuls à pouvoir obtenir de bons *spreads*. L'apparition des plates-formes de trading on-line a radicalement modifié la donne, en ouvrant le marché à une plus large clientèle – principalement privée – par le biais d'un accès pratique, rapide et transparent, le tout à des coûts très attractifs.

*Justement, en parlant de «coûts attractifs», la concurrence dans votre domaine est féroce, avec des répercussions importantes sur vos marges... Dans quelle direction allez-vous rechercher votre profitabilité à l'avenir?*

Certes, nous avons atteint des planchers en termes de coûts pour le client et il sera difficile de faire descendre les frais de transaction au-dessous de 2-3 points de base. Il devient dès lors difficile d'être encore plus compétitif. L'avenir, pour des entreprises comme la nôtre, sera d'offrir de nouveaux produits, d'aller sur d'autres marchés, en bref, de faire preuve d'imagination et de créativité. Le forex est un marché en constante évolution, tant au niveau des services offerts que de la technologie.

*Vous proposez aussi le trading sur métaux précieux, est-ce un service complémentaire ou opportuniste?*

C'est un service complémentaire incontournable, car, traditionnellement, la plupart des traders en forex traitent aussi sur le marché des métaux précieux et c'est bien sûr une valeur ajoutée pour nos clients. Le succès qu'a connu ce service nous a pourtant surpris, notamment dans les volumes échangés sur l'or et l'argent.

*Quels sont vos clients?*

Nous avons tout le spectre de clientèle possible, de 5'000 dollars (*montant minimal pour ouvrir un compte chez ACM, n.d.l.r.*) à plusieurs millions, avec une moyenne située entre 20 et 30'000 dollars par compte. D'autre part, même si le noyau dur de notre commerce est la clientèle retail, nous offrons aussi un service aux clients institutionnels par le biais d'un «white labelling» de notre plate-forme. Une banque peut ainsi offrir son propre service de forex on-line à ses clients.

*Propos recueillis par Selim R. Cbanderli*



d e v i s e s



Lloyd La Marca, Nicholas Bang  
et Alexandre Axarlis (de g. à d.):  
un trio des plus coriaces.

Parcours

**Alexandre Axarlis** (33 ans). Cofondateur et directeur d'ACM à Genève. Titulaire d'une maîtrise en commerce & transports internationaux obtenue à l'Université London Guildhall de Londres. A notamment travaillé pour la Conférence des Nations Unies sur le commerce et le développement (CNUCED) et l'Organisation mondiale du commerce (OMC).

**Nicholas Bang** (33 ans). Cofondateur et directeur général d'ACM. A suivi une formation à HEC Genève et travaillé au sein de la division de courtage de la Banque nationale du Canada. Collectionneur de montres à ses heures.

**Lloyd La Marca** (35 ans). Cofondateur et président-directeur général d'ACM. S'est formé en gestion quantitative de portefeuille à HEC Genève. Par la suite, il s'est spécialisé dans le négoce des actions, devises, options et des contrats à terme. Un passionné de courses automobiles qui participe au Ferrari Challenge.

La plate-forme de négoce de devises, basée à Genève, avait été rachetée par le courtier américain peu avant que celui-ci ne tombe en faillite. Les trois fondateurs racontent deux ans d'angoisse.

Par **Nicolas Pinguely**

**O**n les sent soulagés. Les trois fondateurs d'ACM (pour Advanced Currency Markets) peuvent tourner la page: Alexandre Axarlis, Lloyd La Marca et Nicholas Bang ont réussi à racheter pour 20 millions de dollars la part que détenait le broker en faillite Refco dans leur société. «Il a fallu se battre pour sauver notre entreprise», lâche Lloyd La Marca. Depuis le milieu des années 1990, les trois associés s'activent dans le négoce des devises, l'un des hauts lieux de la spéculation mondiale. Dans ce marché, les réputations se font et se défont rapidement. Les prises de risque sont maxima-

EDDY MOTTAZ

les. Très vite, ils comprennent que leur métier va profondément changer avec l'avènement d'Internet.

Forts de ce constat, les idées fusent. Ils décident de mettre au point une plate-forme de trading en ligne. Le projet prendra trois ans pour être finalisé. Le bébé sera lancé à l'automne

2002. Un bébé tout en technologie né de leur rencontre avec un informaticien génial. Un spécialiste en logiciels qui a monté de A à Z leur outil de négoce. «A notre grande surprise, la plate-forme s'est révélée rentable en quelques semaines, se souvient Lloyd La Marca. Et le nombre de clients a carré-

ment explosé l'année suivante.» Jamais ils n'auraient imaginé la tournure que les choses allaient prendre, début 2004, lorsqu'ils sont approchés par Refco. Le courtier américain veut les racheter. La décision est prise rapidement. Les trois associés cèdent 51% du capital d'ACM en juillet de la même année. «Cette transaction semblait être une assurance pour l'avenir, confie Lloyd La Marca. Refco s'engageait à basculer 50 000 comptes chez nous et nous al-

me (futurs) réussissait même une entrée triomphale en bourse à l'été 2005. Pourtant, la gangrène avait déjà commencé à attaquer. A peine deux mois plus tard, les pertes cachées par son président-directeur général, Phillip Bennett, faisaient plonger la firme. Le réveil a été difficile pour ACM.

Une reprise en main indispensable

Quatre années après le scandale Enron, l'avalanche provoquée par Refco menaçait d'emporter la société genevoise. «En quelques jours, nous avons assisté à la faillite d'un groupe valant 4,5 milliards de dollars, se souvient Nicholas Bang. Il a fallu réagir, faire front commun pour rassurer nos clients.» ➔



Comment ACM s’est sorti du pétrin Refco



ACM demandera une licence bancaire

Pour la première fois, ACM accepte de donner des chiffres: les revenus générés par sa plate-forme de négoce ont atteint 50 millions de francs en 2006. Ce montant place la firme devant Synthesis Bank en termes de recettes (26 millions), mais derrière Swissquote (74 millions). «Nous tablons sur des revenus de l’ordre de 80 millions pour l’exercice en cours», prévoit Lloyd La Marca, l’un des trois associés de la société.

Quid de la rentabilité? Aucun chiffre n’est donné. «Mais je peux vous assurer qu’ACM est très rentable», indique son partenaire Nicholas Bang. Les objectifs de la firme sont ambitieux. «Nous voulons devenir la première plate-forme de négoce multiproduits en Europe d’ici à 2010, indique le trio. Aujourd’hui, seuls les monnaies et les métaux précieux sont négociables. A l’avenir, la plate-forme devrait permettre de traiter les options et les contrats à terme (futures) sur les indices. Tout comme les CFD (*contracts for difference*) qui permettent de spéculer à la hausse comme à la baisse sur les titres.

Elargir le spectre d’investissement impliquera une véritable révolution. ACM devra se transformer en négociant en valeur mobilière. «Nous déposerons d’ici à la fin de l’année une demande pour obtenir une licence bancaire», assure Lloyd La Marca. Afin d’obtenir l’aval de la Commission fédérale des banques, les fonds propres devront être relevés «de 3 à 20 millions de francs». La société devra faire preuve de solidité pour répondre à ces nouvelles exigences.

Dans le futur, la société continuera d’appliquer la stratégie actuelle, qui consiste à prospecter au-delà des frontières de la Confédération. «Seuls 5% de nos clients sont basés en Suisse, indique Nicholas Bang. Plus de 40% sont des Européens, mais nous sommes aussi actifs au Moyen-Orient, aux Etats-Unis et en Amérique du Sud.» Une antenne a d’ailleurs été ouverte à Dubaï en 2005. L’avenir proche? Le bureau de Montevideo, en Uruguay, sera bientôt opérationnel. Et l’ouverture d’une entité aux Etats-Unis est prévue avant la fin de l’année. Les affaires semblent fructueuses.

Les dirigeants d’ACM réfléchissent. Les trois associés doivent éviter que leur firme ne tombe dans la masse en faillite. Les nuits deviennent agitées. «A l’époque, il était devenu impossible de joindre les dirigeants de Refco», se rappelle Alexandre Axarlis. Que faire? Un premier pion est avancé: en novembre 2005, ils procèdent à une augmentation de capital qui dilue de 51% à 25% la participation de Refco dans leur société. Un coup de maître qui leur permet de reprendre le contrôle.

Cette reprise en main s’avère indispensable pour éviter que la clientèle ne quitte le bateau. «Il fallait leur prouver que nous n’étions pas en péril», confirme Nicholas Bang. Les clients ont été convaincus par cette opération. «Leur nombre a triplé depuis l’automne 2005», affirme l’associé. Dans le détail, 15 000 clients utiliseraient aujourd’hui la plate-forme d’ACM. «70% sont des privés et 30% des professionnels, principalement de petites banques à la disposition desquelles nous mettons notre technologie», ajoute Nicholas Bang. Dans le même temps, le volume mensuel de monnaies traitées serait passé de 35 à 100 milliards de dollars.

La partie n’est pas gagnée pour autant. L’augmentation de capital ne sera que la première étape d’un parcours semé d’embûches. Aux Etats-Unis, le courtier refuse de perdre le contrôle, de voir sa participation diluée dans ACM. Les tribunaux genevois sont saisis. Mais Refco est débouté à fin 2005. Elle fera encore appel. Parallèlement, les liquidateurs de Refco souhaitent vendre aux enchères la part détenue dans ACM. Les cofondateurs d’ACM

réagissent. Ils font bloquer la participation afin qu’elle ne puisse pas être cédée. «Nous voulions être en mesure de choisir nos actionnaires», précise Lloyd La Marca. Dès lors, le trio n’a plus qu’une idée en tête: racheter la part de 25% que la défunte Refco détient encore dans leur firme. Un rachat qui leur permettrait de reprendre le contrôle sur leurs affaires. Il éloignerait aussi le spectre de la longue bagarre juridique que l’appel de Refco, toujours pendant devant les tribunaux genevois, laisse entrevoir.

Une concurrence qui flaire le bon coup

Début 2006, la participation de Refco bloquée, les liquidateurs américains sont forcés de négocier avec ACM. Mais rien n’est clair. «C’était horrible, nous sommes passés du chapitre 11 au chapitre 7 et les personnes de contact n’arrêtaient pas de changer, se remémore Lloyd La Marca. En plus, deux entités distinctes de Refco détenaient nos actions.» La gestion des affaires courantes devient plus délicate. «Nous avons tout le temps l’affaire en tête, c’était très difficile de se concentrer sur le travail quotidien, explique Nicholas Bang. Nous ne voyions pas le bout du tunnel.» Les semaines sont rythmées par les réunions chez les avocats. La pression augmente encore. Quelques courtiers ayant flairé le bon coup tentent de les racheter. Les trois associés refusent.

Ont-ils songé à abandonner, à vendre? L’idée leur a certainement traversé l’esprit. Mais le trio est coriace et refuse de lâcher prise. «Le lien avec notre entreprise est l’émotionnel, et

Le commerce des devises se nourrit de la Toile

Longtemps réservé aux professionnels, le commerce des devises fait naître de nombreuses vocations sur Internet. Il faut dire que ce marché est gigantesque. Plus de 2500 milliards de francs s’y échangent quotidiennement, soit plus de 250 fois le volume des actions négociées chaque jour à la Bourse suisse. Aujourd’hui, même les téléphones portables connectés au Web permettent de réaliser des transactions. En un clic, financiers et spéculateurs achètent et vendent les monnaies: euro contre billet vert, yen contre dollar canadien, franc contre livre sterling. Les monnaies nordiques sont aussi très prisées. La sensibilité de la couronne suédoise aux valeurs technologiques et celle de sa cousine norvégienne au pétrole aiguisent les appétits. Sans oublier les devises exotiques qui ont profité de l’élargissement à l’est et de la globalisation pour se faire une place au soleil. Résultat, les opérations en zlotys polonais, livres turques et couronnes tchèques sont devenues courantes. Depuis le début des années 2000, les plates-formes proposant de traiter les changes se sont multipliées à Genève: ACM, Synthesis Bank, Real Time Forex ou encore Dukascopy. «Même si la loi sur le blanchiment est très contraignante, la Suisse reste attractive par rapport à ce qui se pratique à Londres ou à New York», explique Thierry Mossé, directeur commercial de Realtime Forex. Au total, plus de 150 brokers en ligne sont recensés dans le monde. Ils permettent aux investisseurs privés de traiter les monnaies avec une très faible mise initiale (souvent moins de 10 000 francs), en offrant un effet de levier pouvant représenter jusqu’à 400 fois la mise initiale. Force est de constater qu’il s’agit d’opérations très spéculatives et risquées. Tentés?

confie Lloyd La Marca. Nous nous sentons véritablement responsables vis-à-vis de nos 90 employés.»

Mais les trois partenaires sentent que les choses ont assez trainé. A fin 2006, ils s’appuient sur une nouvelle équipe d’avocats qui prend l’affaire en mains aux Etats-Unis. Et le miracle se produit. «Cela a donné un véritable coup d’accélérateur, constate Alexandre Axarlis. Tout a été réglé en deux mois.» En avril, ils finalisent le rachat de la participation de Refco pour 20 millions de dollars. «Je crois qu’on s’en est finalement bien sorti», estime Nicholas Bang, soulagé. Les affaires peuvent reprendre leur cours normal. Enfin! ■

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## Portrait d'entreprise

# ACM

## un succès made in Geneva



ACM semble être un acronyme qui conduit au succès. Advanced Currency Markets, jeune entreprise de trading sur internet en plein essor, connaît, comme l'autre ACM bien connue des Genevois, AC Management, le goût de la réussite. C'est surtout l'histoire de trois copains qui s'associent et lancent en 2002 une plate-forme de devises en ligne. Aujourd'hui, ACM est une entreprise qui emploie plus de 80 collaborateurs, qui compte un trafic de 80'000 à 100'000 visites sur sa plate-forme internet, qui dénombre quelque 15'000 comptes et des clients de plus de 200 pays. Présente également au Moyen-Orient (Dubai), elle a des projets d'extension (Uruguay et Etats-Unis) et de développement de son offre. La clé de voûte de ce succès? L'esprit d'entreprise.

La base line<sup>1</sup> «bullish attitude» sied à merveille à cette entreprise qui n'a pas encore soufflé sa cinquième bougie. Chez ACM, on fonce! Comme Lloyd La Marca le relève: «Quand on a une bonne idée, il faut au moins essayer!». Elevé aux Etats-Unis, ce jeune manager avoue en avoir gardé l'esprit d'entreprise, la volonté de réussir. Convaincu de son idée; le risque était donc selon lui limité. Lloyd La Marca s'explique: «Les opérations de devises se traitaient à l'époque par téléphone. On était au balbutiement du trading en ligne. Le web donnait l'opportunité de toucher un plus grand nombre de clients et surtout de ne pas limiter le produit «devises et métaux précieux» aux institutionnels, mais également de l'ouvrir à la cible retail<sup>2</sup>».



### Bullish Attitude

#### Savoir se différencier

Lors de la création d'une entreprise, la différenciation est essentielle. Une plate-forme comme celle d'ACM doit se différencier. Par exemple, la plate-forme est disponible en 14 langues et chez ACM, on répond également au téléphone dans ces 14 langues. L'anglais ne suffit pas si l'on veut atteindre une clientèle retail. En outre, il y a lieu de mentionner que la marge prélevée par ACM est extrêmement faible, ce qui constitue un atout concurrentiel majeur. Enfin, la transparence reste la valeur fondamentale de la jeune société. La communication est aussi un outil de différenciation pour ACM. A cet effet, la société a associé son image à celle du pilote auto-

mobile Jean-Denis Deletraz. Lloyd La Marca d'ajouter: «Cela nous convient bien, le sport pratiqué par Jean-Denis va vite et ce dernier veut gagner!».

#### Adapter le management

Lorsqu'on passe de quelques collaborateurs à la création de la société à 80 aujourd'hui, il faut savoir s'adapter en tant que directeur. Lloyd La Marca l'avoue: «C'est à 18 collaborateurs que j'ai constaté que mon management ne pouvait plus être le même». Ce qui a réellement changé pour ce jeune directeur est le fait de perdre du contrôle, de ne plus être au courant de tout ce qui se passe dans sa société. «Il m'a fallu apprendre à déléguer et à lâcher prise. Car il est impossible de tout contrôler! Il faut savoir faire confiance à ses collaborateurs». Lloyd La Marca relève l'importance du respect dans le management: «Pour motiver, il faut respecter ses collaborateurs. Ils doivent se sentir considérés, reconnus dans leurs responsabilités». En l'écoutant, on a le sentiment que le leadership est inné chez ce jeune manager.

#### Le conseil de Lloyd La Marca

A la question quel conseil donneriez-vous à une personne qui souhaite lancer son entreprise?, Lloyd La Marca répond: «Il y a lieu de présenter le projet à des personnes qui ont fait leurs preuves en matière de création d'entreprise et surtout d'éviter les avis des proches, ils ne

sont pas objectifs. Pour ma part, si je les avais écoutés, je serais toujours employé.»

#### La mot de la fin

Pour conclure, Lloyd La Marca désire préciser qu'il n'y a que dans une ville comme Genève qu'une telle entreprise est possible. «A Genève, vous pouvez mélanger les cultures, tout est ouvert et surtout, vous trouvez une palette impressionnante de personnes formées dans des domaines variés comme la finance, le marketing, l'informatique». ACM est donc bien un succès made in Geneva! ■

#### L'Offre d'ACM:

ACM offre une plate-forme de trading en ligne pour les personnes qui souhaitent spéculer sur les taux de change des transactions entre deux devises. Ces taux sont variables selon les événements politiques et économiques internationaux, les différentiels des taux des devises ainsi que plusieurs autres facteurs y compris des conditions météorologiques extrêmes (ouragans), des actes de terrorisme etc. Le Marché des Changes est le plus grand marché au monde avec plus de 1,8 trillion de dollars en main chaque jour, ce qui en fait l'un des marchés les plus lucratifs et attractifs.

Pour les institutionnels: le White Label. Le partenariat White Label avec ACM permet aux banques et aux courtiers de répondre à la demande de leurs clients en matière

d'outils de trading en ligne. Le produit proposé par ACM donne la possibilité de démarrer et de développer des relations commerciales déjà existantes avec les clients des banques et des courtiers et d'obtenir de meilleurs retours tout en rationalisant les opérations de trading internes pour les

rendre aussi efficaces que possibles. Un partenariat White Label avec ACM est totalement gratuit. Le revenu d'ACM se base sur le volume, ce qui permet de travailler avec un modèle de revenus extrêmement rentable pour le partenaire White Label. [www.ac-markets.com](http://www.ac-markets.com)



Le top management d'ACM est toujours composé de ses trois fondateurs: de gauche à droite Alexandre Axarlis, Nicholas H. Bang et Lloyd La Marca.

#### Lloyd La Marca, directeur général

Avant de rejoindre ACM, Lloyd La Marca a occupé différents postes clés au sein de sociétés de courtage négociant des actions ordinaires, options, contrats à termes et des devises. Ses fonctions consistent à développer et maintenir les plate-formes commerciales en ligne de ACM. Il a contribué au développement et à la promotion des produits et des capacités technologiques de la société destinés aux clients et aux partenaires. M. La Marca a suivi une formation à l'Université de Genève.

#### Nicholas H. Bang, directeur

Avant de fonder ACM, Nicholas H. Bang a occupé des postes de cadre au sein de la Division de courtage par action National Bank Financial (NBF) de la Banque Nationale du Canada en tant que directeur des ventes institutionnelles par action & du trading électronique. Au cours des années, il a occupé des postes

pour différentes concessions de marchés des changes et d'opérations à terme. Nicholas Bang est le directeur général des ventes et directement en charge du bureau de partenariat & des ventes institutionnelles. Nicholas Bang a suivi une formation à l'Université de Genève.

#### Alexandre Axarlis, directeur

Alexandre Axarlis est le directeur général de la société ACM à Genève. Il est chargé de superviser tous les aspects de conformité légale et de back office, dont la mise en application des réglementations de lutte contre le blanchiment d'argent. Avant de fonder ACM, Alexandre Axarlis a travaillé pour le CNUCED/OMC (Nations Unies) à Genève puis pour différentes sociétés de courtage à Hong Kong et à Genève. Il est titulaire d'une Maîtrise en Commerce & Transports Internationaux obtenue à l'Université London Guildhall au Royaume-Uni.



1. Signature de campagnes publicitaires  
2. Clientèle non spécialisée



# Innovation in Retail FX: Improving the client trading experience



*Retail electronic forex is experiencing a boom that is attracting a great deal of interest and those platform providers that focused on this area early on are now reaping the rewards of their dedication to this customer base. However, as the market has grown, so has the competition. The fight is raging between these established providers who are feuding amongst themselves for dominant market share, and also against the new market entrants that include smaller specialists as well as institutional-based businesses moving into this fast moving arena, such as banks.*



By Heather McLean

For those that have been striving to build a reputation and strong customer base in retail FX for some time, the new competitors are striking a chord. Keeping existing customers loyal to your product and brand is now a matter of life and death as new players move into the scene. As platforms increasingly offer similar levels of pricing service and access to liquidity vendors have been honing their products to increase customer satisfaction, and therefore stickiness.

Interbank FX has been thinking outside the run of the mill about making its product sticky. In November it launched Interbank FX - branded credit and debit cards for customers. The debit card is linked to the retail traders' account, while the credit card allows users to earn air miles as they trade on the platform. For every contract trade carried out on Interbank FX, the user earns 50 reward miles, which will quickly add up to flights all over the world.

Todd Crosland, president and CEO at Interbank FX, comments on the credit

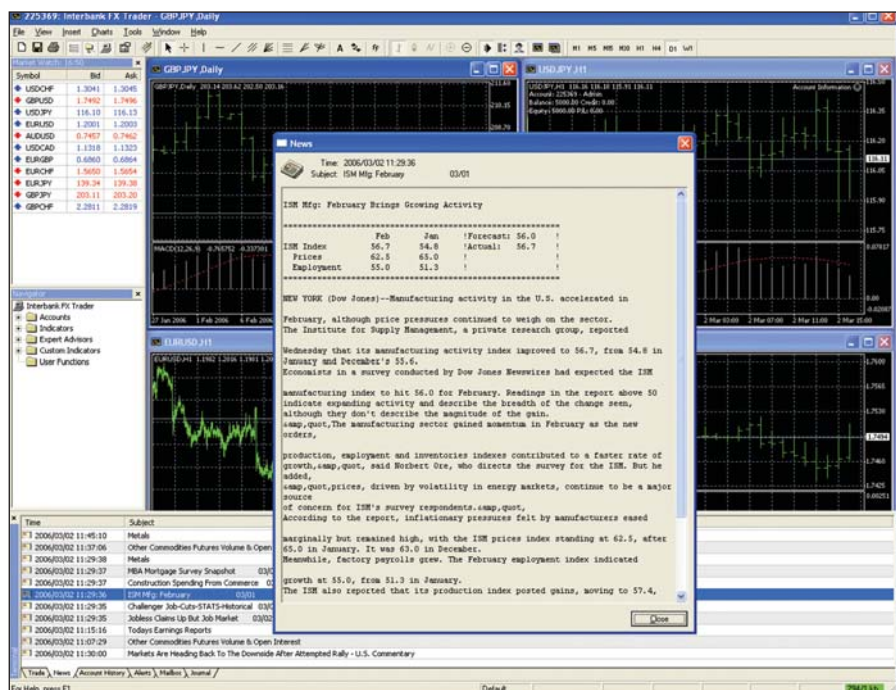


Todd Crosland

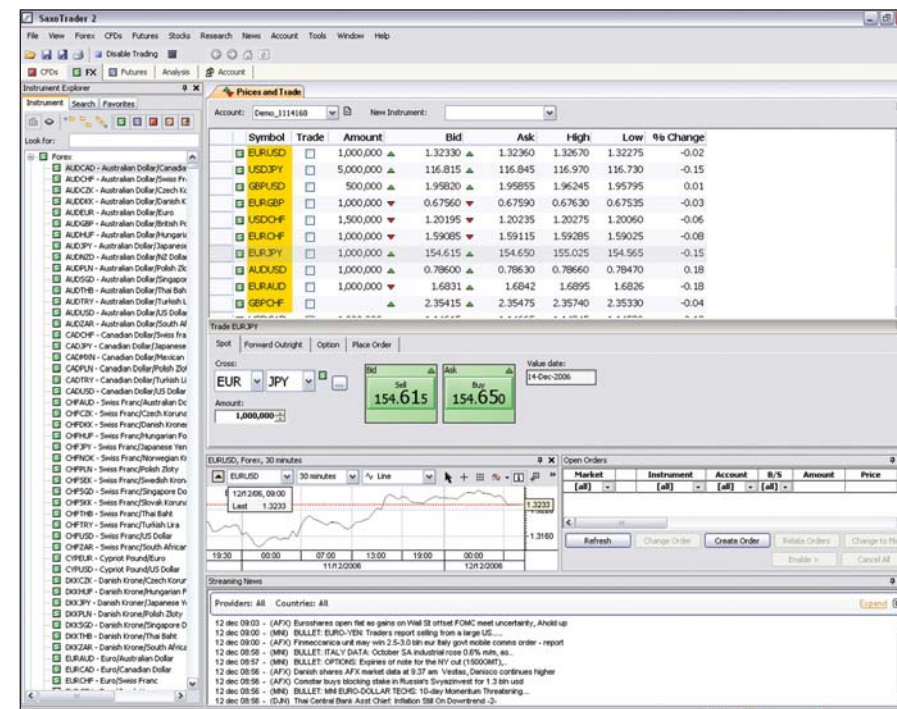
card idea: "It's a nice feature that only Interbank FX offers. If you look at American Express and cards like that, you can see that branding a credit card is something large companies have done in the past to increase brand awareness and improve stickiness. Now it's our turn."

## Advanced tools

Many platform providers offer clients good dealing spreads, high quality execution, deep and firm liquidity and



Interbank FX real time news feed



SaxoTrader 2

other sophisticated tools. Some advanced tools offered by Interbank FX for example, include automated trading, trailing stops and hedging capabilities. The company also offers a black box tool that enables the user to easily programme their own algorithms in order to trade 300 to 400 trades per day.

Interbank FX has incorporated a real time news feed directly into its platform that provides information on currency trading and important financial news announcements. The company also provides a real time economic calendar, alerting traders to significant releases globally such as interest rate announcements in Japan.

Saxo Bank's latest release of SaxoTrader 2 enables its users to manage more in real time. Saxo has a plethora of launches in the pipeline, including a black box system called TradeCommander, expected to launch early in 2007 following Beta testing. The company also has exotic FX options and other OTC options across all

asset classes set to launch in the first quarter of 2007, non-deliverable forwards in the second quarter, and exchange traded stock options in the third quarter.

## Filtering and focusing

To filter and focus the research and analytical tools available to users, different providers use a variety of methods. Saxo Bank profiles its users through its Scenario Engine. This engine makes sure users get the information they need, including news and research from different sources including Saxo Bank, UBS and Deutsche Bank.

Saxo Bank has 220 engineers alone working full time on keeping its platform ahead of the game and its customers happy. These engineers and those working on other retail platforms will be crucial in keeping players in this space on top of their industry, and in favour with their customers (and pulling clients from each others platforms if they are working smartly).

Another provider, PFG Forex has developed solutions in house and using external innovations for retail, corporate and institutional client segments, based on their different trading needs. This differentiation is important because a feature that might be important to an online retail FX trader might not be as important to an institutional client, Russ Wasendorf, Jr., chief operating officer at Peregrine Financial Group (PFG) and PFG Forex, says.

Wasendorf adds: "In some cases there might be crossover, where a retail trader might place a higher value on the features available from our institutional application, for example. But we have developed different front end applications based on the distinct needs of different client segments."



Russ Wasendorf

## Institutional offerings

Institutional investors tend to receive a higher grade service throughout the trading world, thanks to their big spending power. Interbank FX has a dedicated 24 hour a day team working for its retail customers, and it also has a director of institutional sales who manages a private banking service team for professional customers.





ACM PAM platform

While the retail market has always been the core of ACM's offering, over the last two and a half years it has developed an institutional offering of different solutions for banks, brokers and hedge funds that want to trade with the company. This includes the Percentage Allocation Platform, where customers can allocate trades to clients based on a percentage as pre-defined.

ACM now has over 600 partnerships around the world selling its institutional offering as a white labelled technology for FX brokers and banks to distribute.

Institutional investors at Saxo Bank are able to use the same platform as retail users. Kim Fournais, CEO at Saxo Bank, says: "We have built a very modular platform that enables us to prioritise around the needs and wishes of the market and of private and retail clients. We try to use technology to ensure we have a really customised offering for whoever decides to come onto the platform."

## Platform customisation

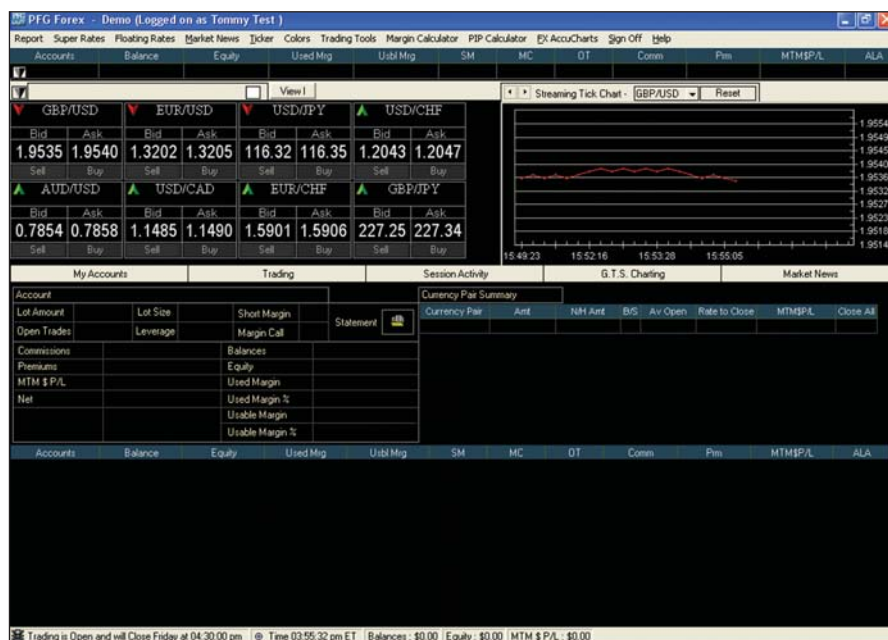
PFG clients are able to customise the platforms they use to create a personalised trading environment. This helps individuals eliminate desktop clutter as they can remove anything that is not a priority for them from their screen.

The company launched the PFG BEST Direct FX Express (FX Express) retail forex trading platform at the end of November to add to end user customisation capabilities.

Some of those choices allow users to mix and match currency pair views, have account summaries on screen as needed, and create a separate window showing all 20 currency pairs that can be traded from as well as the main page.

It is this kind of ability to make the product your own that is buying retail customer loyalty, Wasendorf states: "Different traders demand different features from their trading application. We've developed applications that enable the trader to decide which features and indicators they see when they log on to their account. Features like offering hedging on our retail trading platform allow the user to be both long and short in the same currency pair at the same time without incurring additional margin; everything can be changed to best suit a person's trading style."

Every two weeks at ACM, engineers update the platform to continually make its tools easier and more intuitive to



PFG BEST Direct FX Express platform



access and use. One area in which it increases this simplicity is by enabling users to customise their own desktops, from the fonts and colours to the windows that show automatically.

Nick Bang CEO at ACM Markets, comments: "We have a lot of different clients all around the world who want a different screen to look at in different places. Our platform has been designed to be very fluid in that way, very user friendly, and we make a constant effort to make that so."



Nick Bang

ACM has developed its three platforms in house. This enables it to have full control over how the system is used and improved. It also enables customers the option of working and accessing their trades from the office in places like the US or Europe, from the back of a cab anywhere, or in a Middle Eastern country, perhaps, where internet connections are poor and a fat client is the preferred option, rather than downloading the system to a laptop.

## Customer support and relationship services

Yet, while it is all well and good providing customers with advanced and flashy tools, it is perhaps even more important to be able to support customers in their use of these tools. Interbank FX provides its users with 24 hour telephone support, available in 10 languages. It also enables users to view and trade their accounts

from mobile devices, an increasingly important capability in today's transient business world.

Although automation of systems can greatly improve the overall customer experience and reduce the need for human to human customer support, Bang states it is still vital to give customers that facility, for preference of communication method if nothing else. "We are 100% online, but while we try to automate as much as possible, it's important to maintain customer contact. Otherwise you lose touch with the market and what's in demand and so forth. Also, human customer contact aids the customer relationship. Our focus on the customer relationship means our clients are more loyal than those at some of our competitors; our clients seem to stay with us."

As a broker dealer, ACM is in a unique position in terms of its high quality customer support, claims Bang. He explains that most brokers will offer 24 hour a day dealing, but not 24 hour a day customer support. ACM's office in Dubai helps it cover those areas of the world that work while others are sleeping, with the same over the phone and email support provided around the globe.

To improve its staffs response to requests from customers, ACM has literally wired its dealing desks with a number of different bells and whistles, that make different sounds according to what type of request has just come in; if a customer asks for a call back, a loud, strong noise goes off to provoke a quick, immediate response. According to the noise, ACM's staff know exactly what has been requested and how immediate their actions need to be to satisfy it.

Providing value-added and customer relationship services is very important for today's retail platform providers, Fournais comments: "This area is critical. Prices are becoming more commoditised. So to counter this, we are building educational

and training courses. We give users a Market Call broadcast once a day, and have built our own customer relationship management system that users can access 24 hours a day to make the trading experience more fulfilling. We have support services staffed 24 hours a day in 19 different languages that users can call and chat with, and we also support mobile use of the platform.

"We basically try to strengthen our relationship with our clients as much as possible," Fournais continues. "We see ourselves as facilitators, taking the best of the best in technology and customising it for the end user. We want to work with traders around the world as they want to work, allowing them to do their own research and control their own risk management."



Kim Fournais

## Research and Education

ODL recognises that clients need high quality research provided to their desks. Brian Patrick King, president of ODL Securities, explains: "We have found that it is imperative to not only provide an exceptional level of research to our clients, but more importantly, to educate them on how to filter out what information is pertinent to their personal trading strategy. By providing twice weekly webinars and customizable research, we've been able to partner with our clients to assist them as market conditions change."

ODL offers a multi level educational service to clients on a cross section of trading strategies, using one-on-one training to cater for all needs. King says other methods are not specific enough for clients. He comments: "Another enormous asset for our clients is having the individuals that provide the training accessible to them on a daily basis; it is not a one off seminar."

ODL attributes its growth over recent years to its customer service and value-add model. King says: "We look at our relationships with our clients from a long term perspective. If we continue to provide them with great pricing and execution on an advanced technology platform, we'll continue to have the success that we've seen so far. We get an immense amount of referral business, which tells me we are doing something very unique."



Brian Patrick

On how the content and functionally rich existing trading environment of online platforms might be improved on in the future, King issues a stark warning to his competitors. He states that trading firms cannot lose sight of the fact that they will continuously have to provide second to none pricing, execution and value added services to stay competitive. If they do not, King claims ODL will continue to welcome their clients as its own.



ODL trader platform

## Listening to clients

Listening to clients is the strategy that will keep retail platform providers such as ODL ahead of the competition, King states. "We have listened to our customers and provided many of the features and functions into our ODL Trader platform that they have not found in other trading applications. It seems like a conspicuous business philosophy to simply listen to what people are asking for, but surprisingly many firms simply imitate what others are doing. You need fresh ideas to create an impact, and that's something ODL continuously focuses on."

Wasendorf agrees that the best way to ensure the most dynamic trading environment is listening to clients to ascertain their trading platform needs, then applying the most innovative technology to meet those needs. He says the customer brings the knowledge of what they need to have a better platform, and PFG brings the knowledge of what types of software development can best and most swiftly and efficiently meet those needs.

## Conclusion

The fight to keep customers happy and fend off the competition is a never ending battle. Fournais sums up the situation: "It's about serving the needs of the individuals out there, who are getting more and more demanding. It's about having a wide product offering, making space for people to do their own research, and providing education through live chats or webinars for your clients, so if they want to learn about exotic options or swaps, they can do." Fournais continues: "We see a need for technology to do a lot more."

Bang agrees: "Every time we get to a certain point, the market shows us there is so much more to be done. Today, the platforms and solutions we have are focused on real time, getting the best and most transparent offering for our customers. But we intend to focus more on training for our customers in the future, to help increase their results. We will continue to improve our platform as the market comes along and asks for it to be changed. We have a strategy for where we want our technology to go, and it's about letting our customers guide us there," Bang states.



# Nicholas Bang from Geneva based Advanced Currency Markets outlines how electronic execution is facilitating new retail trading opportunities



*Foreign exchange is traditionally an institutionally traded financial instrument. Until a few years ago fx trading was largely unavailable to retail traders, the general conception being that fx trading was meant for professional bank traders or at the very least available to sophisticated investors with very sizeable margin accounts. Although it is obvious that participants should have a clear understanding of the risks and dynamics of fx trading it is quite striking that trading spot fx is in fact substantially simple and conceptually speaking does not require a master's degree in finance in order to be understood and traded. Since the decline of the equity markets, retail traders have been warming to fx trading as an alternative for aggressive day-trading, however the size of the retail sector of the online fx market is relatively small when compared to the year 2000 standard of online stock trading where it was estimated that 1/3 of all American households possessed an account with a stockbroker.*

Of course in terms of volume, foreign exchange turnover is several times larger than that of the global equities markets but it is also evident that what makes up the greater majority of the daily 1.2 trillion dollar foreign exchange volume is not the online retail market but rather institutional bank to bank trading.

Times are changing, online dealing has brought a myriad of advantages to the retail customer. One may argue that one of the most vital features for day traders, especially short term day traders is the integration of back-office reporting together with the execution interface within the platform. The possibility of making a trade at a click of a button, viewing transactions made, calculating available margin, marking trades to market all second by second and instantly creating and printing equity runs, transaction and P&L statements all on one software session is an extremely alluring offering.

Up to now one of the major worries for the online trader has been price and execution transparency. Most fx broker-dealers only offer tradable prices by using the notorious RFQ (request for quote) method. At ACM we believe that traders demand more transparent price dissemination in the form of live streaming tradable prices at tight spreads. This is becoming more and more available to the retail trader as broker dealers start to lower their spread sizes and focus more on attracting larger volumes. In fact with spread rates having tightened dramatically in the last years, foreign exchange has become an increasingly attractive alternative to traditional stock trading where spreads often represent on average between 0.04% and 0.06% of the value of the stock. In comparison traders can now obtain 3 basis point spreads on the major currency pairs. This equates to approximately between 0.02% and 0.03% on the underlying dollar value.

Currently a small number of firms including ourselves offer the foreign exchange trader / investor simple one click online execution with fully integrated charting/technical analysis modules, real-time position tracking and back-office functions at quasi inter-bank spread rates and fully transparent streaming execution.

The retail trader's market is starting to become aware of the substantial advantages. Structurally speaking, foreign exchange is a perfect trader's market. Not only is the fx market characterized by extremely high liquidity, no commissions, very low spreads and competitive margins, but it is also relatively uncorrelated to equities markets.



Indeed fx is a macro economic instrument and this macro economic nature means that foreign exchange prices are not easily influenced by micro economical factors. Fluctuations in fx are often due to global events, central bank policies and results of well known economic indicators, it is therefore not subject to suffer from economic downturns as is the case in equities markets. In addition to this, due to its' nature and sheer size, foreign exchange is very well adapted to technical analysis and one can trade it 24 hours a day and night from Sunday to Friday without interruption.

Recent surveys suggest that the demand in the retail market for online foreign exchange trading is so great that firms offering such services are constantly springing up across the globe and the most successful of the already established firms are doubling their volumes traded every year.

Especially interesting for non-bank broker-dealers is the fact that up until now, banks offering online fx trading to their corporate and private banking clients have largely ignored the retail market which leaves that niche wide open for the non-bank participants. Taken into account the very specific know-how needed to successfully enter the retail fx market, it is unlikely that large banks will be able or even be inclined to do so, either way, we at ACM believe that the constant popularization of foreign exchange will mean that the retail sector will experience dramatic growth over the next few years.



# ACM - helping clients get closer to currencies

e-Forex talks with Nicholas Bang, the Managing Director of leading Swiss forex broker, Advanced Currency Markets SA (ACM).

## An overview of ACM

ACM is a leading Swiss forex broker with capital requirements in excess of both US and Swiss regulations. Founded in 2002, the company now boasts offices on four continents and turnover exceeding US\$150 bn a month with over 20,000 clients all around the world.

ACM's websites get between 40-50,000 visits a day. They operate in 14 languages, including Arabic. ACM has extensive experience with Arab clients from its Geneva office and in 2005 the company opened a representative office in Dubai, overlooking The Palm. In 2008 ACM's licensee ACMUSA opened in New York. ACM Group is one of the very few brokerages to be regulated in both the United States and Switzerland.

The Swiss online FX broker is in the process of becoming a Swiss bank, in accordance with new regulations requiring Swiss forex brokers to obtain a Swiss banking status.

ACM offering includes four easy to use platforms, (Advanced Trader, Advanced Web Trader, Advanced Flash Trader, and Advanced Mobile Trader) from a single account. Features include WYCIWYG (What You Click Is What You Get) execution, as well as a guaranteed stop losses and a guaranteed no re-quote policy, something clients find attractive in current market conditions.

The company offers spreads as low as one pip for its institutional size

accounts, as well as spreads as low as two pips for smaller account sizes, with an average spread of two pips for retail accounts on the major currencies. Client monies are spread amongst major banks according to ACM and the company recently increased its capitalization from three to twenty million Swiss Francs.

White Label, Introducing Broker and Multi Client Asset programs are in place at ACM allowing the broker to offer a wide range of possibilities and it currently maintains over 600 partnerships with different Labels with major banks.



## Nicholas, what impact have the new regulations in Switzerland and elsewhere had on ACM's business model?

For a firm such as ACM, regulation is always a good thing. The reason is simple: Regulation consolidates the market by eliminating non serious companies.

At ACM we have always been ahead of forthcoming regulatory requirements and we have always welcomed any initiatives aiming at making our business as transparent and safe as possible. Essentially the new banking regulations have no impact on ACM because we have been preparing our transition toward becoming a bank since 2005.

## Were the new regulations timely or necessary in Switzerland and the United States, how do they differ and what impact have they had on that market?

The US has always had a strong regulatory environment as far as financial markets are

concerned. In Switzerland, the administration has been concentrating mostly on banks so far and is now realizing that numerous other actors are involved in the financial markets. The Swiss financial authorities (SFDF and SFBC) think, and they're right, that these new actors have to comply with the rules that set the outstanding financial standards Switzerland offers.

## What do you see as the main strengths and attractions of ACM to the retail client?

We strongly believe that ACM offers the best technology coupled with the most attractive trading conditions, which create a truly advantageous trading environment for our clients. Imagine four interconnected platforms to keep in touch with your positions in any situation, with no fee or any commission whatsoever, extremely tight spreads and guaranteed stop and limit orders in all market conditions. I think the above says it all.



The simple fact that we do not charge any commission or fee at all, even when clients are withdrawing funds, adds up to complete transparency and optimal cash management. On top of that we have been applying a unique execution policy since inception, called the WYCIWYG policy. That means that the price quoted in our platforms can be traded with a single mouse click, without any re-quote or slippage - ever.

**What plans do you have to increase your geographical footprint?**

ACM has been a pioneer in many markets. We established a presence in the Middle-East in 2005 with our Dubai office. Our Spanish and Lat Am desk is located in Montevideo while our US licensee, ACM USA opened in early 2008 in New York.

These locations already cover most of the world but we are of course planning to extend our representations to promising markets, but exact locations are top secret for the moment.

**How many liquidity providers do you have?**

As one should expect from a leading online currency broker, we have relationships with all major FX API providers.

**What kind of redundancy do you have built into your systems?**

Well, basically all our systems, or I should say infrastructure, has built in redundancy. That includes the platforms, the servers, but also the electricity supply, everything. We also have what is called a "Disaster Recovery Plan" including a remote

infrastructure guaranteeing the continuation of our services in case of major disaster.

**When clients open an account with ACM, where and at which banks is the money actually kept?**

For regulation purposes, we cannot disclose that information, but when a client opens an account with ACM, they have the possibility to deposit their funds with several well known, reliable banking institutions.

**How has the recent market volatility affected client profitability?**

The recent volatility has created numerous trading opportunities for our clients. At ACM, we are proud of the fact that we have managed to keep the same trading conditions for our clients throughout this period of high volatility.



**Has the global credit crunch affected client behavior in any way?**

It certainly has influenced the way they consider FX. Traders are looking for liquidity, and FX is the last and most liquid market available. Therefore more and more clients are turning to ACM to trade Foreign Exchange as an alternative asset class. Today clients have a good chance of generating profits in comparison with the equity markets.

**The online FX market is very dynamic. Looking ahead is it likely to get harder for ACM to distinguish itself from competitors in the marketplace and if so, how do you plan to address this challenge?**

We pride ourselves on the quality of our service, which will continue to place us above our competitors.

Due to ACM's position as one of the world's largest, most competitive and reliable brokers, it would seem easier in the near future to continue increasing its market share, by offering the most competitive conditions in the retail FX market.

Moreover the consolidation we expect from ever increasing legal and regulatory requirements will clean the landscape, leaving only the most serious, competitive and reliable brokers in place. This leaves us in a very positive position towards future and existing clients.

**Can you tell us a little about your White Label proposition?**

Our WL product allows banks and licensed brokers to add foreign exchange to their clients offering. It's fully and seamlessly customizable. Based on a revenue share, our partners would take

advantages of this offering with limited development of design costs, it implies absolutely no development or design costs to the partner. Our WL specialists have an extensive knowledge of institutional clients business and IT requirements. Once a WL is in place, we offer an institutional partnership creating new opportunities built on each other's expertise. The partner is able to provide his clients with all the services ACM offers, and use our practice account subscription program to capture new leads and so enlarge their market share.

**Has the addition of the Paypal payment solution been popular with customers?**

Yes indeed, people find it very convenient and easier than the usual wire transfer. This new funding facility is becoming more and more popular in certain regions. It was a natural



ACM Management & founders : Alexandre Axartlis, Director, Nicholas Bang, Managing Director, Lloyd La Marca, CEO





development to add the Paypal and Credit Card funding facility to our offer.

**Your main office is in Geneva, with satellite offices in New York, Dubai, and Montevideo. What function do these offices perform?**

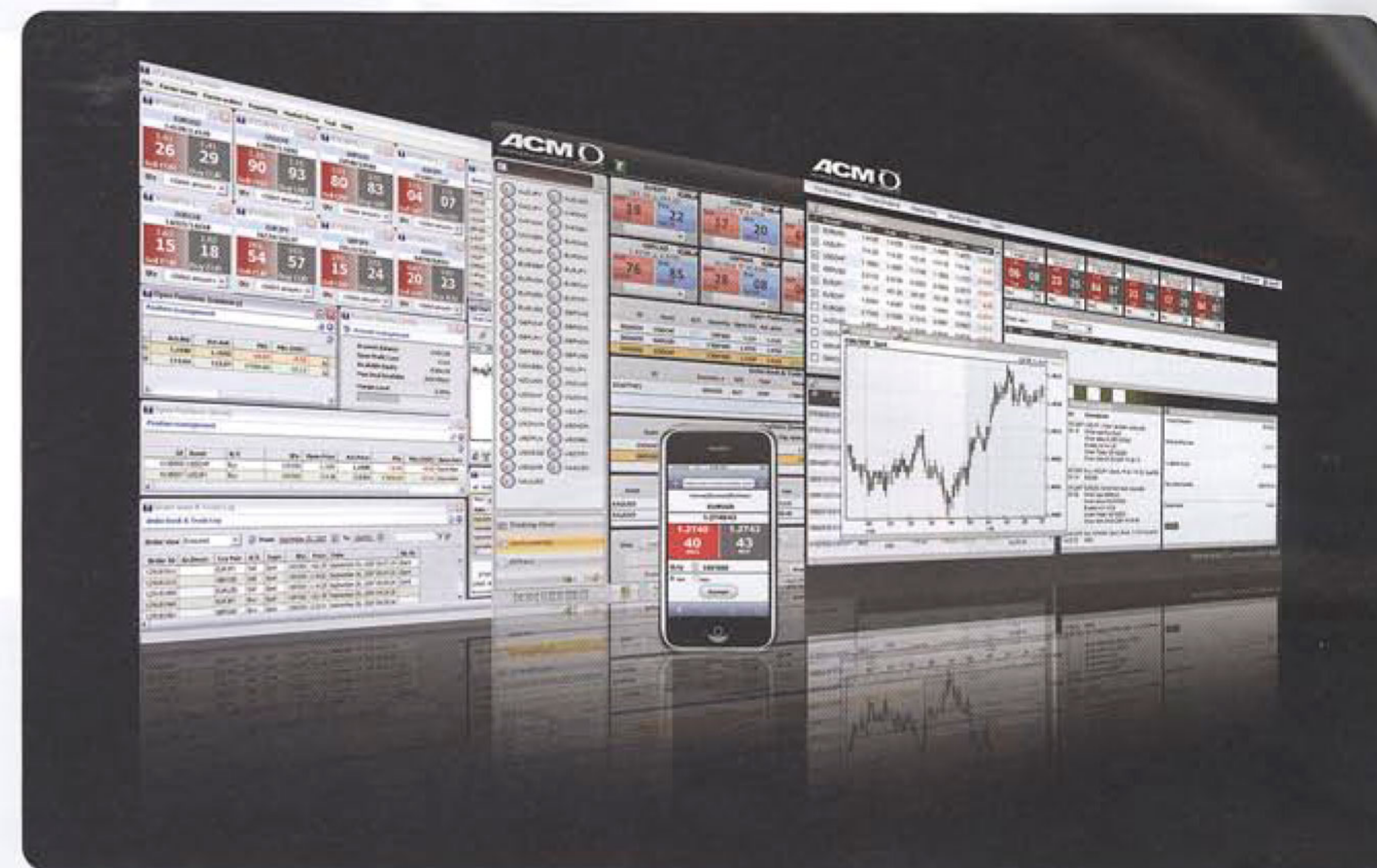
We are a global company but clearly to strengthen the relationship with our customers, nothing can replace local offices to bring knowledge and expertise. we aim to be as close to our clients as possible.

**You offer functionality on the move via your Mobile Trader platform. How popular has this become with clients?**

We have offered Mobile Trader now for three years. Actually, we are a pioneer in mobile FX trading. It has been very popular with our clients who are often on the go. I'd like to emphasize the fact that our mobile platform is completely interconnected with the three other ones; it is a fully operational product, not another "tech gizmo". You can actually trade and monitor your account with it.

**Your Advanced Trader platform provides Strategy Builder software for automated trading and indicator creation. How does it compare with industry standard platforms such as MetaTrader and how popular is it with clients?**

Our platform provides similar Functionalities as MetaTrader, with the added advantage of actually providing good execution. Since all of ACM's software is completely proprietary, it has allowed us to provide our clients with the fastest execution available in the market.



**We have noticed that you are now ISO 9001 compliant? What does this involve?**

We were the first online broker to be ISO 9001 certified. Since then we have obtained the ISO 27001 certification and we are also the first double certified online FX broker. These certifications are a guarantee for our clients that we manage our business following strict guidelines and that data in our possession is well protected. Very briefly, the ISO 9001 certification involves the implementation of a Quality Management System to provide a set of processes that ensure a common sense approach to management. ISO 27001 is a certification attesting of the effective implementation of an Information Security Management System (ISMS). This standard guarantees that the security of information systems has been

taken into account and that the company is committed to a process of constantly improving the conservation and protection of data in its possession.

**The retail FX market has risen from virtually nowhere and become an integral part of the FX marketplace. How do you see future trends developing in the short to medium term?**

We see now that FX is not only the market offering the biggest liquidity; it is also the only one to remain liquid during financial turmoil. FX is now clearly considered as an alternative asset class.

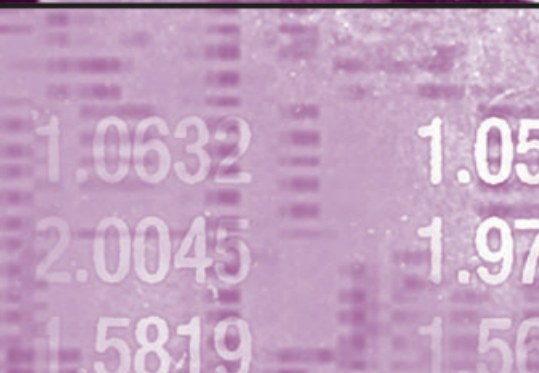
During the current crisis this new perception has been amply illustrated by equity and bond traders shifting from their traditional markets towards FX in this essential search for liquidity...

and in FX they have discovered even more liquidity. They have discovered that the FX market is open 24 hours a day, and that they could actually trade without paying any fee or commission. They can trade up to a hundred times their deposit without risking any negative balance thanks to our leverage and margin liquidation policy.

Our technology make it available for anybody who knows how to use a computer and is interested in finance while it provides professional traders with cutting hedge tools and conditions.

To illustrate that, simply have a look at our new advertising motto: "Get Closer to Currencies". This is what we do: We get the people closer to this amazing and fast growing market, by literally bringing the market to them.





# Getting to grips with pricing mechanisms

*As foreign exchange execution needs of market participants continue to evolve, pricing mechanisms must follow suite. Currently the buy side essentially uses two methodologies to trade foreign exchange, request for quote (RFQ) and executable streaming pricing (ESP). RFQ still remains the most popular means of execution but more sophisticated clients needing one click dealing via execution front-ends or straight through processing (STP) integration are popularising fully streaming execution. This new ESP model not only offers swifter execution but most importantly offers greatly increased price transparency and efficiency which was up to now unavailable to the buy-side.*

The majority of foreign exchange volume is transacted by about 10 to 15 very large banks offering both RFQ and ESP dealing mechanisms. These major liquidity providers effectively control how orders are transacted in foreign exchange and via broker-dealers the same type of execution can be delivered to the retail foreign exchange trader. To understand the dynamics of foreign exchange execution and pricing from the liquidity provider via the broker and finally to the end client, one must look at the whole process as a multi-layered value chain involving all the price givers and price takers in the market and how the orders flow from the major price givers to end up in the hands of the minor price takers.

## **A multi-layered value chain**

Foreign exchange execution has various layers, there's the top layer which constitutes those biggest 10 to 15 banks trading between themselves at spread rates of 1 to 2 on the most liquid currency pairs. The second layer which constitutes the same banks executing trades to high volume clients like broker-dealers usually offer spreads of 2 to 3 basis points, banks use straight through processing to accept those deals and re-transmit them back to the institutional client. The lower layer is of course broker-dealers selling their execution services to generally smaller, lower volume customers (the retail customer) and spreads offered can vary quite substantially but are usually in between the 3 to 5 pip range if they want to be competitive. It transpires that the sell side operates on the basis of a rather slight profit margin.



# Getting to grips with pricing mechanisms

This is where RFQ enters the picture, RFQ basically means that the buy side customer operates on an execution interface giving the sell-side two very important pieces of information, one that he's ready to trade and two the amount he's ready to trade in. Some RFQ systems don't even have a two-way price mechanism meaning the customer is obliged to additionally indicate whether he's buying or selling before any price is quoted. Obviously this whole mechanism does not offer a large amount of price transparency to the customer and since the sell side at least initially is the counterparty to the trade, it is obvious that RFQ methodology gives them a rather substantial competitive advantage which of course translates into increased profit margins all happily contributed by the buy side. In the case of the liquidity provider offering RFQ execution to a broker-dealer, this will also mean that the broker-dealer must in turn offer some form of slightly "worse" execution to the retail customer. The obvious conclusion is that the market participant who pays for the lack of efficiency of RFQ is the retail client at the lower end of the value chain.

## Bringing ESP to the market

The growth of the foreign exchange market and the important increase in price transparency has brought ESP to the market. Whilst many buy-side customers trading longer term or hedging have not much need for ESP, a new breed of foreign exchange intraday traders demand transparent instant execution at low spreads. This market segment has been part of the driving force behind ESP. By definition a high volume, extremely price sensitive group, this market segment has in the past often felt dissatisfaction with the execution services offered to them and indeed broker-dealers and banks have never been able to satisfy their needs, until recently.

## Conclusion

With ESP this market segment has finally been captured and since their intraday execution needs are being met, it is a market segment under rapid growth. In fact ESP is fueling the very usage of foreign exchange as a popular day trading instrument which it has never been for the retail market sector until recently. Of course the main liquidity providers choose not to deal directly with this market sector since they can attract broker-dealers via services such as STP and prime brokerage and therefore obtain an aggregate of the volume generated from their retail customers in as an efficient manner as possible. The foreign exchange day trader is obliged to pass through broker-dealers but very few offer streaming prices as of yet. Healthy competition and transparency in the market is changing all that though and broker-dealers like ACM already offer one-click ESP execution and are consequently increasing their market share whilst at the same time creating growth in intraday foreign exchange.



**Nick Bang**  
Advanced Currency Markets





## Spotlight on Money Managers

# e-Trading contributing to profitability

*How can online FX trading solutions be tailored for Money Managers? What are their needs and how are they being addressed with the latest e-trading technology? We will be exploring these questions later in the year. In this edition however, we ask Nick Bang to comment on how online trading solutions are catering for that most important consideration for Money Managers – profitability.*

The online dealing revolution has drastically changed the operating efficiency of money managers dealing in foreign exchange. The days of telephone allocation have vanished and nowadays online dealing enables money managers to liberate more time for what really counts, sales and client acquisition. Today foreign exchange money managers have a variety of extremely handy online tools available to help them run their businesses.

Online trading solutions offered by brokers seeking to obtain the volume originating from the managed account market segment has dramatically increased efficiency in the sector by leaps and bounds. Today managers make block trades for multiple customers at the click of a button subsequently generating pre-defined account allocations. This simple feature in itself offers the added value of enabling money managers to drastically reduce their requirements for minimum account openings provided the total funds of their clients pooled under management represents an overall large enough sum to be able to formulate a meaningful risk management strategy; however, the fact remains, retail accounts can easily obtain the services of asset managers previously reserved for only high net worth investors or above.

### **Risk management**

Of course the most vital need is also the most basic, the need to have a profitable business for the asset manager; that can only mean one of two things, either more commission or more profitable trading. In both cases the money manager must accept taking more risk. Any responsible company knows that they must stick by their risk management strategy which basically means that they must limit the risks they're taking and the commissions they're making.

This is a controversial subject, there's been a lot of criticism in relation to managed accounts and it's easy to criticize when one knows that money managers are traditionally remunerated per transaction obviously raising some conflicting issues vis-à-vis the client. The basic premise is of course that the more the money manager trades, the more commission is deducted from his customer's account one way or another so there's obviously a fine line between making one's business flourish and generating profits for your customer. Following the scandalous events in November when US federal authorities charged 47 people with defrauding retail investors, the spotlight is very much on money managers to offer more disclosure about their currency transactions.



## e-Trading contributing to profitability

### How do online solutions contribute?

Less trading means less risk but also means less commission so how do online solutions contribute in a direct way to the money manager's profitability especially during these tricky times?

With online dealing software, managers can check their customers' open positions and margin exposure, analyze P&L and negative draw-downs, pre-set trading percentages and trading groups and effectuate block trades automatically almost regardless of the number of customers participating in a single trade all at the click of a button. Information is readily available without delay and marked to market instantaneously enabling the manager to concentrate more on raising client funds instead of laborious risk assessment and reporting. The result is less pressure on the money manager to make commission per client and although this is a long term, general effect but important effect, the real advantages may reside in the actual nature of online trading itself at the heart of the matter: the executing broker.



Brokers understand the advantages of this market segment since obtaining business from money managers equates directly to obtaining many self trading customer accounts all at once, needless to say a very desirable and cost effective type of business for any broker-dealer.

Online trading permits brokers to offer tighter spreads especially to the institutional market which includes money managers, this basically improves the chances for the money manager of making a successful trade and therefore in the long run giving him the opportunity to make better commission returns and return on investment for his customers. Brokers know the race is on to get the institutional business and those who can deliver the most efficient tools and most competitive dealing whilst satisfying the manager's need for security of funds and other peripheral issues will win the game.

Indeed competition between brokers is creating an extremely cost effective and efficient access to market for the money manager wanting to deal in foreign exchange, so much so that money managers seem to be springing up all over the place with relatively simple business plans often mainly based on the sustainability of extremely competitive services offered by foreign exchange broker-dealers.

This may not be enough to base a whole business on, but if you're a freelance trader and talented at generating profits from market movements for your clients all you need to do is choose a good broker and you could be online making trades and earning your living in just a matter of days.



**Nick Bang**  
Advanced Currency Markets

Spotlight on  
Money  
Managers



# Online Trading

## Some thoughts for the retail investor

*With increasing interest from private investors around the world in trading fx, e-Forex is now including a regular section - **Retail Forex Client** - devoted to issues that concern players, both buy-side and sell-side, in the retail FX sector. We start this new section by asking Nicholas Bang of Advanced Currency Markets, to set out some of the issues that retail investors need to consider regarding electronic and online FX trading solutions.*

The retail investor is naturally cautious when it comes to choosing which online foreign exchange platform and indeed which broker he will use for execution. In a market characterized by the lack of fixed commissions on trades it is easy to assume that there's little cost to trading and quite striking just how much cost can be incurred by the customer at the final analysis. Online trading is leveling the playing field but customers still need to consider multiple aspects of a brokerage's service and in fact of the brokerage firm itself before going ahead with the marriage that is the customer-broker relationship.

Times have been changing very quickly of late, the sell side now has to face the new reality of intense competition. This is good news for the customer as many small to medium size brokers now realize that they have to re-invent their business model to keep on attracting market share, ultimately some will have to close their doors leaving a core of reliable brokerage firms offering competitive execution to their clients.

### Why go online?

The question should be put the other way: why not go online? The success of online trading is no accident, indeed there seem to be only advantages to trading online, so much so that online execution now represents about 40% of total foreign exchange volume. This may not seem that large but in a market dominated by enormous institutions the likes of Citigroup, Deutsche and UBS, it is actually quite amazing that in such a few number of years a sizeable portion of volume is now transacted by electronic means. Indeed the major institutional fx participants have (by now) come out with a variety of online solutions to avoid losing market share.

Still, many buy side customers (especially ageing high net worth individuals) still prefer placing orders by phone and are naturally reticent when it comes to using the internet for the same reasons they're reticent to use their new video player. They should wiser up, institutional phone dealers are experts at separating basis points from their customers' trades and being able to actually view the price on screen is in itself such a huge leap in price discovery that it is quite surprising that these customers so vehemently defend their obsolescent phone relationship.

So what should one contemplate when choosing his fx broker? Execution is of course one of the most important aspects especially since most retail online executing brokers make the larger part of their profit margins in dissimulated if not downright hidden ways despite the fact that the client has the actual market rates onscreen. So, what's best execution in foreign exchange and what's not?

### Request for quote

Brokers argue that RFQ is just fine, that's true if you're a long term trader making the odd monthly transaction but in a market which is characterized by exceptional liquidity the reality is that 90% of traders tend to be frequent or day traders. RFQ is there for one reason and one reason only, to permit the broker to gain a larger profit margin. The mechanics of RFQ are simple but customers focus on trading and don't realise they're being taken advantage of. The customer clicks on the bid or ask button signaling to the broker whether he's buying or selling, the broker then re-quotes the customer a price which is 99% of the time worse than the original price the customer clicked on. In fact when you think it over the practice is actually contrary to the inter-bank principle of quoting a two way price for execution.

A new method has arisen though, ESP or Executable Streaming Pricing, the idea being that the customer clicks on the price and is executed straight away without a re-quote. RFQ is not the only mechanism that brokers have in their executorial armory. Since trading began, slippage has always been an integral part of making a trade. At ACM we've pioneered the idea of WYCIWYG or (what you click is what you get), not everyone can say the same, millions of dollars are reconciled as slippage every year by the sell side and although slippage is a genuine although somewhat annoying occurrence the idea that it should be subsidised by the sell side is just now starting to spread.

### Can I trust you with my money?

Although vital, execution is not the only thing one should consider when choosing an executing broker. Just as important is a firm's prospects for growth, regulatory and audit status, transparency and financial stability. Taking the decision to open a foreign exchange trading account should not be taken lightly. A customer should spend at least a few weeks to survey various brokerage firms, thoroughly visit their web-sites and interrogate the various department heads: sales, dealing, compliance/back-office.

Although it may seem secondary, it is important to have a representative vocally confirm what's being offered on the web site. Indeed the quality of a company's representatives is a telltale sign of the company's integrity since in any organization information, skills, methodology and ethics are passed from the management down. One indication of how professional a brokerage firm is can be observed by the behavior of its salespeople. Running a profitable financial products execution business requires competent and dynamic salespeople and a coherent client acquisition approach but one just has to accept the fact that a customer will finally only open an account because he has taken the decision to do so.

Some firms have salespeople so aggressive that if you're unlucky enough to leave your telephone number with them you'll be incessantly pursued until you either decide to be very rude or open an account despite your best judgment.

### Conclusion

With spreads narrowing and conditions constantly improving for retail investors, online foreign exchange is looking constantly more alluring as an investment choice.



**Nicholas Bang**  
Advanced Currency Markets

AD



# Trading places

In recent years Forex trading has become a more widely used trading instrument and is now not just the domain of institutions and corporates. Advances in technology through the Internet now means it's easily accessible for anyone who wants to trade. Nicholas Bang, managing director, of online Forex platform ACM, gives Ruth McKee an inside view

A startup in 2002 between three Swiss business partners and friends, ACM says it is now the world's largest online Forex brokerage, and has 60-70,000 daily visitors to their site. The company recently opened up a representative office in Dubai to cater for both institutional and private customers in the region.

The Athens-born entrepreneur's career, prior to founding ACM, involved banking and finance and foreign exchange trading, holding senior positions at National Bank of Canada's equity brokerage division, and positions in a variety of foreign exchange and futures dealerships.

## Is foreign exchange trading becoming a more popular instrument?

It is still very much a niche market. Awareness of foreign exchange is growing very rapidly in the region and elsewhere. But not everybody is suited to trading, and it really depends how you want to trade.

## How significantly have the advancements in technology impacted on Forex trading?

A few years back foreign exchange began to shift from being a product that was mainly an institutional product traded between institutions and corporates to a product that is now available online to anybody who wants to trade, invest or speculate in a very easy and efficient way. Back then the transition was starting to happen because of the popularisation of the Internet, which changed things completely for financial products in general. We started noticing that people didn't want to trade foreign exchange by phone any more, and the shift was beginning to go completely online.

The kind of technology that online foreign exchange brokers offer their customers is far superior that which you would have in stock trading



and futures trading. There are platforms for everything of course, but it is the newest, most developed technology that makes it a very flexible trading experience for the customer.

## Tell me about your white labelling product?

White label is the main institutional product of ACM. It's essentially a branded duplicate of our platform, which we put at different banks and brokers disposal who want to offer online foreign exchange trading to their end customers. The idea is that we brand the platform, duplicate it, put all the different tools at their disposal and then they redistribute the trading platform or platforms to their end customers so they can trade



foreign exchange with the bank. It's a very appealing project because there is basically no cost, no expenses, no risk to it. The bank can make money from it and it has a tendency to create very high volumes, indeed multiply their existing foreign exchange volumes.

#### **What are the benefits of trading Forex over other instruments?**

If you have a situation where the stock markets have plummeted, there has been a shift of focus to different instruments, foreign exchange being one of them. Forex is a product that is independent of market direction.

Quite often, if you are holding comms stock, and the market starts going down and the economics of the market have it that the actual index is negative, the chances are you won't be able to make any money in the best of cases. You probably will be losing money on whatever

**"WE DO TEND TO SAY IF YOU CAN TRADE ON THE STOCK MARKET AND UNDERSTAND THAT, YOU CAN ALSO TRADE FOREIGN EXCHANGE."**

stock you are holding. Foreign exchange is completely different. It moves independently of this and you can have different types of instruments; basically mix any currency pair that you like.

The kind of structure you have in foreign exchange trading is really far superior to any other financial product for a number of reasons. One is liquidity. Foreign exchange has about 32 times more liquidity than all stock markets combined. There is about \$1.5 trillion traded on a daily basis. That means that when a client wants to trade FX, he can get an execution immediately at his price. That's 99% of the time, except when you have extremely volatile markets. That is not the case with a lot of other instruments. Afterwards you have transparency of pricing. In FX everybody knows, in spot at least, where the price is. And then there are margins, customers can basically trade any way they see fit. They can be very speculative or invest money long term. It's up to them to trade the way they want, but they can have up to a 100:1 leverage, or one percent margin. Essentially, a guy with \$10,000 in his account could trade up to \$1,000,000 as a position. It's highly leveraged, and if someone wants to use that leverage, it's possible. Liquidation occurs on the same level of leverage.

In futures, quite often you have the kind of margin requirements that are relatively high, and of course if a customer has an open position and the market starts going against him, his broker is going to give him a margin call early on. In foreign exchange the actual liquidation level is the same as the full capacity 100:1 leverage, so that really does give customers a lot of space to hold positions in the market especially when the market is moving inversely to their open position. Then there is the absence of commission. FX is dealt with in a very tight spread scenario, and has zero commission, so customers don't pay anything per se to trade foreign exchange as far as actual commission is concerned.

#### **What are the various trading preferences of clients, and what are their typical profiles?**

We have clients that trade foreign exchange outright, which means they use zero leverage and just hold positions for long term and invest in the price of Euro or USD and make a few trades a year. Foreign exchange is not

necessarily suited to everybody because you need to have a certain level of understanding of the market to trade it and a lot of people do not necessarily have that. We do tend to say if you can trade on the stock market and understand that, you can also trade foreign exchange. So it is open to a very wide public and as it gets popularised, the market does grow and has been doing so very aggressively.

A couple of years ago we had some information regarding atypical customer. It would be someone between the ages of 35 and 55, generally a business owner, someone who is familiar with risk taking. This has broadened today, as FX becomes more accessible,

transparent, competitive, and people become more aware of it. Today you have all sorts of people trading foreign exchange. Before you tended to have hardcore FX traders, only trading foreign exchange.

#### **And the risks involved?**

There is an idea that foreign exchange is an extremely risky instrument. It's not really. Different comms stock can go down maybe 20–30%. If, for example, the price of Euro against the \$ plummeted 30% in one day we would have a global crisis. If you look at the daily volatility of a main instrument in FX like Euro against \$ you would see that the kind of daily volatility is something like about 50–70 bp per day. If you compare that with the actual base price, let's say 125, then that's a very small percentage move, whilst you can have much larger and dramatic percentage moves in other types of investments and vehicles. At its base FX is not really all that volatile. What makes it risky is the desire of customers to use a large or relatively large amount of leverage.

#### **What have been the main changes in Forex trading in recent years?**

The main shift is that from being a very institutionalised instrument, basically interbank trading, today you have a situation where around 30% of foreign exchange volumes is starting to be retail based. This is enormous and a very important shift.

#### **What is driving that shift?**

Competitive pricing, transparency, technology and accessibility. People can open an account and start trading straight away. ■



# Charting the continuing evolution of Retail eFX Platforms

Nicholas Bang, Executive Director & Partner at ACM-REFCO

The pace of eFX platform innovation has been dramatic over the last few years and consequently Retail FX clients can look forward to the benefits of their advanced features and functionality. Are customers driving this rapid pace or are providers trying to differentiate themselves by continually raising the technology bar?

Bang: As the market expands and competition becomes more intense, online fx providers that wish to remain at the top have no choice but to constantly add new features and functionality and generally improve their platforms. It is definitely customer driven, just consider where retail spreads were 3 years ago and where they're now, practically the same as institutional spreads. The race to attract more customers is more aggressive now than it's ever been.

What sort of basic functionality and standard tools would typically characterize today's entry-level? e-trading platform?

Bang: Today any worthwhile platform directed to even the smallest customers offers a full range of functionality. Not only execution and position monitoring but integrated order placement & monitoring, real-time statement generation, real-time charting, news and analysis. Additionally demand is so varied now that customers on an international level have begun to require trading platforms translated in their own language. At ACM-REFCO customers have our platforms available in 14 languages.

Many retail investors are now extremely active. What type of specialized features are these more active, professional traders likely to be looking for from their online platforms?

Bang: Active traders essentially seek two things above all else: the tightest spreads available and reliable, rapid and liquid execution. Good trading conditions are simply the main requirement of the active trader which of course stands to reason. Extremely active traders however are not necessarily the most professional though.

Can you give us some examples of how your own trading platforms are being developed and customized to cater for the differing trading styles of clients?

Bang: At ACM-REFCO we essentially offer the most competitive trading conditions from the smallest customers upwards which allows for all sorts of trading styles. We constantly re-assess our technology and have a keen eye as to what the competition is offering so we're constantly improving our platforms. One example is the upcoming development of our new greatly advanced charting package which should be available in a few weeks from now.

In what way can e-trading providers leverage technology to maintain and improve their client relationships? For example, by improving services such as technical analysis?



Nicholas Bang  
"Active traders essentially seek two things above all else: the tightest spreads available and reliable, rapid and liquid execution."

Bang: That's a good example. Customers are increasingly demanding. Whether it's a more advanced technical analysis package or other features, and online broker must constantly improve technology and services in order to keep let alone increase market share.

Offering robust technology, consistent liquidity and fast execution is clearly crucial in being competitive and acquiring new clients. But how important are value-added services such as 24 hour trading support, multilingual trading and IT support going to be in maintaining client loyalty?

Bang: The latter tend to be almost as important as the former. Obviously frequent traders need good trading conditions above all else, but that is not necessarily the case of non-frequent traders who can nevertheless be sizeable customers. Most online brokers tend to neglect customer service, dealing desk availability and the multilingual element because these aspects of our business can be quite intricate to manage correctly and require inculcating a strong sense of responsibility and a well defined corporate culture within the firm. Strong customer support in all areas and a multilingual, global approach to customer acquisition in my opinion is just as important as effective execution and will ultimately attract the better, larger customers but one cannot afford to neglect any aspect of the online execution business.

Some online trading providers license their technology whilst others have developed their own proprietary trading platforms. What advantages do clients gain from using a proprietary platform?

Bang: Clients using a proprietary platform will tend to have slightly more competitive execution and faster technical support. Both our platforms are proprietary.

Providing Institutional services has become a major growth area in the retail FX environment. What are clients likely to be looking for when choosing an FX firm to handle the trading and management of their accounts?

Bang: Some brokers offer money management services to their clients. We believe that an online broker must focus purely on providing execution and everything surrounding that core business in order to be good at it. We offer money manager percentage allocation platforms but they're meant to be used by external money managers that partner with us. Customers looking for money management services should consider a long term audited track record which shows consistent profitability.

In what way do you see e-trading platforms evolving in the near future to meet the needs of more demanding and sophisticated clients such as Hedge Funds who may use API's and have trading styles involving automated and Algorithmic trading systems?

Bang: API integration is definitely something to look at in the future, but integrating an API in an effective way (which will provide consistent, liquid execution) is easier said than done. We believe that white labeling is structurally much more reliable and effective than API integration. With a white label partnership a bank or broker can become an online fx provider overnight at no cost and at no risk, effectively tripling or in some cases quadrupling their customers' trading volumes. We specialise in white labeling on both our Java and .Net platforms. Of course API integration and WLPs cater to different market segments and both will undoubtedly play a solid role in the future.

What sort of new technologies, for example mobile communications and voice recognition, are likely to play a key role in the next level of eFX trading development?

Bang: Offering mobile telephone trading is undoubtedly one of the winning strategies in the future but to reach full effectiveness, foreign exchange will have to become more widespread as an investment choice for the wider public. This is not yet the case but could very well be a few years from now.



# Plattform vor allem für Private

Der Devisenhandel ist einer der weltweit grössten Märkte. Gemäss der Bank für Internationalen Zahlungsausgleich (BIZ) werden jeden Tag Währungen im Gegenwert von durchschnittlich 3200 Mrd. \$ umgesetzt (vgl. FuW Nr. 75 vom 26. September). Der grösste Teil der Devisengeschäfte wird in London und den USA abgewickelt, die gemäss BIZ zusammen auf einen Volumenanteil von 51% kommen. Auf dem dritten Rang steht die Schweiz mit einem Tagesumsatz von 242 Mrd. \$ (entspricht 6% des Weltmarktes).

In der Schweiz ist auch einer der weltweit führenden Online-Broker für Devisen, die Genfer ACM, domiziliert. ACM steht zwar für Advanced Currency Markets, angeboten werden aber auch die Edelmetalle Gold und Silber. Zudem sind gemäss Geschäftsführer Nicholas Bang Contracts for Difference (CFD) geplant, denen er grosses Potenzial zuspricht. Bang hat ACM 2002 gemeinsam mit zwei Kollegen gegründet. 2003 wurden monatlich Devisen über 8 Mrd. \$ gehandelt, im zweiten Quartal dieses Jahres waren es bereits 100 Mrd. \$. ACM ist ausser in Genf auch in Dubai und Montevideo vertreten.

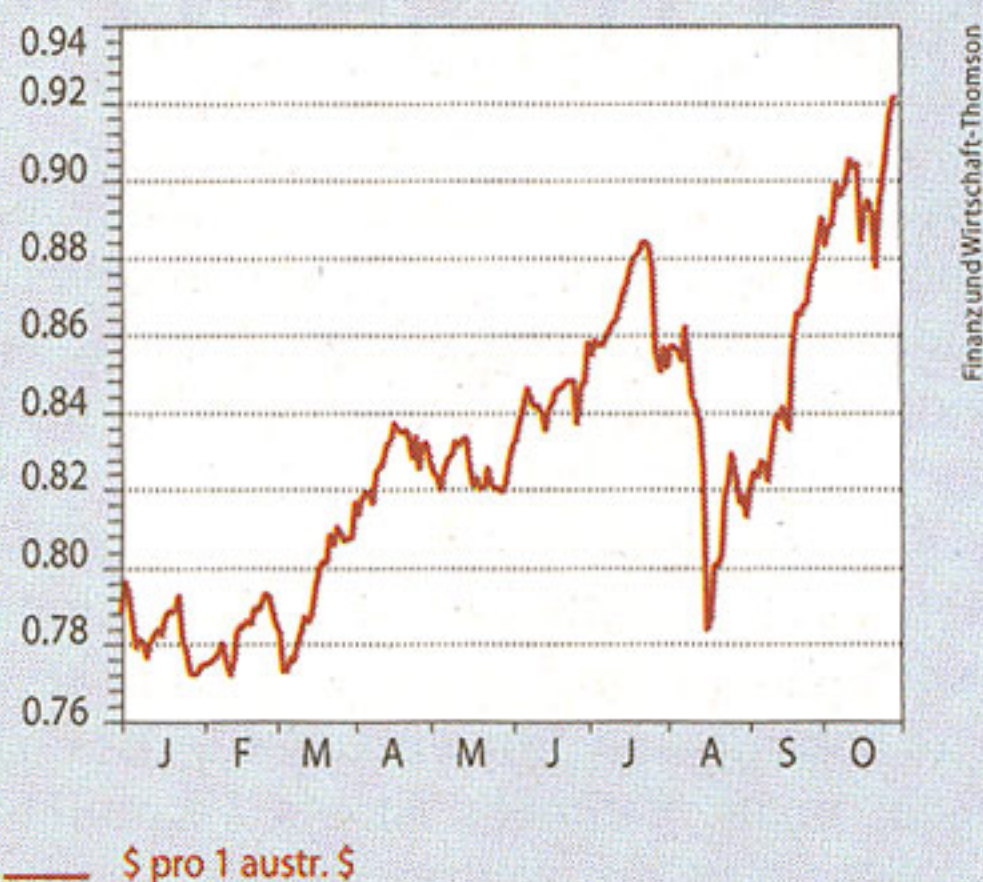
Bang versteht ACM als Discountbroker, der sehr enge Geld- und Briefspannen stellt. Die Online-Plattform richtet sich in erster Linie an private Investoren, die ab 5000 \$ ein Konto einrichten kön-

nen. Weltweit hat ACM 15 000 Kunden, nur 5% davon sind Schweizer. Die Konten werden in Dollar, Euro, Pfund, Franken oder Yen geführt. Gemäss Bang hebt sich ACM von anderen Online-Brokern dadurch ab, dass der Kunde für 34 Wechselkurspaare immer den von ihm auf der Internetseite [www.ac-markets.com](http://www.ac-markets.com) per Mausklick gewählten Kurs erhält, selbst in einem sehr bewegten Marktumfeld. Das gefragteste Währungspaar ist natürlich der Dollar-Euro, doch gemäss Bang finden auch exotische Währungen Interesse.

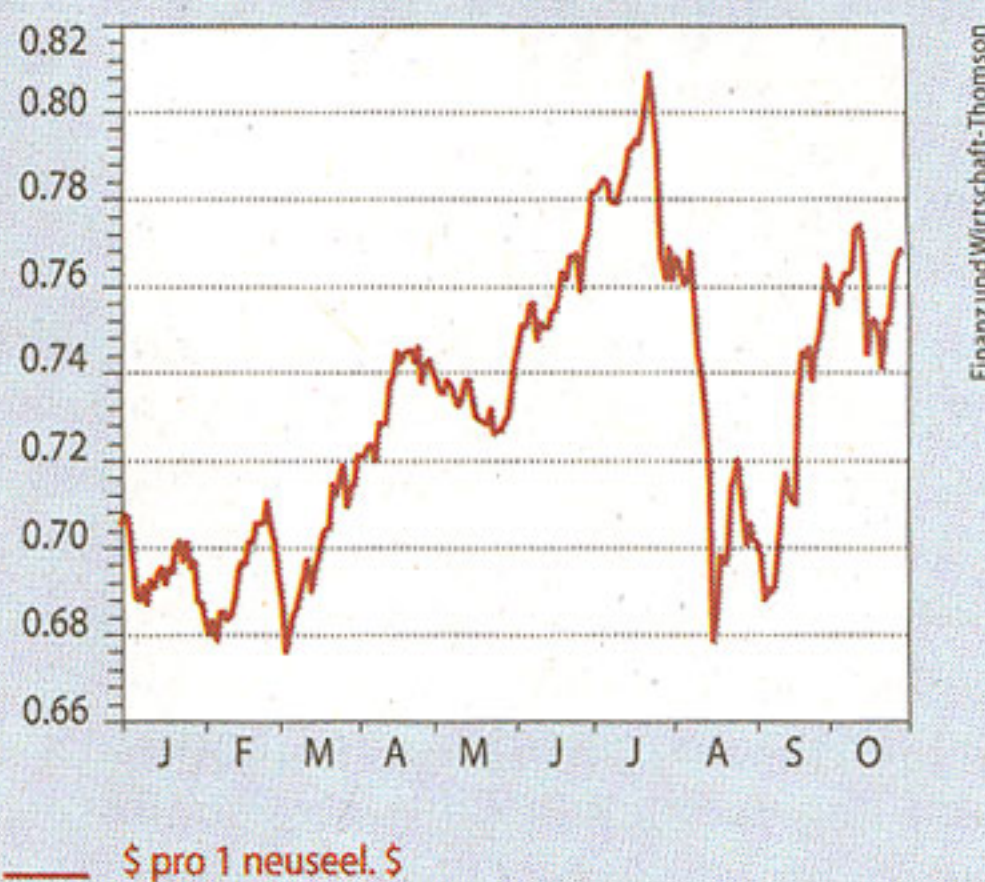
ACM-Kunden haben freien Zugang zum Devisen-Research der Gesellschaft, das von Peter Rosenstreich geleitet wird. Rosenstreich war unter anderem Marktstrategie der Saxo Bank, die Bang übrigens als grösster Konkurrent von ACM nennt, und hat das Buch «Forex Revolution: An Insider's Guide to the Real World of Foreign Exchange Trading» verfasst. Doch selbst für einen erfahrenen Analysten sei es derzeit wegen der hohen Volatilität schwierig, den Markt zu fassen, erklärte Rosenstreich vergangene Woche in Zürich. Seiner Einschätzung nach wird sich die Dollarschwäche fortsetzen. Er erwartet, dass die US-Notenbank Fed am Mittwoch den Leitzins senkt und dann noch eine weitere Lockerung vornehmen wird. Den neuseeländischen Dollar erachtet er als überkauft, zuversichtlich ist er dagegen für den australischen Dollar.

BM

**Aussie attraktiv**



**Kiwi überkauft**





# WYCIWYG JAVA

***In April, 2005 Advanced Currency Markets (ACM) launched WYCIWYG JAVA, a new on-line FX trading platform aimed at the institutional market, small and medium sized banks. This new multi-dealing platform is powered by JAVA, which is more compatible and better suited to banking operations. The key to ACM's entry into the institutional market is the use of JAVA, its original platform is FLASH based and for the retail market. The new platform boasts a wealth of features including: 2-3 pip spreads, 22 currency pairs, constant 1 click dealing, 24 hour execution and guaranteed fills in all forex market conditions, to name but a few.***

ACM signed a definitive agreement with Refco in June, 2004. Refco owns 51% of their share capital. ACM's existing management, partnerships and technology were unaffected. Benefiting from Refco's name, reputation and support (both financial and past experience) has enabled ACM to expand their client base: "Since the inception of our company our aim has been to become definitive world leaders in our field, now with the backing of Refco we feel we are on the right path to achieving that goal," commented Nicholas Bang, executive director and partner of ACM.

A positive outlook from ACM is immediately apparent, couple that with the bold statement highlighted on the website: "ACM considers itself to be the most competitive on-line FX broker in the world," and great things must be expected from this company, particularly with the number of trades being executed per day having now increased beyond tens of thousands and daily volumes at around US\$1.5billion per day.

In terms of competitiveness ACM offer (unlike some of their competitors) a 3 pip policy on all major currencies,

ensuring that they provide the most competitive rates in the market and the best possible spread. Another differentiating feature is ESP dealing. A number of brokers and platforms still use RFQ execution. ACM only offer ESP, removing the concept of re-quoting and operating through one click dealing – the most competitive way to trade FX. The WYCIWYG feature means exactly what it stands for – no slippage will occur, embodying the concept of total price transparency. Full STP support is provided as soon as a trade is executed and in terms of liquidity provision ACM partner with some of the largest FX institutions in the market.

One of the platform's specialised features is that it can be white labelled "seamlessly" in its entirety. Integration of the platform for white labellers presents the greatest challenge and ACM pride themselves on having Geneva's top I.T. specialists on hand to overcome this.

Another new feature that leads to increased functionality is the use of two new types of order – 'if done' and 'trailing stop.' 'If done' is a contingency order, activated by the occurrence of another order; it order will only become active



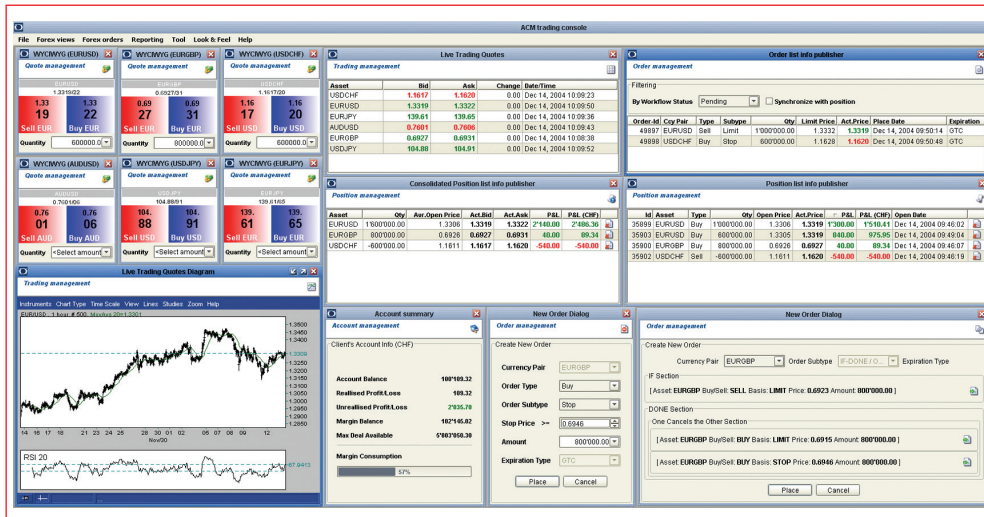
when the order it is attached to is executed. A 'trailing stop' order allows an open position for a period of time and has a stop in place dependent on market movements.

trading can only increase and therefore the market for on-line platforms looks set for increased and sustainable growth."

The only possible blip on the horizon Bang can see is the

possibility of other asset classes becoming more attractive to investors but it seems unlikely that the effect of such an occurrence would be long lasting.

"With ACM and WYCIWYG execution the FX trader makes transactions on a 3 pip fixed spread, no re-quotes, no slippage and instant execution. No other dealer offers such a sharply competitive online execution service." Another bold statement from ACM but



**ACM Platform-AlloyLF screenshot**

One possible downside to the platform is that you have to initially download it and keep it open at all times, however the software is more stable than ACM's original platform and it is a light software in terms of the amount of memory space it takes up once open.

Looking to the future we can expect to see options trading incorporated into the ACM platform. However as yet there is no a time scale for implementation. The future for online trading platforms as a whole is definitely rosy according to Bang: "Our clients are speculators, and as the internet / technology improves, accessibility for currency

one that shows they definitely mean business! And with daily trading volumes ever increasing and a client base forming to rival their competitors it looks like they do.■

Platform	WYCIWYG JAVA
Ownership	ACM & Refco
Launch Date	April 2005
Products Traded	Spot currencies & Spot metals
Currency Pairs Supported	22 plus Gold & Silver
Number of Liquidity Providers	5
Number of Clients using the Platform	4,000 +
Client Base Description	Institutional Speculators, Money Managers, Funds, Banks
Pricing Mechanism	ESP, 1 click Dealing
Buy-side Order Submissions	Yes
Execution Charges	None
STP Support	Yes
White Labelling	Yes
Number of Trades per Day	Tens of Thousands
Daily Trading Volumes	US\$1.5bn +
Record Trading Volumes	US\$35bn for one month
<b>Key Facts</b>	



# interview

**Nicholas Bang**Executive Director & Partner  
AC Markets*by Heather McKenzie*

Nicholas Bang, one of the founders of online FX trading company AC Markets (ACM), is nothing if not enthusiastic about the prospects of his company. Launched in 2002, ACM turns over around \$35bn per month in the retail sector and has similar ambitions in the institutional market.

"The institutional side is becoming a big part of our business and is set to grow enormously. By the end of year, we hope the institutional business will be on par with the retail business," says Bang, who as executive director is responsible for institutional sales and partnerships at the Geneva-based company.

ACM's foray into the institutional market will be helped considerably by the backing of US brokerage Refco Group,

which bought a 51% stake in the company in June 2004 for an undisclosed sum. Refco's initial approach was made on the basis of becoming a liquidity provider to ACM. But just as Victor Kyam liked the razor so much he bought Remington, Refco decided to invest in ACM.

At the time of the acquisition, Sandy Maggio, director of Refco FX Associates said the acquisition complemented Refco's existing business and provided "access to a growing population of FX clients". ACM was particularly strong in the

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***...There are many banks that have 100-200 customers dealing on their physical FX desks and they will need a product like ours in order to generate more volume. People trade more often on an online platform...***

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Middle East and Central Europe, he said. "ACM's proven trading platforms are widely accepted as state of the art and we welcome ACM's products to our FX service offering."

To date, Refco has been happy to let the existing ACM management team run the company. "Refco has left the management of the company to us and we have a good deal of communication with them and are doing a number of joint ventures to target particular markets," says Bang.

"Targetting the institutional market was a strategy we had before the Refco buy-in. We had to find someone we could ally ourselves with who would help us become known in that market. Refco has been a good choice because the two companies see eye to eye on a variety of issues."

ACM is offering white label services to institutions, an area pioneered by Saxo Bank. "To some extent we have ridden on



the back of how Saxo Bank has marketed its white label products. The market has become accustomed to the idea of white label FX services and now many banks realise just how powerful it can be.”

In order to offer white label services, ACM had to develop a new platform, says Bang. The retail platform is based on Flash, a versatile technology that enables users to log on without having to download any software. However Flash is not a strong enough technology for banks, says Bang, which is why ACM developed a Java-based system to underpin the white label service.

The Java-based platform offers added functionality such as new order types and selective position liquidation. Two to three pip spreads are offered on 22 currency pairs as well as spot gold and silver.

ACM defines institutional accounts as those with at least \$50,000 (or the equivalent in euro, sterling, Swiss franc or yen) in margin funds. By lowering the level from the previous minimum of \$1 million, ACM says it has enabled a much wider client base to gain access to institutional market pricing.

The company also makes much of its “what you click is what you get” approach – when a user clicks on a price it is captured as the execution price. If the market subsequently moves, the user still gets the price he or she chose.

“When we set up the business, most business was based on requests for quote. There was a lot of leeway for brokers to requote on prices. We thought that lacked transparency and decided that if we could come out with a one-click

service that offered three pip spreads, we would get good market share and be able to build volumes quickly.”

Transparent execution is crucial if ACM is to compete with the likes of Saxo Bank and Forex Capital Markets, its two main rivals, says Bang. “I’d like to say that we could grow the business just by tightening our spreads, but they are already very tight. It is very important to have a combination of

transparent execution and tight spreads which provide an attractive offering to retail customers and gives them a good chance to make money in the FX market.”

Bang believes the online FX trading market is at a significant juncture – resembling the stock markets in the mid-1990s. “Retail investors realise they can trade online very easily and that currency trading is not complex. I think it is safe to say that some of the volume growth in the FX markets has been fuelled by the advent of the retail FX market.”

The time is also right for white label FX, says Bang. “There are many banks that have 100-200 customers dealing on their physical FX desks and they will need a product like ours in order to generate more volume. People trade more often on an online platform.” ■

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***...I'd like to say that we could grow the business just by tightening our spreads, but they are already very tight. It is very important to have a combination of transparent execution and tight spreads which provide an attractive offering to retail customers and gives them a good chance to make money in the FX market...***

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# interview

by Heather McKenzie



# ACM-REFCO to open an office in Dubai

In order to strengthen its position in the Middle-East, ACM-REFCO (ACM) will shortly be opening its first representative office abroad - in Dubai (United Arab Emirates). To date Middle-Eastern clients represent 15% of the monthly volume traded on ACM's dealing platform. Nicholas Bang, executive director and partner at ACM, sees huge potential for development and new client acquisition. He says: "The Middle-East has been a great market for us for quite some time now. We initially opened a Middle-East desk a year and a half ago which was a great success. Since then we have decided that we needed an office over there. It is the kind of market where you really need to go and see the people and have personal contact."

Founded in Geneva in 2002, ACM-REFCO has been a continually growing success; they have now risen to 4th position in the world ranking of online trading platforms. Every month, volumes in excess of USD 30 billion are traded real-time, 24h a day, seven days a week. The success of the platform is due to unbeatable trading conditions and based on advanced, integrated and secure technology. "In the near future we are looking to set up offices in a variety of different countries. Our position in Europe and the fact

that we speak so many languages has been a great advantage to us," says Bang.

ACM-REFCO's client portfolio has continually expanded. Today they have a client count in excess of 5,000. As a part of the REFCO group of companies, ACM-REFCO is growing in all markets worldwide and benefits from the excellent reputation of the Swiss financial industry. A Java version



**Nick Bang**

of the trading platform is now available, which allows banks to offer a white label solution of ACM's technology to their clients, under their own name and without any costs involved.

ACM see Dubai as the door to the Middle-East. The representative office is located in the Emirates Towers on Sheikh Zayed Road, in the heart of the financial district of Dubai. The office is open seven days a week in order to satisfy a clientele that is both extremely demanding and well informed of the Forex markets. "Trade sizes are a lot larger in the Middle-East, there is a lot more money involved," explains Bang. "It's a great market with a lot of high net worth individuals that are interested in speculative instruments," he continues. Acquisition of new clients will lead to the monthly volumes traded by Middle-Eastern markets increasing; volumes are expected to double by the end of 2005. The presence of five additional staff members in Dubai will increase the total number of ACM employees to 52. The sales office will be managed by two Directors: Ramzi Chamat and Saber Daboussi, both of whom are from the ACM's Head Office in Geneva. "This is a very exciting time for ACM," concludes Bang. ■



# FX Week

April 4 2005

the global business of foreign exchange

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## ACM set to target banks

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GENEVA – Advanced Currency Markets (ACM) is to target the institutional market with a new version of its FX trading platform.

The technology company, majority owned by Refco, has launched its platform using a Java system, as it will be more suited to bank operations, according to Nicholas Bang, executive director of ACM in Geneva. The offering adds to the current Flash-browser based application, which is targeted primarily at retail clients.

Bang said: “Banks are more comfortable with Java as it is compliant with the high standards they operate on, and it is easier to integrate with their browser systems.

Java will always be more stable than a browser-based system like Flash. It also offers more interfacing, and IT managers are generally more comfortable using a Java-based product.”

He added that the new offering will allow added functionality, including the use of two new order types. The first is an ‘if-done’ order with stop and limit orders attached. The second, a ‘trailing stop’ order, allows trailing open positions for set time periods. The new software will also allow customers to associate order types with open positions, enabling them to tailor specific positions.

The offering will be targeted at

small and medium-sized banks that do substantial FX business and are looking to white-label a significant proportion of it, said Bang. “It offers individual customers direct online access, enabling banks to cut costs by cutting out staff who would have to deal with customers one-to-one.”

The trading platform is also introducing tighter spreads to encourage larger players to trade more on the system. Spreads of two pips rather than three on euro/dollar and dollar/yen will be available for those with accounts of \$50,000 or more. Those with accounts of \$5,000 or more will have access to spreads of three pips. ■



# FX ■ Week

**February 14 2005**the global business of foreign exchange

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## ACM adds currencies and precious metals

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GENEVA – Advanced Currency Markets (ACM), the online FX trading firm owned by Refco group, is adding several new currency pairs and precious metals to its online dealing platform.

The Geneva-based company is to add spot gold and silver in addition to USD/MEX, EUR/NOK, CHF/NOK and GBP/NOK ini-

tially, “soon to be followed by 20 to 30 or so other currency crosses”, said Nicholas Bang, executive director at ACM.

The new additions will raise the number of available currency pairs to 23. The firms said that all new currencies will be executable with the exact same methodology the company has supplied up to now,

namely with the tightest spreads possible, without any request for quote or any slippage.

“Since our business model is based upon supplying the most attractive and fully transparent dealing we feel that it is essential to our identity that we maintain the same level of execution,” he added. ■



# Forex platform broadens pitch

An online forex platform that has been proven in conventional trading is targeting Shariah-compliant investors. We outline the features and interview the company managing director Nicholas Bang

Alexandre Axarlis, Nicholas Bang and Lloyd la Marca, founded Advanced Currency Markets (ACM) in 2002. A start-up company based on a simple formula: an on-line forex platform offering clients transparency, low margins and simplicity of use.

ACM has developed a site that has worldwide reach and is translated into 13 languages. ACM's transaction volumes average at US\$60bn per month and the site receives between

30,000-40,000 visitors per day.

ACM claims to be the largest online forex broker and have the world's second most-visited online forex site.

ACM managing director Nicholas Bang says: "A large part of the success behind ACM comes mainly from our commitment towards client satisfaction, which has translated into more than 10,000 accounts to date."

## Benefits

- Two platforms: Java and Flash

- Two to three Pip spreads
- Islamic accounts
- No slippage / requotes
- Guaranteed fills in all forex market conditions
- No commissions
- Minimum US\$5,000 to open a standard account; US\$50,000 to open an institutional account
- Up to 100:1 leverage (1% margin)
- Basic accounts in US\$, EUR, GBP, CHF and JPY
- Fully web-based (no downloading required)
- Additional forex order types

- Trade forex from anywhere
- Selective position liquidation
- Latest encryption technology (SSL security)
- Bank secrecy compliance
- Two Arabic platforms providing support in Arabic 24/7
- Arabic dealing desk open 24 hours for trading by telephone
- Market news dispatched twice a day in Arabic

ACM has opened a representative office in Dubai, which will service Middle East markets and cater to both institutional and private customers. ■

## Q & A

### 'WE EXPECT TO TRADE BETWEEN US\$100BN-150BN BY THE YEAR END'

#### What is unique about your service?

The execution conditions are the most competitive and transparent. Mostly it's not so much a question of components of the service being unique but more about them being the most advantageous or technically advanced.

#### What volume of trading have you experienced so far?

Our current monthly volumes approximate US\$60bn.

#### What volume of trading do you expect by the end of this year?

Between US\$100bn to US\$150bn.

#### Why did you open a Dubai office?

The office was opened last August because the Middle East is a key region for us, where we have a strong market share. We're looking to develop business in the GCC countries.

#### Who exactly are you targeting: institutions, professions? How, and which countries predominantly?

We target private clients, banks and brokers. We offer the latter a 'white



label' product providing them with the possibility of operating efficiently and completely as a fully online foreign exchange broker. This institutional product is gaining great popularity among banks and brokers in the region.

#### What do you offer the Shariah-compliant investor?

Interest-free trading.

#### What experience does the company have in the Shariah-compliant markets?

We've been offering such services for a number of years.

#### What methodology do you employ to ensure the offering is Shariah-compliant?

The customer neither pays nor receives interest and has no value dates on the transactions suppressing all interest, date-related notions.

#### What growth do you expect for Shariah-compliant trading?

I think our products are substantially more flexible than the competition in these issues. As a company we're always very open minded and keen to cater to different cultures and denominations. For these reasons I'm confident we'll see strong growth.

#### What amount of business does Shariah-compliant trading comprise compared with conventional trading in your company?

Our company attracts customers from around the world and indeed we provide trading in 13 languages. The Middle East is an important region for ACM.

Nicholas Bang is ACM managing director & partner, [www.ac-markets.com](http://www.ac-markets.com), email: [nick@ac-markets.com](mailto:nick@ac-markets.com)



# CURRENCY TRADING TODAY

**Nicolas Bang**, CEO, Liquid Markets, looks back on the evolution of the FX market and considers what it takes to be successful in the current conditions...

▶▶ I remember when you couldn't trade currencies at all. Or at least where the only place the overwhelming majority of people could trade currencies was at the local foreign exchange bureau, needless to say their spreads were not too attractive.

Back in the mid to late 1990s there were hardly any online FX brokers. Then, people were executing currencies by phone, you had dollar deutsche mark, the predecessor to EUR/USD, volatility was substantially higher, the market was a different animal. Of course no one could imagine what the online FX market was soon going to become, that is almost no one, a very small amount of people, pioneers in online FX were starting to give birth to this amazing market. Back then, and in the early 2000s most people in finance, the banks and wealth management sector viewed us with growing suspicion.

Today online FX seems to be everywhere, you see ads in magazines, on CNBC and Bloomberg television, and over the last five years in particular we've seen a widespread proliferation of online currency trading. It seems that everyone's got it into their minds that they can join the forex bandwagon and be successful providing execution in FX.

The growth potential has always been there, it was estimated back in the early 2000s that global FX volumes were approximately 1.2 – 1.4tn USD in daily turnover; 12 years later we find ourselves at over 4tn USD in spite of the credit crisis and the ensuing global recession. It's interesting to examine what market forces have combined to bring about this amazing growth of the global foreign exchange market.

## Free market competition

I have always considered that one of the most interesting and characteristic things

about FX is that it is a truly free market which has historically benefited from relatively loose regulation. In fact the global currency market is a marvel of free market economics and the market it has evolved into is a beautiful example of free market competition at work.

From being an inaccessible institutional interbank market with relatively few players in the 1990s and having been used largely as a currency overlay product by banks and wealth managers, currency trading went online, aided by the application of the internet to the execution of financial products. This trend first started in the equities market in the US, back in the early 1990s and by the end of that decade, internet technology was ready to start democratising the global currency market and essentially opening it up to a much larger palette of users.

It was in large part the creation of online trading platforms that transformed FX trading. From execution spreads of 5 basis points or more back in 2001, EUR/USD spreads have consistently narrowed all the way down to the 1 pip level which is pretty much the market standard of today. Just as importantly, execution became progressively better and more transparent. Today online forex has come of age and has become an asset class in its own right. The question is what has contributed to such a dramatic improvement in execution conditions for the end client?

Today it seems many people seem to have forgotten the simple facts behind what capitalism truly is and its beneficial effects. Today in the "post credit-crisis" financial world and with the disillusionment of what is considered to be capitalism, the accepted wisdom seems increasingly to revolve around the idea that regulating the financial sector can only be beneficial. One has to reign in the excesses of the greedy financier, or so to speak. Historically though, when

one looks at currency markets over the last 15 years or so, one cannot avoid noticing the quasi absence of regulation. Even throughout most of the 2000s with online trading being popularised, regulation came relatively late. The absence of restrictive regulatory oversight was one of the main factors behind the amazing growth of FX and when one examines what online forex execution has become today it is quite clear that online FX is the most accessible, transparent and low cost financial instrument to trade, bar none. With instantaneous execution, 1 pip spreads, extraordinary real-time position







tracking and complete price transparency the biggest winner in this transformation is the consumer, the FX trader, user, investor, whatever you wish to call him or her.

The fact is that for the greater part of the 2000s regulators largely ignored online FX

brokers resulting in low barriers for entry. As a result the online FX market segment attracted a great number of players, and yes, not all have had complete honesty at heart, but the overall long-term effect has been undeniably beneficial to the end-user, the

forex client. Although long term gains often remain elusive for most players it has today become significantly more accessible to generate a positive P&L trading currencies than it was 10 years ago. For this, we have free market competition to thank, since healthy competition always has the effect of lowering prices and obliging market participants to act fairly and honestly.

#### Managing expectations

But how easy or difficult is it really to generate long-term gains trading forex? I believe this an all important question, particularly for the person wishing to start trading. Those of us who have been on the sell side for many years know the answer to this question so at Liquid Markets we believe it is our responsibility to manage client expectations. To answer this question it is essential to analyse what a currency trade actually is.

FX is a truly unique market. I like to compare it to global equities markets because they could not be more different. Since the creation of the publicly traded company you've had constant perpetual long term growth of stock indices. As society has prospered and grown throughout the ages, so have their underlying financial indices which are simply aggregates of the corporations involved in the growth of the nation or society. So when someone buys shares in a company (and keeps them for a while), essentially what he is doing is participating or taking a stake in the economic growth of society. For the participants, the investment banks, funds and so forth a rise in the index overall has always meant a good year, fees can be easily justified etc.

This is why in equities markets there has always been a constant emphasis on the growth of the underlying index. This is why investment banks have always pressured their analysts to emit long recommendations for their institutional exchange listed clients. Equities markets have always been geared to rise but their growth has often been more a function of artificial growth than actual economic progress. Take the case of the last 15 years, there have been huge advances in



technology and science representing true economic progress resulting in growth, but how much of the final index growth can we attribute to debt fueled growth and inflationism? The upwards bias that, until recently, has existed in equities and which so many players in the wealth management community have historically always used and packaged as their own expertise in order to charge high fees to their customers, has never existed in FX. Forex is probably the closest to what one would call a truly Darwinian market, for each winner there's a loser, and vice versa, so being consistently good at FX is a little more tricky than just sitting in a luxury office, going long with a basket of stocks, and letting politically driven fiscal and monetary policy do half the legwork for you.

FX is quite different, when someone buys and sells currencies they do not contribute to any sort of economic growth, they are merely adding liquidity. This is why currency trading has always been so much more difficult to trade successfully long-term, and show real alpha year after year. It can be argued of course that FX markets have a definite long-term macro based direction which is directly the product of a combination of a nation's fiscal and monetary policy, for example, the enormous US budget deficit and the treasury's intention to repay it with devalued dollars which creates a gradually falling dollar. However, the daily and weekly movements are clearly volatility based and although long-term direction exists, it can change at a moment's notice. There's no overriding long-term upwards driven bias like there has been historically in equities markets. Today however it seems that this age-old trend is broken and equities markets have adopted a similar absence of long-term trend, similar to currencies. The realisation is that it has become so much harder to generate long-term alpha by simply going "long index". The wealth management sector of the financial industry has predominantly been feeling the effects from traditional long-only funds, and other such players. In a financial world where an asset class such as equities seems to have lost its bias and adopted a similar pattern to currencies, where does the advantage lie? Clearly ease of access, cost efficiency, liquidity and transparency; and in



all these areas online forex outperforms any other asset class.

#### **The correct mindset**

The question still remains. Can you earn a living trading currencies? There is no doubt that forex trading is not for the faint hearted, it's a market that's not forgiving, but if you've got true discipline, real risk management rules, a decent strategy and treat FX trading as a day to day job with a strict routine, you can make money. However one needs to have the right expectation of gain and loss. In the world of currency trading a trader generating 6 per cent a year is a very good trader, someone who can show anywhere from 10 per cent – 20 per cent is a real superstar. Some people think they will read a book on FX trading, trade a demo account for a week, start trading live and make 100 per cent return within three months. For most market professionals in areas other than currency trading this mindset seems improbable, but the truth is that for many online FX users, that is exactly what they believe they will accomplish from day one. That of course is simply unrealistic and the perfect recipe for failure. FX trading can be immensely rewarding but it's like handling live ammunition, if you mess about and don't take it seriously you can get shot in the foot, the correct mindset is required for survival.

#### **Liquid Markets**

At Liquid Markets our emphasis is to provide the forex customer with the tools needed in order to provide the highest chance of success. Our whole mental process is geared around this principle. We spend an inordinate amount of time thinking about how we can add value to the client, what tools and functionalities we can deliver them with, not only to provide better quality execution, less cost and better technology, but also to help the trader make the right decisions, show the correct discipline, and to avoid many of the classical pitfalls so many traders fall into, especially when they're starting out.

We are constantly adding new features. Aside from our execution which is amongst the most competitive, we will soon be adding a legitimate social (copy) trading solution provided by real vetted and tested money managers and will be developing our own proprietary trading signals and FX fund. It is our intention that our customer segment be endowed with the greatest chances of success when facing the market.

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# THE NEW EUROPE

A photograph of two men in dark blue suits and ties. The man in the background is standing with his hands on his hips, looking directly at the camera. The man in the foreground is seated, also looking at the camera. The background is a plain, light grey.

December 2012 - January 2013

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# CURRENCY TRADING TODAY

**Nicolas Bang**, CEO, Liquid Markets, looks back on the evolution of the FX market and considers what it takes to be successful in the current conditions...

▶▶ I remember when you couldn't trade currencies at all. Or at least where the only place the overwhelming majority of people could trade currencies was at the local foreign exchange bureau, needless to say their spreads were not too attractive.

Back in the mid to late 1990s there were hardly any online FX brokers. Then, people were executing currencies by phone, you had dollar deutsche mark, the predecessor to EUR/USD, volatility was substantially higher, the market was a different animal. Of course no one could imagine what the online FX market was soon going to become, that is almost no one, a very small amount of people, pioneers in online FX were starting to give birth to this amazing market. Back then, and in the early 2000s most people in finance, the banks and wealth management sector viewed us with growing suspicion.

Today online FX seems to be everywhere, you see ads in magazines, on CNBC and Bloomberg television, and over the last five years in particular we've seen a widespread proliferation of online currency trading. It seems that everyone's got it into their minds that they can join the forex bandwagon and be successful providing execution in FX.

The growth potential has always been there, it was estimated back in the early 2000s that global FX volumes were approximately 1.2 – 1.4tn USD in daily turnover; 12 years later we find ourselves at over 4tn USD in spite of the credit crisis and the ensuing global recession. It's interesting to examine what market forces have combined to bring about this amazing growth of the global foreign exchange market.

## Free market competition

I have always considered that one of the most interesting and characteristic things

about FX is that it is a truly free market which has historically benefited from relatively loose regulation. In fact the global currency market is a marvel of free market economics and the market it has evolved into is a beautiful example of free market competition at work.

From being an inaccessible institutional interbank market with relatively few players in the 1990s and having been used largely as a currency overlay product by banks and wealth managers, currency trading went online, aided by the application of the internet to the execution of financial products. This trend first started in the equities market in the US, back in the early 1990s and by the end of that decade, internet technology was ready to start democratising the global currency market and essentially opening it up to a much larger palette of users.

It was in large part the creation of online trading platforms that transformed FX trading. From execution spreads of 5 basis points or more back in 2001, EUR/USD spreads have consistently narrowed all the way down to the 1 pip level which is pretty much the market standard of today. Just as importantly, execution became progressively better and more transparent. Today online forex has come of age and has become an asset class in its own right. The question is what has contributed to such a dramatic improvement in execution conditions for the end client?

Today it seems many people seem to have forgotten the simple facts behind what capitalism truly is and its beneficial effects. Today in the "post credit-crisis" financial world and with the disillusionment of what is considered to be capitalism, the accepted wisdom seems increasingly to revolve around the idea that regulating the financial sector can only be beneficial. One has to reign in the excesses of the greedy financier, or so to speak. Historically though, when

one looks at currency markets over the last 15 years or so, one cannot avoid noticing the quasi absence of regulation. Even throughout most of the 2000s with online trading being popularised, regulation came relatively late. The absence of restrictive regulatory oversight was one of the main factors behind the amazing growth of FX and when one examines what online forex execution has become today it is quite clear that online FX is the most accessible, transparent and low cost financial instrument to trade, bar none. With instantaneous execution, 1 pip spreads, extraordinary real-time position







tracking and complete price transparency the biggest winner in this transformation is the consumer, the FX trader, user, investor, whatever you wish to call him or her.

The fact is that for the greater part of the 2000s regulators largely ignored online FX

brokers resulting in low barriers for entry. As a result the online FX market segment attracted a great number of players, and yes, not all have had complete honesty at heart, but the overall long-term effect has been undeniably beneficial to the end-user, the

forex client. Although long term gains often remain elusive for most players it has today become significantly more accessible to generate a positive P&L trading currencies than it was 10 years ago. For this, we have free market competition to thank, since healthy competition always has the effect of lowering prices and obliging market participants to act fairly and honestly.

#### Managing expectations

But how easy or difficult is it really to generate long-term gains trading forex? I believe this an all important question, particularly for the person wishing to start trading. Those of us who have been on the sell side for many years know the answer to this question so at Liquid Markets we believe it is our responsibility to manage client expectations. To answer this question it is essential to analyse what a currency trade actually is.

FX is a truly unique market. I like to compare it to global equities markets because they could not be more different. Since the creation of the publicly traded company you've had constant perpetual long term growth of stock indices. As society has prospered and grown throughout the ages, so have their underlying financial indices which are simply aggregates of the corporations involved in the growth of the nation or society. So when someone buys shares in a company (and keeps them for a while), essentially what he is doing is participating or taking a stake in the economic growth of society. For the participants, the investment banks, funds and so forth a rise in the index overall has always meant a good year, fees can be easily justified etc.

This is why in equities markets there has always been a constant emphasis on the growth of the underlying index. This is why investment banks have always pressured their analysts to emit long recommendations for their institutional exchange listed clients. Equities markets have always been geared to rise but their growth has often been more a function of artificial growth than actual economic progress. Take the case of the last 15 years, there have been huge advances in



technology and science representing true economic progress resulting in growth, but how much of the final index growth can we attribute to debt fueled growth and inflationism? The upwards bias that, until recently, has existed in equities and which so many players in the wealth management community have historically always used and packaged as their own expertise in order to charge high fees to their customers, has never existed in FX. Forex is probably the closest to what one would call a truly Darwinian market, for each winner there's a loser, and vice versa, so being consistently good at FX is a little more tricky than just sitting in a luxury office, going long with a basket of stocks, and letting politically driven fiscal and monetary policy do half the legwork for you.

FX is quite different, when someone buys and sells currencies they do not contribute to any sort of economic growth, they are merely adding liquidity. This is why currency trading has always been so much more difficult to trade successfully long-term, and show real alpha year after year. It can be argued of course that FX markets have a definite long-term macro based direction which is directly the product of a combination of a nation's fiscal and monetary policy, for example, the enormous US budget deficit and the treasury's intention to repay it with devalued dollars which creates a gradually falling dollar. However, the daily and weekly movements are clearly volatility based and although long-term direction exists, it can change at a moment's notice. There's no overriding long-term upwards driven bias like there has been historically in equities markets. Today however it seems that this age-old trend is broken and equities markets have adopted a similar absence of long-term trend, similar to currencies. The realisation is that it has become so much harder to generate long-term alpha by simply going "long index". The wealth management sector of the financial industry has predominantly been feeling the effects from traditional long-only funds, and other such players. In a financial world where an asset class such as equities seems to have lost its bias and adopted a similar pattern to currencies, where does the advantage lie? Clearly ease of access, cost efficiency, liquidity and transparency; and in



all these areas online forex outperforms any other asset class.

#### **The correct mindset**

The question still remains. Can you earn a living trading currencies? There is no doubt that forex trading is not for the faint hearted, it's a market that's not forgiving, but if you've got true discipline, real risk management rules, a decent strategy and treat FX trading as a day to day job with a strict routine, you can make money. However one needs to have the right expectation of gain and loss. In the world of currency trading a trader generating 6 per cent a year is a very good trader, someone who can show anywhere from 10 per cent – 20 per cent is a real superstar. Some people think they will read a book on FX trading, trade a demo account for a week, start trading live and make 100 per cent return within three months. For most market professionals in areas other than currency trading this mindset seems improbable, but the truth is that for many online FX users, that is exactly what they believe they will accomplish from day one. That of course is simply unrealistic and the perfect recipe for failure. FX trading can be immensely rewarding but it's like handling live ammunition, if you mess about and don't take it seriously you can get shot in the foot, the correct mindset is required for survival.

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# ONLINE FOREX PLATFORM AWARDS

## Fastest Growing Sectors 2007

In the last 5 years, online forex platforms have been a fast growing business model. Market500.eu conducted its first edition of Europe's online forex trading awards through an in-depth analysis of the most performing european trading platforms.

The Market500.eu judging panel based its research on the following criterias:

- scalability,
- compatibility,
- robustness,
- multilingual,
- interface design,
- speed processing,
- ease of use.

Every year, Market500.eu will identify a fast growing sector and award companies that have succeeded to emerge as leaders on the market. To organize this contest, we first identified the most used service in Europe in the online application universe for financial services: Forex Trading Platform. To improve our capacity to rank the selected companies, we have created a judging panel composed of experts coming from different fields: banking, trading and information technology. The methodology has been worked out with an independent consultant in order to provide accurate information and appreciation.



# Best Forex Trading Platform

Ease of use and scalability



42

For the first edition of the “Best Forex Trading Platform” award, the judging panel of Market500.eu defined key parameters to determine the winner. Forex is known for its ability to adapt to the strong demand of real-time information as markets move instantaneously. The robustness of its platform is also key to its ability to answer heavy data and information traffic.

Based on a select group of short-listed companies, the panel of experts has chosen ACM Advanced Currency Markets, Switzerland, as the winner, with its rivals Saxo Bank and CMC Markets coming closely behind. ACM Advanced Currency Markets is recognized as the easiest to use platform for processing transactions. “We are not surprised that ease of use has been one of our main strengths as we do have a dedicated team working constantly at improving our user experience,” explains ACM’s CEO, Mr. Lloyd la Marca.

From a business development point of view, ACM’s Managing Director, Nicholas Bang, sees a clear path for the business going forward: “Our plat-



form is clearly efficient and we believe that the Forex market has clearly taken on a solid role in the online world. We have strong growth objectives for our company and the sector as a whole is booming.”

JUDGING PANEL

- Raphael Dana, Editor-in-Chief, Market500.eu
- Nicolas Gonet, Partner, Gonet Bank
- Nicolas Sarkis, Managing Partner, AlphaOne Partner
- Stéphane Favre, Managing Partner, Anura Associates
- Pierre Sabatzus, CTO, Jset Technology Ltd.

Currently investing in many developments, the 2007 Forex Platform winner is starting to expand outside

of Europe, with an operating office in Dubai. More foreign offices are to come. “Our platform has been really efficient at providing white labels to key financial institutions around the world and we are looking forward

to having other partners around the globe,” says Alexandra Axarlis, Director at ACM.



From left to right: Raphaël Dana, Lloyd la Marca, Nicholas Bang, Alexandre Axarlis



Winners out of the selected platforms

Score Board	1) ACM	2) SAXO BANK	3) CMC Markets
Scalability	9	9	8
Compatibility	8	10	9
Robustness	10	10	8
Multilingual	10	8	9
Interface Design	9	8	8
Speed Processing	10	10	9
Ease of use	9	8	9
TOTAL	65	63	60



# Winner's *profile*

## ACM - Advanced Currency Markets

**A**CM is the global leader of online foreign exchange and precious metal trading. Its international headquarters are based in Geneva.

The company was formed in 2002 and today serves over 15,000 customers (both private and institutional) throughout the world. Its monthly volume of foreign exchange trading passed the \$100 billion in April 2007.

The success of ACM's Internet-based platforms is based on unbeatable exchange and trading conditions, using completely integrated, secure, cutting-edge technology. Both for buying and selling, a simple click is all that is needed to execute a transaction in real time 24 hours a day.

The platforms provided by ACM are aimed at all types of client, both private individuals and business institutions. These platforms can be accessed in various ways: by computer or mobile phone through JAVA, WEB, WAP or FLASH trading interfaces.

A specially designed version also allows banks and professional brokers to provide their customers with this advanced technology with their own branding, without charge. This exclusive, tailored "White Label" product enjoys considerable



*From left to right: Alexandre Axarlis, Nicholas Bang, Lloyd la Marca.*

success. "White Label" partners trade under their own brand names without charge, and not only run no exchange risk, but also share in profits.

Multi-lingual service to clients along with trading support, as well as technical and commercial assistance is available 24 / 7.

With its operational headquarters in Geneva, ACM enjoys all the advantages and meets all the requirements of the Swiss financial marketplace, particularly in respect of bank confidentiality and the origin of funds.

ACM has a representative office in Dubai and in Montevideo (Uruguay) and is planning to open in New York by the end of 2007.

Last April, ACM has re-acquired the outstanding 768 out of 3000 shareholding from the creditors of former futures broker Refco.

The 3 founding owners and managers of ACM, Lloyd La Marca, Alexander Axarlis and Nicholas Bang with the help of their legal council and attorneys have managed to reduce the initial offered buy back price to approximately 25 million Swiss Francs (20 million USD)

ACM is the first company in its field to be ISO 9001 certified. ACM is a member of the Independent Brokers Association and the Financial Markets Association.

ACM is regulated by the Swiss Federal Department of Finance (AFF).



## NICHOLAS BANG

**31 ans, Managing Director & Partner  
ACM (Advanced Currency Markets),  
Genève**

### « ... être exigeant, mais humain »

C'est en 2002 que Alexandre Axarlis, Nicholas Bang et Lloyd la Marca lancent ACM, plateforme de forex en ligne. Pour N. Bang, c'était le « timing parfait ». Jusqu'alors, le marché était restreint (plutôt un usage institutionnel, avec peu de clients) et moins automatisé, le trading s'effectuant par téléphone. Le trading en ligne commençait à faire son apparition en Europe, sur l'impulsion des Etats-Unis qui utilisaient la technologie web depuis 1998. En observant leurs

homologues américains, N. Bang et ses amis ont pu évaluer les avantages et les inconvénients de leur projet avant de se lancer dans l'aventure.

ACM a innové en cassant les prix, en étant transparent et en apportant une technologie nouvelle : à la différence des concurrents, il est inutile de télécharger la plateforme, les ordres peuvent être directement exécutés. La société dénombre aujourd'hui plus de 11000 comptes au niveau mondial, privés pour la plupart. Et ce n'est pas fini. Le marché en ligne est en plein essor, il se démocratise : de 5% en 2002, il est passé à 50% d'utilisateurs en 2006. La croissance est soutenue, de nouveaux projets sont en cours, il reste beaucoup d'opportunités.

Comment N. Bang explique-t-il ce succès ? Il répète que selon lui, tout était réuni : les personnes, le timing, les connaissances. C'était « les bonnes personnes au bon moment ». Il reconnaît aussi que ses associés et lui ont fait « les bons choix ». Et ACM étant une entreprise en évolution et en adaptation constante, le leadership est la clé de la motivation. Selon N. Bang, « pour dynamiser son entreprise, il faut regarder les gens », garder le contact aussi humain que possible afin que les employés (au nombre de 80 actuellement) soient « heureux de travailler pour nous ». L'entreprise est « une aventure humaine ».

*Carole Lager*

*De gauche à droite: Nicholas Bang, Managing Director, Lloyd La Marca, Chief Executive Officer, Alexandre Axarlis, Director*





# Le Forex s'ouvre à l'investisseur privé

Le marché des devises – Foreign Exchange, ou Forex – est le plus grand marché financier du monde. Chaque jour, 1500 milliards de dollars s'y échangent. Et pourtant ce secteur demeure largement méconnu du grand public.

**S**eptembre 1992: le spéculateur américain George Soros orchestre une attaque contre la livre sterling. Estimant que la devise britannique est surévaluée, il la vend en masse. D'autres le suivent. En quelques heures, et malgré les efforts de la Banque d'Angleterre pour enrayer la chute de sa monnaie, ce stratagème rapporte un milliard de dollars à Soros. Dans la foulée, ce raid aboutit à l'implosion du système monétaire européen. Une débâcle qui a eu pour théâtre des opérations un marché nommé Forex, où les rêves les plus fous côtoient les cauchemars les plus sombres.

## Des valeurs voyageuses

Quiconque a voyagé sait que changer de l'argent est toujours une opération risquée. Le prix d'une devise étrangère – autrement dit le taux de change – peut en effet varier entre le début et la fin du séjour. De telles fluctuations peuvent d'ailleurs être exploitées dans l'espoir de réaliser des profits. Ainsi, même sans partir en vacances, le spéculateur qui achète et revend des devises voyage sur le plus grand marché financier du monde: le Forex. Un marché qui suscite aujourd'hui un vaste engouement. Mais quelle est la raison de ce

récent enthousiasme? Nicholas Bang, chief operating officer d'Advanced Currency Markets (ACM) – membre du groupe américain Refco – explique: «Ces cinq dernières années, l'accès au Forex s'est démocratisé grâce à l'apparition de sociétés on line qui permettent aux petits investisseurs d'acquérir et de vendre des devises via internet.» Mais c'est d'abord la mondialisation, avec pour principale composante l'augmentation du commerce international et des investissements à l'étranger, qui a contribué à faire du Forex le géant qu'il est aujourd'hui. Et, pour gagner de l'argent, la seule règle est d'acheter des monnaies sous-évaluées et vendre celles qui sont surévaluées. Toute la difficulté étant de parvenir à les identifier et à anticiper leur tendance.

## La loi du mieux formé

Le Forex se caractérise principalement par la simultanéité de l'achat d'une devise et de la vente d'une autre. Parmi les transactions observées sur ce marché, 85% concernent les devises principales, appelées «majors», qui comprennent le dollar américain (USD), le dollar canadien (CAD), le dollar australien (AUD), la livre sterling

(GBP), l'euro (EUR), le yen (JPY) et le franc suisse (CHF). Les couples les plus prisés sont EUR/USD, JPY/USD et USD/CHF. A eux trois, ils représentent près de 60% des échanges. Et deux raisons principales président à ce type de transactions. La première, qui représente 5% des échanges, implique les gouvernements et les entreprises. En effet, pour payer les produits importés ou pour convertir en monnaie locale les bénéfices réalisés, ces acteurs achètent ou vendent des devises. La seconde, qui représente les 95% restants des transactions, est relative à la spéculation. Autrement dit, la majorité des devises sont achetées et vendues dans le seul but d'en tirer profit. «Contrairement à l'achat d'une action, qui représente souvent un investissement à long terme, le trading des devises est essentiellement un instrument de spéculateur à plus court terme», confirme Nicholas Bang. Le Forex est donc un marché qui fonctionne 24 heures sur 24. Les échanges débutent à Sydney, puis tournent autour du monde au rythme de l'ouverture des places financières. C'est également un marché «over the counter» (OTC), car il engage toujours plusieurs parties via un



réseau de communication comprenant spéculateurs, investisseurs, gouvernements, entreprises, brokers et banques. Le Forex est ainsi réglementé par diverses organisations nationales ou internationales qui le supervisent, bien que les échanges ne soient pas centralisés dans un lieu déterminé, à l'instar d'une bourse des valeurs où sont échangées des actions ou d'autres produits financiers. Et dans cet univers règne la loi du mieux formé, rarement celle du plus chanceux. Parfois également celle du plus fort – comme dans l'épisode

évaluer l'évolution future des taux de change. Les indicateurs de ce type d'analyse s'interprètent d'ailleurs de la même manière que ceux appliqués à l'évaluation des actions. Une formation minimale dans ce domaine constitue par conséquent un prérequis indispensable. Il convient également de maîtriser la compréhension des facteurs qui déterminent les taux de change à court terme, comme le rythme de l'activité économique et le niveau des taux d'intérêt. A titre d'illustration, l'économie vigoureuse d'un pays se traduit par des importations en hausse. L'achat de devises étran-

les taux de change du marché ont tendance à converger vers les taux de change calculés sur la base de la parité des pouvoirs d'achat (PPA). Pour illustrer les fondements de cette affirmation, prenons l'exemple d'un sandwich chaud d'une grande marque de fast-food. Admettons que le prix soit de 6,5 francs en Suisse et de 2,9 dollars aux Etats-Unis. Le taux de change PPA devrait s'établir à USD/CHF à

## La mondialisation a contribué à faire du Forex le géant qu'il est aujourd'hui.

George Soros contre la banque d'Angleterre. «Mais c'est un marché libre dont la structure est parfaite pour des opérations intra-day, ajoute Nicholas Bang. Un intervenant non institutionnel ne parviendra pratiquement jamais à influencer le marché à lui tout seul!»

### Les astuces pour survivre

De plus, les transactions enregistrées sur le Forex sont extrêmement rapides. Pour 80% d'entre elles, la durée est inférieure à sept jours. Autrement dit, la majorité des investisseurs n'intègrent souvent pas dans leur stratégie les facteurs qui influencent les taux de change à moyen et long terme. L'investisseur qui souhaite évoluer dans cet environnement a en outre besoin de maîtriser au moins deux outils: l'analyse technique tout d'abord, et les fondamentaux économiques ensuite, notamment ceux qui influencent les taux de change à court terme. L'analyse technique s'appuie, elle, dans une large mesure sur la lecture de graphiques pour

gères pour financer les biens et les services en provenance de l'étranger – et, en corollaire, la vente de la monnaie indigène, donc une baisse de sa demande – produisent une dépréciation de la devise locale. De manière similaire, de faibles taux d'intérêt ont pour effet d'accélérer la fuite des capitaux hors du pays. Ces capitaux serviront alors des investissements sous des latitudes plus clémentes qui offrent des taux d'intérêt – et, par conséquent, des rendements – plus élevés. Cette faible rémunération des capitaux induit ainsi également une dépréciation de la monnaie locale.

### La patience est d'or

La minorité des investisseurs qui spéculent à long terme, soit moins de 20% des transactions, sera particulièrement attentive à la théorie de la parité des pouvoirs d'achat. Tant que le commerce entre deux pays est libre, les taux de change s'ajustent de manière à ce que les prix des produits soient identiques dans ces deux pays. A long terme,

### Comment lire une cotation?

La compréhension des cotations sur le marché des devises est relativement simple pour autant que l'on garde à l'esprit deux éléments. Tout d'abord, la première monnaie mentionnée dans la cotation est la monnaie de base. Ensuite, la valeur de cette monnaie de base est toujours de un. Par exemple, la cotation USD/CHF 1,26 exprime le prix d'un dollar – monnaie de base – en francs suisses. Il sera nécessaire de déboursier 1,26 franc pour acquérir un dollar. Si le cours augmente, cela signifie que le dollar s'apprécie et que le franc suisse se déprécie. De l'autre côté, un dollar permet maintenant d'acheter plus de franc suisse (1,3 contre 1,26 précédemment). Le dollar gagne donc de la valeur. Sur le Forex, deux cotations apparaissent pour la même paire de devises. Même si cela peut se révéler perturbant, le cours demande – acheteur (ask) – est celui qui s'applique lorsqu'un particulier désire vendre la devise de base, par exemple du dollar, tandis que le cours offre – vendeur (bid) – est celui qui intervient lorsqu'il désire acheter la devise de base.

JMH





2,24 (1 dollar égal 2,24 francs). Il s'agit du taux d'échange entre les deux devises pour que les prix des deux produits soient équivalents dans les deux pays. Or le taux de change du marché est actuellement de 1,26. Cela signifierait que le franc est aujourd'hui surévalué et

d'achat – proche de la réalité. La comparaison entre ce taux de change PPA et le taux de change observé sur le marché permet d'anticiper son évolution. Par exemple, le taux de change PPA USD/CHF est légèrement supérieur à 1,3 aujourd'hui, tandis que le taux de change

### «Le trading des devises est essentiellement un instrument de spéculateur à plus court terme.»

que le taux du marché devrait se diriger vers les 2,24. En remplaçant le sandwich chaud par un panier de biens et de services standard, évalués au prix de production, il est possible d'évaluer un taux de change PPA – permettant d'égaliser les prix, ou le pouvoir

du marché s'élève à environ 1,26. Nous pouvons donc en déduire que le franc est légèrement surévalué. Il faudrait donc vendre aujourd'hui des francs contre des dollars, pour réaliser un profit. Demain, lorsque le taux de change du marché aura convergé vers le taux de change PPA (1,3) – cela signifie que le taux de change du marché augmentera, donc que le franc se dépréciera puisqu'il était surévalué; on revendra alors les dollars contre des francs. Le gain s'élèvera à 0,04 (1,3 - 1,26) franc par dollar, soit 3,17%. La théorie de la parité des pouvoirs d'achat joue donc un rôle crucial selon le niveau d'inflation observé dans les pays. La devise des pays qui ont une inflation plus faible que les autres s'appréciera car les acheteurs des autres pays demanderont leurs produits, ce qui fera grimper leur monnaie. Le taux de change PPA s'adaptera en conséquence, en fonction d'un taux d'inflation plus ou moins fort.

#### Conseils à l'apprenti spéculateur

Mais le spéculateur doit avoir conscience que le montant qu'il consacre au trading de devises constitue un capital-risque. D'autre part, il ne doit pas oublier qu'une

#### Les dangers du Forex

Pour évoluer sur le Forex de manière sérieuse, il convient d'avoir une formation relativement pointue puisqu'il est nécessaire de connaître entre autres les risques inhérents aux taux de change, aux taux d'intérêt, à la stabilité économique et politique d'un pays ainsi qu'aux déficits ou surplus de la balance commerciale. En outre, de bonnes connaissances en termes d'analyse technique sont capitales. De plus, l'intervention imprévisible d'une banque centrale sur le marché des changes peut perturber l'application de la stratégie choisie par l'investisseur. La propagation d'une rumeur peut produire le même effet, de manière irrationnelle et incontrôlable.

JMH

#### Les avantages du Forex

Le marché des devises fonctionne 24 heures sur 24. Quelle que soit l'heure du jour ou de la nuit, il y a toujours des acheteurs et des vendeurs de devises quelque part autour du monde et une place financière ouverte. Les spéculateurs peuvent ainsi réagir immédiatement à l'actualité, sans avoir à attendre l'ouverture d'une bourse. La liquidité du Forex est en outre supérieure à celle des autres marchés. Les échanges quotidiens sur le Forex sont en effet 32 fois plus élevés que ceux enregistrés par toutes les bourses de valeurs du monde. L'effet de levier y est important et les investissements en devises constituent une diversification intéressante dans un portefeuille. Enfin, le trading en ligne des devises n'implique aucun coût de transaction ni de commission.

JMH

augmentation du rendement va de pair avec une augmentation du risque. Quoiqu'il en soit, la volatilité du secteur est relative. Si, suite à une mauvaise nouvelle, le cours de l'action d'une société peut perdre plusieurs dizaines de points de pourcent en une journée, une telle versatilité ne s'observe pas sur le Forex. Le spéculateur qui multiplie les opérations quotidiennes tout en jouant sur l'effet de levier court ainsi un risque élevé. Il doit avoir de bonnes connaissances des fondamentaux du marché et de l'analyse technique. Enfin, le spéculateur doit se livrer à une évaluation minutieuse des nombreux services offerts par les différents brokers online afin de trouver l'offre la plus avantageuse et la stratégie qui lui convient le mieux.

■ Jean-Marc Huguenin





# SPECIAL FX

CURRENCY TRADING HAS NEVER BEEN MORE POPULAR, WITH THE INTERNET ALLOWING PEOPLE ACROSS THE WORLD TO SPECULATE 24/7. **JOHN HUNT** TAKES A LOOK AT THE NEXT GENERATION OF FOREIGN EXCHANGE WEBSITES.



**G**eorge Soros may have long since retired, but don't mention his name when you're around a central bank governor. In 1992, in the run up to what was to become known in the UK as 'Black Wednesday', the Hungarian-born financier earned billions short-selling the British pound before it nosedived out of the European Exchange Rate Mechanism.

Five years later, he hit the headlines again after Malaysian prime minister Mahathir Mohamad accused him of helping to bring down the Malaysian ringgit during the Asian financial crisis. No wonder then that, despite withdrawing from an active role in his hedge fund in 2000, Soros' opinions can still send investors and governments into a frenzy.

We can't all have Soros' power and influence, but that's not for the want of trying. The risks of speculating on global currency movements are extremely high, often delivering fantastic yields or crushing losses, but some US\$1.6 trillion is traded every day by funds and individual investors trying to emulate Soros' success. What's more, while FX trading has traditionally been seen as too inaccessible and hazardous for the average investor, the rise of the web has seen more and more people join in.

The concept of internet FX trading is nothing new, of course. As the dotcom boom hit in the mid-to-late nineties, so a phalanx of FX trading sites sprang up, most of which have since fallen by the wayside. Of those that have passed on, some were involved in fraudulent activity, which made for unsavoury headlines in the business press.

Others were simply not internet FX trading sites, but screens and screens of currency prices posted by existing financial giants which were meant to have you rushing to send an email to make your trade.

The next generation of internet FX sites has minimised the human element in the actual trading process, and this is one area where the tenet 'less is more' has applied. Paring the FX process down to its bare bones seems to have been a major plus all round.

Advanced Currency Markets (ACM), a Swiss company, is one of this new generation to have set up a permanent office in Dubai. Its managing director Nicholas Bang, one of three founders of the business when it was set up in 2002, explains that its formation after the dotcom bubble had burst allowed it to "look at the best aspects of the competition's operations and assimilate them. Then look at the worst aspects of the competition's operations and eliminate them". Now, he says, the company's site is the second most popular place to trade currency on the net.

The web-based ACM portal is a clean, unfussy collection of graphics and buy/sell options for numerous currencies and commodities. The highlighted options by default are

the most frequently traded currencies, such as the dollar against the euro and the euro against the British pound, but a selection of drop-down menus enables you to bring up other currencies or commodities such as silver and gold. Dozens of different trades are available, in 14 different languages.

An extensive price history is also available if you need it but after that you're on your own; ACM offers no trading advice.

The firm's ethos of keeping things simple also means that after a couple of clicks, your trade is complete. This also brings in another advantage of internet trading; the what you see is what you get (WYSIWYG) concept. In days past, a call to your broker to buy or sell currencies

'Internet FX is one area where 'less is more'. Paring the product down to its bare bones is a plus all round'

meant that you were effectively exposing your hand.

Brokers could and often would offer you a price based on what you were proposing to do, not what the market was offering, potentially eroding your returns before you'd even made your trade. With WYCIWYG, you get the market price each time, every time, without interference.

ACM also charges no commission on trades, making money instead through 'pips' in the company's buy and sell prices. These are 1/10,000th units of those currencies quoted to four decimal points, such as dollars and euros, and 1/100th units of those quoted to two decimal points, such as the Japanese yen. Bang claims ACM has a pip spread of "two to three" as opposed to the "four to five" offered by its competitors.

So, the internet has made FX trading more simple and accessible, but can it be made to pay off, and can you trust yourself not to bet the farm?

The former is certainly true. FX is popular for a very good reason. You can go high risk with the attendant rewards and dangers, or you can happily dabble in solid commodities or currencies, exposing yourself to very low risk and low potential yields. You can choose to what extent you wish to jeopardise your stakes, and unless you are George Soros, the market will ignore you.

Sites such as ACM also apply leverage to their trading process, so that the customer can take a position in the market for more than the equity deposited in his trading account.

Therefore, if the broker offers a 1% margin, the client will be able to trade up to 100 times his equity. This way, with US\$10,000 equity, trading of up to US\$1 million in





ACM'S BANG IS TARGETING GCC TRADERS.



GOLD IS STILL AN ALMOST BULLETPROOF INVESTMENT.



SO TOO IS SILVER, THOUGH MORE MODEST IN ITS RETURNS.

total is possible. ►►

That's all great, however, as long as things go according to plan.

Bang is keen to stress that "negative equity is impossible with ACM," and that the company will always err on the side of caution when accepting new customers.

The maxim 'never stake more than you cannot afford to lose' applies equally, whether you are trading on or offline.

As ACM is almost exclusively an web-based concern, although telephone back-up is available 24/7 should your Etisalat internet connection go down, one wonders why it chose to open a physical office in the region.

Bang explains: "We already have a significant client base in the GCC. We see this as an expanding market and although we conduct the vast majority of our business via the internet, we are keen to meet existing and potential clients to make sure that we can provide them with exactly the service they require."

#### Market forecast

## Identify your trading places

**ADVANCED CURRENCY MARKET'S MARC SPAELI HAS A LOOK AT THE WINNERS AND LOSERS IN THE FOREIGN EXCHANGE MARKET.**

**A**fter a good performance in 2005, the dollar lost roughly 10% of its value over the course of the first four months of the year against its major trading partners. Reasons for the dollar's weak performance can be found in a narrowing interest rate gap against the euro and concerns that the US seems more vulnerable to rising energy prices as well as ongoing concern over the still expanding twin deficits. These will become even more

"Our individual clients, on average, work with accounts in the US\$30,000 to US\$35,000 range but our minimum deposit for a new account is US\$5000. For our institutional clients, the sky is pretty much the limit."

"We can offer these clients a 'white label' service in which we tailor the trading platform to their individual needs in terms of branding and layout. There is no charge for this service."

ACM's base in Switzerland offers the benefits you would expect from the country, including total discretion. In addition, Bang says ACM is able to offer facilities to customers who may not wish to have their funds lodged in the US or indeed, customers whose country of origin might make Uncle Sam nervous: Syria, Iran and Iraq, for example. ■

Advanced Currency Markets can be found at: [www.ac-markets.com](http://www.ac-markets.com).



difficult to reduce if interest rates continue to climb.

After the initial sell-off, the dollar managed a comeback during the months of May and June, correcting nearly half of its year losses. Factors responsible for this countermove were profit-taking of large dollar-short positions, a setback in the rise of commodity prices which temporarily reduced inflationary pressures as well as rising stock markets, attracting foreign





SOME US\$1.6 TRILLION IS TRADED  
ON CURRENCIES EVERY DAY.

investors. This pre-summer dollar hype seems to have run out of steam; energy prices are again making headlines as a new all-time oil high of over US\$75/barrel was reached in the first week of July. The European Central Bank will continue hiking its interest rate in the months to come, keeping the interest rate gap to the dollar small and the Dow Jones' bullish run turned at 11,700, unable to bypass the top that has been in place since the end of the IT/dotcom bubble in the year 2000.

Below, we will take a look at the technical, medium-term picture of the four main currency pairs, trying to forecast the next few months' price action. The overall bias is for the dollar to continue losing ground this year. With this in mind, we try to point to the most important support and resistance levels in each currency pair.

**EUR/US\$:** 1.2800, bullish bias. At the end of June we saw the pair trade down to 4-month rising support at 1.25. After successfully holding the level, the pair is currently expected to rise to the 2006-high of 1.2980. This level should be a major hurdle, unable to break it

on the first go and looks likely to drop back to that same trend-line that will have reached 1.2675 on August 1st. This medium-term trend has attracted a great number of investors to establish long euro positions in June. There are good reasons to believe this would again be the case next time that the markets trade near this rising support. Our favourite scenario is to eventually bypass the 1.30 top. This would be a major event, keeping EUR/US\$ well bullish into the September-October period. The next medium-term target will be the year 2005-high of 1.3675.

Alternatively, after topping 1.2980 this month and falling back to 1.2675, the current bullish trend may be broken.

This would be very bearish, with long-term charts showing a near perfect head & shoulders formation, EUR/US\$ should fall to its neckline at 1.1750 over the course of the following two to three months.

**GBP/US\$:** 1.8470, neutral bias. In June, Cable corrected 50% of its US\$0.18 April-May rise, but it will not be before bypassing strong resistance

at 1.8610 that the consolidation phase ends. This break may be seen within the next 10 trading days. Once confirmed, expect Cable to remain bullish for a re-try of the 1.9030 top and a likely extension to 1.94 by end August/mid September.

In this rise the pair may develop enough momentum to overshoot its target and spike to as high as 2.00. We strongly suggest to take profit at that point; the last time markets reached these levels was in September 1992, when it took just two months to reverse and fall back to 1.50.

The alternative is for Cable to fail to break the 1.86 level in July, keeping the pair in consolidation phase throughout the month of August instead. In this case, a return to at least 1.82 is expected; 1.7930 would be the likeliest target before bulls should consider a selection of fresh medium-term longs. In this possible scenario we also expect Cable to trade bullishly in September/October, but coming from lower levels, upside potential by the end of October is only for 1.90. While an extension to 1.94 remains highly possible, its timing should fall close to





year-end instead. ►►

**US\$/CHF:** 1.2250, bearish bias. After shedding 13 cents in March-May, 38% of this was corrected in June.

Medium-term bearish trend-line at 1.2450 is the key resistance to watch; since the pair has already crossed strong support at 1.2260, we doubt that this resistance line will get another challenge this month. Instead, we are expecting US\$/CHF to fall back to the psychological 1.20 soon. 1.1950 has been the 2006-low so far. Bypassing this level will be very bearish for a target of 1.13 by October/November, fully retracing all gains since this level was last seen in late 2004.

The alternative is for the 1.20 level to hold; the medium-term bearish resistance will trade at 1.2150 by mid-August, and its break will end the immediate bearish outlook and replace it with a neutral bias, where US\$/CHF continues ranging between 1.20 and 1.27 for the rest of the year.

US\$/JPY: 114.60, bearish bias. The

bullish move in June that topped 116.75 was perfect for two reasons; it was a perfect 62% correction of the six-month drop from 121.40 to 109.20 and closed a gap that had been left open since the month of April. Last but not least, the bullish dollar-move was halted before breaching medium-term resistance above 117. June ended with the break of the six-week rising trend. The outlook is for US\$/JPY to soften, targeting 111.50 by the end of July and a try of the rising support at 110.00 soon after. A break of this latest level is further bearish. Having bounced twice from the 109.20 support in August 2005 and May 2006, expect a third try to see this support give way and open the door for rapid descent towards 101.70, the 2005-year low. This move should take up to six months to complete; expect a first part down to 106.50 to be made in one swift move by end-August/mid-September; further descent from there is likely to be a much slower process.

The alternative is for the strong sup-

port at 111.50 to hold firm and the long-term trend to remain unharmed by end July. This leaves US\$/JPY neutral within an ever-tightening trading range of 112/115 by the end of October.

**CONCLUSION:** We have a fairly strong bearish bias against the US Dollar. We expect the European Central Bank to hike interest rates by another 25bp in early August, and the Bank of England may follow suit for the first time in more than a year as inflation pressure increases. Even the Japanese Central Bank is on the brink of raising rates for a first time in over six years, which should give currencies a boost this summer. We expect the dollar to lose between 3% and 7% of its value from present levels over the next few months, with the additional risk of widening these losses to 10% by the end of the year. ■

**Marc Spaeli** is a trader and analyst for ACM.



## Nicholas Bang

MD & Partner, ACM



With Arab stock markets in retreat, online forex broker Advanced Currency Markets has just launched its Dubai offices and hopes to attract some of those investors who no longer have faith in local equities. Regulated by the Swiss Federal Department of Finance, ACM is one of the leading global players in online forex.

ACM has more than 10,000 clients around the world, and a trading volume of around \$60bn a month. The ACM website gets 30-40,000 visitors a day and operates in 13 languages, including Arabic.

'Over the past year online forex trading has grown by 200-300%, like online equity trading in the 1990s,' explains 32 year-old Nicholas Bang, Managing Director and one of the three partners who own ACM now that Refco is no longer involved.

'We offer much better value than retail banks with their wide spreads, and have completely changed the forex landscape in the last couple of years.

'The Refco collapse was difficult for us, but our clients' money was protected by numbered deposit accounts, and so we were able to weather this storm rather well. Swiss financial regulations are very strict and give you a protection that would not be as good in the US for example.

'We bought out the Refco stake in ACM and now the three partners have full control. This is a fast moving business and we want to put the Refco experience behind us and focus on the future, such as the opening of our new office here in Dubai.'

### New to Dubai

But why choose Dubai, and why establish in the Dubai Media City and not the Dubai International Financial Centre? 'Dubai was a natural choice for us, this is the place where everything is happening,' says Mr. Bang looking from the window to a view over The Palm, Jumeirah.

'We are in the DMC because this is a representative office of a global Internet platform regulated in Switzerland, not Dubai, and have considerable experience of Arab clients from our base in Geneva.'

The ACM platform allows clients up to 100-times leverage, so if they invest \$10,000 they can trade with up to \$1 million in the forex markets. Is this not a bit risky? Could they not lose a lot more than they have invested?

'The client decides on the level of risk that they are comfortable with,' says Mr. Bang. 'But the account has a fail safe shutdown which will close all the positions if the client is coming near to losing the amount invested. This automatic position liquidation protects the client against large losses, and ACM as well.

'But that still means that the upside of leverage is available to the client. Thus you have a potential downside of \$10,000 for this level of investment, and a potential upside based on funds 100 times bigger.

'The forex markets of the world are the biggest and most liquid with \$1.3 trillion traded a day, more than 22 times larger than all the global equity markets combined.

'And we are one of the few firms which guarantee to trade in every single market scenario. There are no commissions on transactions or joining fees, and our spreads are among the lowest in the industry. The minimum entry level is \$5,000.'

### White labelling

ACM is also pursuing white-labeling products for banks in the GCC, and the Dubai office is partly to organize these sales.

'It is a risk-free service that a bank can offer its clients, using our platform but fully branded to the bank,' says Mr. Bang. 'We can lever off local bank branding strengths and not have to spend as long in acquiring clients.

'Our very stable platform is tried and tested and has conducted billions of trades, and represents an enormous investment in IT systems. We keep innovating and have recently introduced a trading system for cell phones. Next will be trading in petroleum derivatives and stock based CFDs.'



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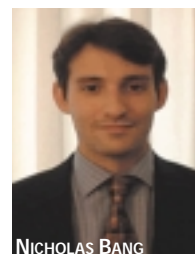
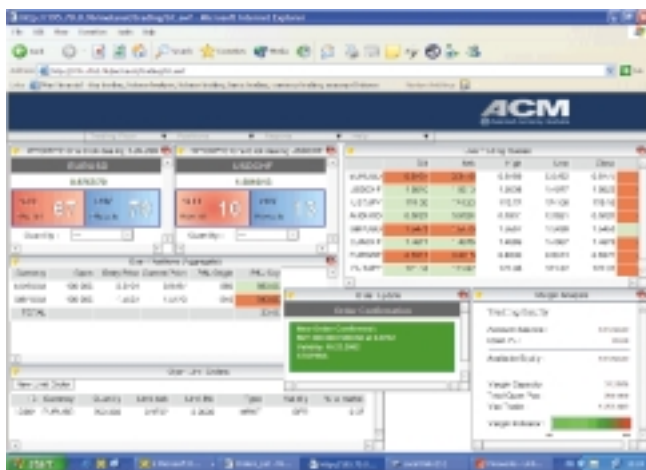
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## New Online Platform Targets Retail Clients



NICHOLAS BANG

The latest in a long line of systems looking down the value chain to the retail sector has been released by Advanced Currency Markets (ACM), a Geneva-based trading house. ACM has gone live with its online margin trading system, the uniquely named WYCIWYG platform – or “what you click is what you get”.

Offering streaming prices in spot FX, the platform guarantees a three-pip spread, no commission and 1% margin trading for introducing brokers, small CTAs and retail customers in eight currency pairs: the majors plus the euro against the yen, Swiss franc and sterling, as well as Aud/Usd.

“One of the reasons that we have released the system at this stage is that while the equity markets have taken a beating, forex has become an attractive alternative for the retail customer,” says Nicholas

Bang, ACM’s business development manager. “That means that there are a lot of potential customers out there for us.”

The company has been dealing by phone in multiple languages for about a year, but at the same time has been developing online trading. The site went live in early October 2002 with more than 70 pages of information, covering technical and fundamental analysis, as well as market procedures and practices. “We had a testable demonstration version available online for about a month prior to becoming fully operational,” says Bang.

Trading requires just two clicks – select an amount and click on the bid or offer buttons and the trade is executed. Alternatively, users can click on one of the currency pairs to access bid/offer functions. All trades are immediately

updated on an open position window, and users can set limit orders.

“We offer price transparency, and because the system has streaming prices – not request for quote – clients do not have to endure re-quotes. That’s what WYCIWYG’s all about – always getting the price you’ve clicked on,” says Bang.

Although the company currently has a lot of day traders on the system, Bang says it has been designed with introducing brokers in mind. He adds that a white label system aimed at this market sector will be available from Q1 2003.

“We have had interest from all over the world, including Pakistan, Japan, Europe and the US,” says Bang. “As ever, the demands are different from country to country and from individual to individual. Some want to work as advisors, some as money managers, and some want to work purely as an introducing agent or sales office. When it becomes available, white labelling will be particularly targeted at the introducing agents and brokers, who do not need to put forward a specific brand image.” ■



ADVANCED CURRENCY MARKETS (ACM)

# La relance d'un survivant aux allures de leader

*La croissance de la jeune société genevoise n'a pas été ralentie par la liquidation de son ex-partenaire américain Refco. L'ouverture d'un bureau à New York est au programme.* **SERGE GUERTCHAKOFF**

**R**ien ne semble pouvoir freiner la croissance d'ACM Advanced Currency Markets (ACM), excepté le manque de locaux disponibles sur Genève. La start-up vient en effet de se sortir sans dommage de la 14<sup>e</sup> plus grosse faillite de l'histoire des Etats-Unis, celle de Refco, qui détenait un temps 51% du capital. Alexandre Axarlis, Nicholas Bang et Lloyd La Marca ont racheté les 25,6% que détenait le liquidateur. Rappelons que Refco était une des plus importantes sociétés d'opérations et de compensation au monde pour les produits dérivés. Le Refco Group était actif dans 14 pays, avec 3000 collaborateurs.

Depuis l'annonce de l'effondrement de Refco, en octobre 2005, la société genevoise a triplé sa clientèle. «Nous avons désormais plus de 10 000 clients répartis dans le monde entier et le volume de change mensuel a franchi les 100 milliards de dollars. Ce qui nous a permis de survivre à son naufrage, c'est notre réaction immédiate afin de rassurer l'ensemble de nos partenaires», analyse Nicholas Bang, directeur général et actionnaire historique.

## Indépendance financière

Suite au rachat pour 25 millions de francs des 768 parts détenues par les curateurs de feu Refco, ACM contrôle la totalité de son capital-actions. L'opération de rachat a fait l'objet de plus de dix-huit mois de procédures juridiques depuis la faillite retentissante.

Cette page étant tournée, il est temps d'aller de l'avant. «Nous avons



**Alexandre Axarlis, Lloyd La Marca et Nicholas Bang.** Ils ont échappé à la quatorzième plus grande faillite de l'histoire des Etats-Unis et pour devenir un leader incontesté du courtage de devises en ligne.

atteint la taille critique suffisante pour avoir une plate-forme multiproduits», constate le directeur général. Le leader mondial du courtage de devises et de métaux précieux ne veut pas s'arrêter en si bon chemin. «Nous allons prochainement proposer aussi les CFD (contracts for difference).» Les CFD permettent de participer aux fluctuations de titres ou d'indices sans posséder ou emprunter les valeurs sous-jacentes.

Amis depuis une bonne dizaine d'années, les dirigeants d'ACM ont commencé à construire l'actuelle plate-forme de courtage en ligne dès 1999. En octobre 2002, la start-up démarre en proposant une toute nouvelle technologie, dont elle possède la maîtrise. «Les opérations de devises

se traitaient à l'époque par téléphone. On était aux balbutiements du trading en ligne.» Les Genevois appliquent quant à eux le concept du WYCIWYG: «What you click is what you get.» Vitesse et transparence sont garanties.

En l'espace de neuf mois, le trio rentabilise son investissement initial. Actuellement, sur la centaine de collaborateurs d'ACM, 35 sont des informaticiens, répartis sur deux sites à Genève.

La plate-forme est accessible depuis différents supports: ordinateurs ou téléphone portable sous la forme d'interfaces de trading Java, Web, Wap ou Flash. Cela signifie que leur business model s'adresse à tous les publics, sur tous les continents,

F. Wavre / Rezo



quels que soient leur accès au Net et la vitesse de la connexion.

L'internet permet de démocratiser l'accès au trading. Désormais tout un chacun peut spéculer sur les taux de change des transactions entre deux devises. Il suffit de 5000 dollars et l'on peut déjà accéder à cette plateforme. «Nous offrons quasiment les mêmes conditions, quelle que soit la taille des comptes.» Le site a été traduit dans son intégralité dans 14 langues différentes. ACM propose aussi une assistance trading, ainsi qu'un support technique et commercial 24 heures sur 24 et 7 jours sur 7. Ce service est rendu possible du fait que la société possède depuis près de trois ans un bureau de représentation à Dubaï, lequel prend le relais les jours fériés. À l'heure actuelle, le Moyen-Orient représente 20% du chiffre d'affaires. «Notre métier se prête bien à leur mentalité.»

#### Ouverture d'un bureau à New York

Le profil de l'utilisateur type a évolué: «Au départ, il s'agissait plutôt d'entrepreneurs, entre 40 et 50 ans. Cela a bien changé depuis. Notre client potentiel peut réellement choisir son mode d'investissement et son risque.» Fidèle à sa «bullish attitude», son slogan publicitaire, ACM veut poursuivre son essor. «Nous devons nous installer sur d'autres marchés, en l'occurrence les Amériques. Un bureau de représentation va très certainement s'ouvrir avant la fin de l'année à New York.»

Autre axe de développement, la mise à disposition de leur technologie par le biais du white label, comme la banque Saxo le fait avec Synthesis Bank. Une dizaine d'institutions bancaires et financières bénéficient d'ores et déjà des avantages de la plateforme de change et de métaux précieux. «Un



Nous restons ouverts  
à un éventuel  
partenariat, mais en  
gardant cette fois-ci  
la majorité du capital.

partenariat white label avec ACM est totalement gratuit. Notre revenu se base sur le volume.»

Forte d'une centaine de collaborateurs disséminés sur trois sites à Genève, pour l'essentiel, ACM souhaite maintenir son siège à la rue du Rhône. Un site prestigieux, très accessible à la fois pour sa clientèle et ses collaborateurs. Il n'empêche que le leader mondial du courtage en ligne est de plus en plus à l'étroit. Malgré le fait que les trois dirigeants travaillent en open space, au milieu des autres salariés du groupe. Pas évident à gérer. Leur voisine, la banque Syz, a réussi à s'agrandir très progressivement, tout en restant également le long de la rue du Rhône. Cependant les possibilités restent limitées.

Et l'avenir? «Nous restons ouverts à un éventuel partenariat, mais en gardant cette fois-ci la majorité du capital.» L'épisode Refco ne laisse pas que de mauvais souvenirs. «Il faut reconnaître que lorsque Refco nous avait approchés, nous étions un broker peu connu et avions besoin d'une certaine assise financière. La capitalisation boursière de Refco dépassait les 4 milliards de dollars avant sa faillite. son arrivée nous a permis de croître assez rapidement.

## LA COMPÉTITION AUTOMOBILE

Les Genevois qui utilisent le tram customisé aux couleurs d'**ACM** ne s'en rendent pas forcément compte, pourtant la jeune société aime la vitesse. **Lloyd La Marca** n'est d'ailleurs pas

seulement président-directeur général d'ACM, mais aussi un brillant pilote évoluant en catégorie semi-professionnelle dans les courses de rallye. La plate-forme de trading

en ligne sponsorise **Ange Barde**, un professionnel qui a gagné l'an dernier. «Ce sponsoring correspond bien à notre image, nous qui aimons beaucoup les voitures. »





## REGIONAL e-FX PERSPECTIVE



Heather McLean

# The Middle East

By Heather McLean

*Investors in the Middle East are enjoying the rewards of a booming economy and local companies are growing exponentially. However, thanks to stock market instability in the region, the eForex market in the Middle East is becoming an "asset class" in its own right as traders look to safer ways to invest cash.*

Paul Farrow, regional head of e-commerce sales for the Middle East and Pakistan at Standard Chartered, says the Middle East is a rapidly developing market place and, as such, the challenge specifically to banks is to maintain a high quality of service to an ever increasing client base. Over recent years there has been a significant improvement in infrastructure within the region he states, resulting in reliable communications that are making online services an increasingly viable option for conducting business.

eFX trading in the Middle East is on the rise, Farrow says, and is set for a strong future. He remarks: "The last two years have seen a dramatic increase in the number of clients conducting business

with us online. This now represents a significant portion of our daily FX, Cash and Trade business. Looking forward, should the single Gulf currency, scheduled for introduction in 2010, move towards a floating regime, we would expect to see further demand for online access to the FX markets as clients who are currently only exposed to the regional pegged currencies will require tools to enable them to actively manage their market risk."

### eFX still nascent but growing

Today's appetite for eFX in the Middle East is still nascent but growing, Jason Goff, head of treasury sales, FX and structured products at Emirates Bank in Dubai, comments. "Large corporates are now making requests for online trading ability

for FX, as are retail traders and investors. We are probably at the dawn of the e-evolution for FX hedging and trading as the Middle East embraces new technology."

Yet this interest in FX is not without its issues for investors, who rely on the large banks in this area for FX pricing. Paddy Osborn, technical analysis specialist at BETA Group, explains that FX is a new asset class for many investors in the Middle East, and local banks are generating healthy profits from this new and expanding client base.

While these customers are benefiting from the booming oil price, Osborn says they have become more cautious about investing in local stock markets due to the dramatic declines seen over the last 14 months. This is increasing the number of local participants in the FX market, which is becoming an asset class in its own right in this region. The issue for these investors is the limited price transparency that is available to them.

Goff comments on how banks are controlling the growth of eFX across this region. "There are few impediments to launching cash settled and deliverable eFX execution platforms throughout the

Gulf. The current slow take up generally results from a fear that platforms will reduce margins and profitability as clients are often less informed about 'spreads', so banks are keen to maintain profit margins."

### Control of local market

Isac Antony, senior manager for foreign exchange at the National Bank of Dubai, says that local banks don't connect directly to EBS or voice brokers for cost reasons, but do offer their own eFX services to clients to maintain control of the local market: "Most of the commercial banks have access to eFX platforms from big multinational banks, like UBS, Barclays, and Royal Bank of Scotland. These multinational banks have access to EBS as well, but for the local banks EBS is not attractive as the issue of hardware costs and credit limits with all the participants is a major hindrance." This does not pose problems however, as it falls in favour of multinational banks' eFX trading platforms where spreads are almost as good as the spreads in EBS, Antony states.

Osborn says that this system does not always keep customers fully informed in terms of FX price transparency, a new market for many people in the region:



Paul Farrow

*"should the single Gulf currency, scheduled for introduction in 2010, move towards a floating regime, we would expect to see further demand for online access to the FX markets"*



Jason Goff

*"We are probably at the dawn of the e-evolution for FX hedging and trading as the Middle East embraces new technology."*



Paddy Osborn

*"Some investors in the Middle East are still a bit naïve and don't always understand how good prices can be because they're used to dealing in equities"*





Isac Antony

*"Most of the commercial banks have access to eFX platforms from big multinational banks, like UBS, Barclays, and Royal Bank of Scotland."*

*"Some investors in the Middle East are still a bit naïve and don't always understand how good prices can be because they're used to dealing in equities. Banks provide FX bids or offers on demand to their customers, but not all banks offer two-way streaming prices online to all clients. While this may be due in part to the cost of implementing new technology and the limitations of local telecoms infrastructure, banks may also be concerned that such a move would start to tighten FX margins."*

#### Inward focus on local equities

Declan Clements, senior manager for institutional sales at Saxo Bank, adds: *"The market has to date been rather inwardly focused on local equities, understandably of course, as growth in local markets since 2001 has outstripped most other alternative investment opportunities. Any diversification is generally confined to other regional stock exchanges and occasionally to US markets. This regional focus is undesirable, in that it concentrates risk, but as online platforms start to increase their profile in the region, the trend towards diversification into new markets and different asset classes is developing and we are seeing the emergence of a more international outlook."*

Saxo Bank is seeing greater interest in non-regional markets, Clements says.

However, he adds that as regional currencies are pegged or fixed to the dollar local investors have minimal exposure to international FX markets, and hence minimal experience. *"An influx of foreign institutions into the Dubai International Financial Centre (DIFC) and Qatar Financial Centre (QFC) and the newly proposed centres in Bahrain and Saudi Arabia will improve financial expertise and product development in the region. As investors gain in education and experience, they are more inclined to embrace trading in international markets,"* he says.

Goff adds: *"The first banks offering e-solutions locally were only offering inter-bank platforms, where the bid offer spread is visible rather than a one-sided price request style system, which brought most users too close to the market. Now the market is changing and request for quotation as well as streaming rate bid and offer spread platforms are available. This will drive the market forward and encourage migration to eFX."*

As to why the clients themselves do not establish direct relationships with global banks or multi bank platforms for trading FX, Osborn suspects one reason may be down to Middle Eastern banks succeeding in maintaining their strong local relationships with customers.

#### Cultural issues

But a lack of desire to trade online may have more of a cultural background, Clements suggests: *"Middle East financial markets remain, to a large extent, face to face environments, and even brokers and banks providing online trading facilities to their customers usually have to provide a meeting place where their customers can come to trade. However, the large number of online forums developing in the region suggests that there is a viable electronic alternative to the diwaniya [classically, a place where men congregate to discuss issues such as the stock exchange, politics and business], and that broadening regional internet access will continue to drive the development of a market of self-directed traders."*

Jake Smith, Global Manager, eCommerce Global Markets, HSBC, says that business is conducted in a relatively traditional manner all over the Middle East, with the majority of FX trading conducted over the telephone. He comments: *"There is a general feeling among clients that e-commerce is less personal and more for high volume traders. As such, HSBC has had the most success with the high volume regional banks trading in the region. In the early days of trading over the internet there seemed to be significant client resistance. However, we have seen a continued growth in eFX deals for both single and multi bank as e-trading has become more mainstream."*

Goff adds that misconceptions about the power of the Internet are another inhibiting factor in the spread of eFX throughout the Middle East. *"The benefits from reduced execution risk, reducing staffing requirements, reduced errors from automated STP and efficient operations are not generally accepted by prevailing management as grounds to implement systems,"* he claims. *"There is also the incorrectly perceived view that anything transacted on the internet is dangerous, compromises firewall security, is hosted outside of a bank's own internal network and cannot be therefore controlled, which still remains a worry."*

#### Connectivity concerns

Aside from fear of the Internet itself is the issue of being able to physically connect to the Web in the first place, Nick Bang, managing director and founder at retail-

focused brokerage, ACM, says: *"Online trading today is limited to countries with good connectivity. This means one can have a difficult time delivering trading products. However, as we have three platforms and wireless trading, we can get in there."*

Smith agrees that connectivity can inhibit trading ability, particularly with reference to the quality of the connection: *"Internet speed is a major issue in the Middle East that impacts the development of e-trading. Clients in some countries suffer stability issues and latency when trying to trade; often they attempt to trade on a price only to find it has already been replaced by the sell side bank."*

And Smith continues, stating that regulation is sometimes to blame for a lack of eFX adoption: *"Some regulations have slowed the adoption of online trading in some countries, as regulations state that clients are not allowed to speculate and such systems would encourage speculation."*

#### Regulatory frameworks

Regulation in the Middle East can be a daunting prospect to overcome for new eFX market entrants, where companies are up against issues such as restrictions in online trading in Oman, imposed by the central bank of that country. These types of problems can inhibit a firm's ability to deliver a full solution to clients in the region.

Clements outlines the issue: *"Each country in the region has a different regulatory framework that incorporates a distinct licensing structure, so there are challenges in attempting to provide a solution that works across the whole area,"* he explains. *"Saxo Bank seeks partners who can offer products and trading that align with the local regulatory framework in the country in which they operate, and also mesh well with our philosophical outlook and business model."*

On regulation, Bang says working with eFX in the Middle East can be complicated. *"There's a lot of regulation in the region; every country has its own rules and regulations to get into, and each takes a lot of time to understand. There are a number of countries that are better to work in than others. We have a representative office in Dubai as the Middle East has always been a very strong territory for us."*



Declan Clements

*"as online platforms start to increase their profile in the region, the trend towards diversification into new markets and different asset classes is developing and we are seeing the emergence of a more international outlook."*



Jake Smith

*"Some regulations have slowed the adoption of online trading in some countries, as regulations state that clients are not allowed to speculate and such systems would encourage speculation."*







Nick Bang

*"Online trading today is limited to countries with good connectivity. This means one can have a difficult time delivering trading products."*

Framroze Pochara, CEO at the Dubai Gold & Commodities Exchange that has been in operation since November 2005, comments on the region's regulations: *"We have cherry picked the rules and regulations from the international markets and incorporated them into our rules. Yet regulations aren't easy across the whole Middle East. Countries other than Dubai look more towards local markets, whereas Dubai is already attracting international interest. There is no reason why eFX should not take off here. We have a very good relationship with our regulators, so it's easy for us to introduce new products. The turn around time for us is very quick, which is why we've been able to introduce a number of new contracts in a short time frame."*

#### Attracting Investors

Yet in attracting foreign direct investment, the Middle East has been less successful than some other regions of the world, Nouri Kelani, managing director at retail FX firm, Forex Arabia, remarks. He elaborates: *"The reasons for this include investors' perceptions of political instability and insecurity, residual elements of government control and public ownership, and other aspects of regulation. FX business is moving steadily nowadays in the region, despite the political instability and insecurity, and as per our records there is a noticeable increase in foreign investments among young affluent traders, mostly in spot and futures trades and some in bonds and stocks."*

Kelani continues: *"This is not to say that perceptions are always accurate. In the UAE, Bahrain and Qatar particularly, but also elsewhere in the region, great strides have been made in creating favourable conditions for investors."* More education of countries outside the Middle East is still needed, Kelani states: *"There is a real need to convey positive messages about the Middle East to the world at large,"* Kelani continues. *"The recent IMF and World Bank meetings in Dubai made a very significant contribution to this, but it is an ongoing process."* Kelani claims that some Arab countries are now looking at licensing eFX trading. However, service providers are being thoroughly investigated first. *"I anticipate a very short period of time until we get this ruled throughout the UAE,"* he says.

Nick Bang says preparation is everything when moving into the Middle East to trade: *"As a broker you have to be very prepared to go into this region. I think for a company like ACM it's a positive move, but it's not for everybody. For many Anglo Saxon companies there will cultural and sociological differences, including political tensions."*

#### Compliance with Islamic law

There is the question of making eFX trading compliant with Islamic law in order to attract users to the market, which every entrant to the Middle East has to overcome to succeed. Margin trading faces a major barrier in the Middle East in the form of shariah law, Goff states. FX contracts that do not go to settlement can be considered gambling in some jurisdictions as they are deemed speculative. Furthermore, the 'Western' method of interest calculation for forwards and swaps is at odds with traditional shariah law, therefore platforms permitting a roll-over of positions past value date also fall into this grey area, he says. Nevertheless, both local and international banks and brokers are seeking to tap into this market and are creating ways to insure their platforms are shariah compliant.

Religious rule is a crucial part of the eFX jigsaw in this region, Kelani agrees: *"Of course religion plays a big role in the FX business. Some religious heads have given positive feedback in regard to FX trading, if the service provider permits swap free, No rollover accounts on its trading platforms, to comply with Islamic rules. Although this is not quite sufficient for all Muslim traders, since some other religious leaders are against it, but we still think that a great proportion of Muslim investors are keen to open accounts and do business from the comfort of their homes."*

The Dubai Gold & Commodities Exchange's Pochara comments: *"Any product, to be Islamic law compliant, has to be delivery based. This is why our contracts can result in a delivery if any party wants to take it. We have made all our contracts deliverable, with religion as one aspect of that decision and the other reason being that people should be able to take delivery if they want to."*

Pochara continues: *"There is a huge spot market that goes on in Dubai and we're hoping to attract some of these players into the futures market instead of the spot*

*market,"* he says. *"There's a lot of FX trading in the region already, but much of that is focused on the spot market. The forwards and futures market is completely open and brand new. It's in its preliminary stages. People need to understand the products more and we as an exchange are playing a role in educating people to use these products,"* he says.

#### Growing FX market

The market for FX in this region is thriving and growing, all agree. On its current form, HSBC's Smith says the sell side tends to be dominated by five single bank portals. He continues: *"Looking at the split of eFX clients that we have connected to, 70% are institutional and 30% corporate. In terms of volume, institutions account for 80%. Corporate clients in the region tend to allocate business based on relationships. As such, more FX business is allocated to local banks, the majority of which have not yet built eFX platforms. In general the majority of FX is dealt by the financial institutions such as fund managers, state funds, central banks and regional banks. Only approximately 20% of FX is dealt by corporates and commercial clients, as they have limited currency exposure as they are pegged to the US Dollar."*

Farrow says of the buy side: *"The make-up of the buy side market differs from country to country but generally across the region, all client types are represented. There are differing levels of take up amongst client types, ranging from Institutional clients who have been trading online for years, to those clients only dealing in pegged, regional currencies who are indifferent to trading solutions."*

#### The Retail FX segment

The main buy side users of eFX platforms in the Middle East are commercial banks, certain large financial institutions or reserve managers such as ADIA and ADIC, and lastly the retail individual segment, Antony explains. *"The commercial banks and the reserve manager segment are close to being saturated as they have been using e-platforms for some time now. But a lot of potential still exists in the retail segment as FX as an asset class is a new idea that is gaining popularity very rapidly, with a lot of eFX providers like Saxo Bank, FXCM and ACM holding seminars and educating the investors about their platforms,"* he comments.

Saxo Bank's Clements says of the growing retail market: *"Our experience has been that retail and private clients are demonstrating demand for systems that allow them access to international markets, but institutions such as banks and brokers have been slow to react. This failure to respond to the requirements of their own customer base leaves them at risk of being disintermediated by offshore providers,"* he warns. *"While we have seen regional banks embrace single bank FX platforms for their own liquidity, very few have taken the next step to passing the product on to their client base electronically, and opportunities remain."*

Between 10% to 15% of Saxo Bank's client base is from the Middle East, which is its largest single regional group after Europe. However, the number of clients coming to the bank directly rather than through partners is higher than other regions. Clements comments: *"This suggests that there are significant opportunities to involve regional institutions in partnerships going forward, and our strongly held view is that the Middle East is a green-light area for future growth and development of online markets."*

#### Conclusion

In the near future eFX volumes in the Middle East will be significantly higher than they are today, Osborn says. However, he does not expect Bank's FX profits to grow at the same rate as volumes since increased competition, new technology and improved telecoms infrastructure will combine to tighten spreads and make FX profits harder to come by. Osborn adds: *"Technology needs to get out there quickly and I think it will do; within a year I believe there will be one or two point spreads in most major FX pairs for the decent sized clients in the Middle East. Once more clients come to trust and embrace eFX trading, the inherent efficiencies of eFX will spread across the entire region to the ultimate benefit of all involved."*



Nouri Kelani

*"In the UAE, Bahrain and Qatar particularly, but also elsewhere in the region, great strides have been made in creating favourable conditions for investors."*



Framroze Pochara

*"We have cherry picked the rules and regulations from the international markets and incorporated them into our rules."*





# SWISS movement

ACM's advanced online systems enable traders to keep pace with the money market trends as company co-founder Nicholas Bang explains.

Established in the lively Swiss lakeside city of Geneva in 2002, ACM (Advanced Currency Markets) started as an online brokerage firm – a pioneer in offering a new technology with which to trade more efficiently in currencies. “From the beginning we have been dedicated to providing the very best forex execution conditions to our customers,” says Nicholas Bang, the firm’s co-founder and current managing director.

“There were three of us involved in setting the business up and all three of us – that’s Lloyd La Marca, Alex Axarlis and myself – had a real vision and are all still actively involved in the management of the company. “Switzerland is a financial centre renowned for its excellence, moreover, the Swiss people’s level of understanding of FX trading is very high compared with that of other populations around the world. Switzerland has always been essentially a trading nation and, being so small, is used to dealing with the world at large and all its different currencies.

“We are headquartered in Geneva but we operate on a worldwide basis. It has been a natural progression to open outpost offices in our key markets. Back in 2005 we established a new office in Dubai and this year we are reinforcing our leadership



Nicholas Bang,  
Advanced Currency  
Markets, Managing  
Director

in South America with the opening of a new office in Montevideo, the capital of Uruguay. Our next stop will be New York, where we are planning to open an office in 2008.

“We now have a staff of more than 100 and that figure is constantly growing. About 70 percent of them are either non-Swiss or have dual nationality. Ours is a multi-cultural company with multinational clients and everyone here speaks two or three languages fluently. This international orientation is reflected in our three founders who each have dual nationality.”

## You get what you want

ACM's service is highly automated; “With ACM, what you click is what you get, which means no re-quotes and no slippage. Independently, our system automatically protects accounts against any negative equity,” says Mr Bang. “Our principle is to keep things simple. With just one or two clicks of the mouse, your trade orders are carried out, cost efficiently, and in the fastest possible manner, in accord with our guaranteed execution methodology.

“Our market is very competitive. As an online broker you have to constantly improve your services in order to stand out

from the existing offer. Many of the early online sites did not perceive this constant need for innovation and improvement and consequently fell by the wayside. In-depth analysis is obviously crucial to what we do. We have just recruited Peter Rosenstreich as our new chief market analyst. He can provide our customers and financial partners with the finest in sharp market analysis. People are starving for tips and previews on the market as this gives a considerable trading advantage.

“Peter will also be our voice with the media and the strategic spokesperson for our company. He was previously market strategist with Saxo Bank, in Copenhagen, and portfolio manager for Rose Stevens & Co/Myle Financial, in New York, while during the 1990s he worked as corporate finance associate with Arthur Anderson in Bangkok.”

A respected expert in his field, Peter Rosenstreich has contributed extensively to such high-profile media as Reuters, Barron's, the Wall Street Journal, the Financial Times and CNBC. Mr Rosenstreich is also the author of *Forex Revolution: An Insider's guide to the Real World of Foreign Exchange*. “Our platforms provide forex traders with unmatched performance and robustness. The transactions are fully transparent,” Mr Bang continues, “The price clicked is the settlement price and there’s no slippage, ever, regardless of market conditions and even when they are at their most volatile.

“From the technological point of view, we provide individuals with unrivalled accessibility, and with three entry points: web, software and mobile. Specifically for asset managers, we have developed a platform called Allocate, which allows the trading of multiple accounts at just one click.” Furthermore, we completely redesigned our corporate website recently, providing improved legibility, user-friendliness and enhanced technology.

## Improved service

It’s a radical change in style, fully in-line with the hi-tech performance of ACM’s services. Navigation has been re-built for better usability and interactive Ajax boxes have been added on the left-hand side of the screen. Using Ajax, visitors of the site can drag and drop boxes, change positions and show or hide content. The position and state of each box are re-applied every time the visitor returns to the website.

Additionally, the internal search engine allows users to find any information on the website by starting from a single keyword, considerably reducing the time needed to find any required element of the site. Brilliant communications are key but

**Switzerland has always been essentially a trading nation and, being so small, is used to dealing with the world at large and all its different currencies.**

credibility is also crucial in this business. Good reputation is everything; “That’s why we have keenly pursued official certification,” Mr Bang comments.

“Our ISO certifications are the guarantee that ACM remains at the cutting edge of its sector. In 2006 we were again the pioneers in our field, being the first online broker to get the ISO 9001, which certifies that we abide by the highest standards in terms of our quality management system. This year we have outpaced the competition even more by obtaining ISO 27001 certification. This standard guarantees our clients that the security of our information systems has been taken into account and that the company is committed to a process of constantly improving the protection and conservation of the data in its possession.”

## Quality guarantee

Thomas Kortmoller, general manager at Optimiso, who supervised the implementation of the qualification process says; “ISO 27001 serves as a guarantee that ACM meets the highest standards in terms of information security and reflects their commitment to a top-quality service.”

The certification was awarded by the Société Générale de Surveillance (SGS) one of the leading groups in international certification.

Nicholas Bang has some sage advice for newcomers attracted to the forex market; “Of course, like any investment, the financial markets, and especially those involving margin trading, present certain risks. Unfortunately, we sometimes see some eager novice traders trading for the excitement and thrills of possible high rewards and over-using the leverage offered or, trading in general without following any particular trading plan – a haphazard way of doing things that inevitably makes a trader far more susceptible to loss.

“We believe the best way to prevent loss is for the trader to be properly educated in how the market works and we are active in trying to assure this. Online Trading Academy, our educational partner, offers online and on-site training courses

around the world, the costs of which are reimbursed by ACM after an account has been opened.”

Key forex developments that Mr Bang has noted over the past decade have included; “The separation of the British pound sterling from the European monetary system, the introduction of the euro as a single currency operating across much of the EU and the possibility of the introduction of a floating system for the Chinese Yuan.” In the future, will further currencies disappear as trade coalesces around the US dollar and the euro? “Who knows,” says Mr Bang, “There are matters of national pride involved and currencies are always the privilege of the particular state concerned, serving as instruments of the monetary policy which that state determines for itself.

## A reflection

The existence of a particular currency has, therefore, nothing to do with whether it is being traded or not. The fact that it is traded is a reflection of the underlying interest rates and the relative strength of the said currency.”

ACM is also involved in trading precious metals; “When trading metal ounces there are basically no difference from trading currencies, apart from the fact that gold and silver are usually only traded against the US dollar. The appeal of precious metal varies according to the global financial conditions at the time. When the market is very volatile and the dollar is under pressure then gold tends to get fashionable. Silver is more of an insiders’ market.”

Mr Bang sees his firm’s continued growth, based on a sound platform of convenient, easy to access and operate systems, and solid advice, as being a given; “The market has always been highly competitive. It’s a trading environment and traders are always very demanding people. They don’t feel they need to stay loyal to any particular broker, they are in it for themselves, for what they can get out of it – and that’s completely understandable.

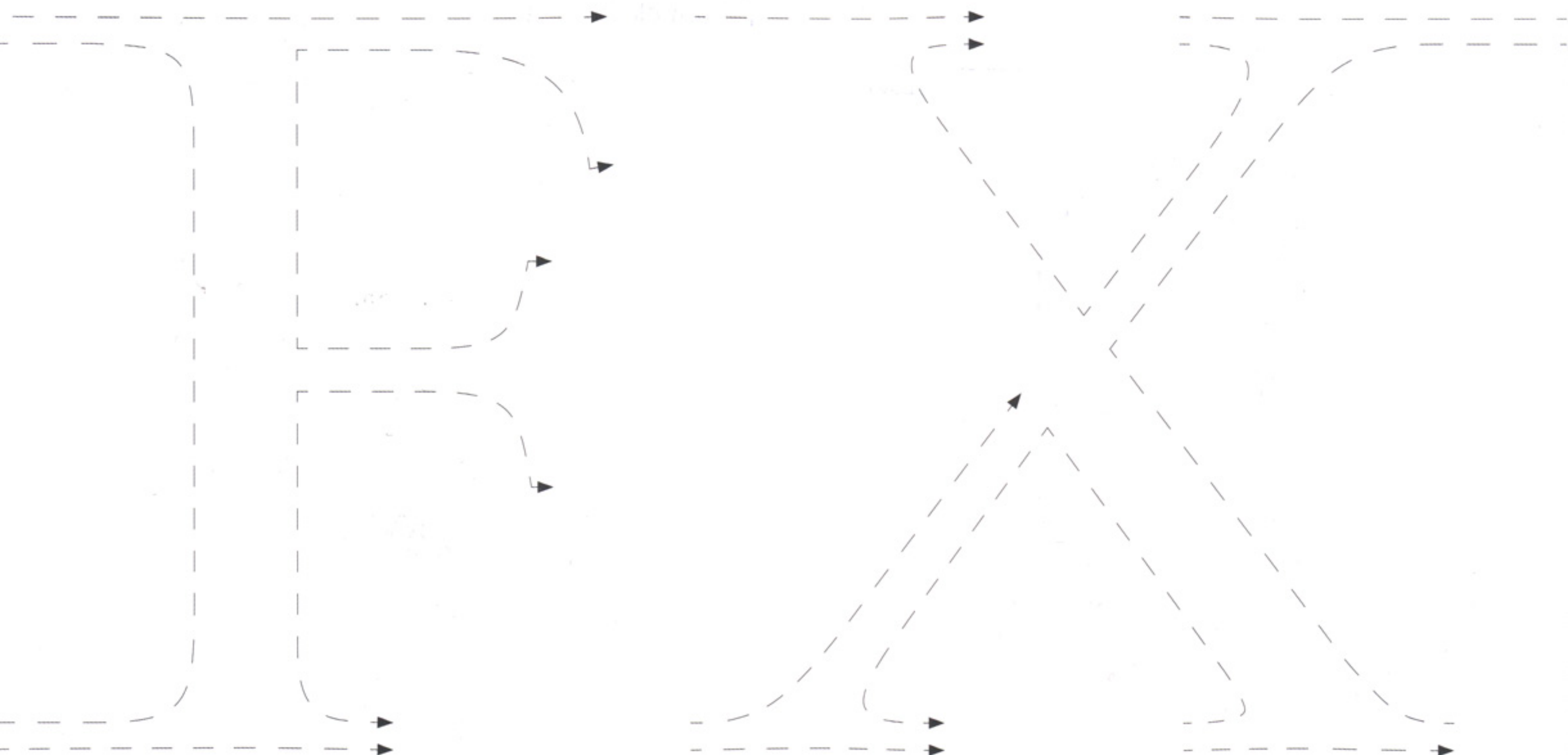
“ACM has grown and will continue to flourish because our corporate philosophy is centred on the constant need to upgrade our service and give our clients a continual and solid market edge. That way, they will stay with us and pass the word to others.” ■

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# ADVANCING THE FX PLATFORM

The forex market is a huge business with several trillion dollars worth of transactions completed daily. The majority of transactions have traditionally been made by phone, but the development of the internet and sophisticated trading software means that more and more people now have access to the world of forex trading from the comfort of their own homes. *World Finance* spoke to Nick Bang of ACM about the challenge of redefining traditional financial markets







**A**s one of the world's leading brokerage companies, how has ACM challenged and redefined the industry and how have you maintained your competitive edge?

ACM was built, quite literally, by traders for traders. From the beginning the firm has focused on quality and timely execution. From this starting point, the company focal point has been the wants and needs of our FX traders. By continually updating our software, we have been able to remain at the forefront of retail trading technology. If it's a good idea and our clients want it, we make it happen.

In the future, how does ACM plan to keep evolving as a company in order to keep ahead of the competition?

Simply stated: growth, technology and service. ACM has grown from a Geneva-based brokerage to one of the largest FX brokerages worldwide. We will continue to nurture growth, new products and

markets as the demand for our services increase globally. Further, ACM is committed to working with regulators to ensure a safe and fair market for all participants.

What can a trader expect in terms of certainty of execution?

An ACM client can expect that we will do our best to provide them the execution they deserve. No market is perfect, but ACM's execution system is unmatched in the retail FX market. Our clients trade with instant execution, one-click dealing, expanded intraday margins and guaranteed fills on limit and stop orders. By removing much of the uncertainty from financial trade execution, our clients can focus on the directions of the assets, not the market for them.

How do you ensure that the client is getting the best execution conditions?

To our knowledge, our firm connects to more FX liquidity than any other Euro-

pean brokerage. Our relationship with liquidity providers and our streamlined execution through them is actively managed by ACM during market hours.

Why is it so important for ACM to be transparent in everything you do?

Transparency is important for credibility and serves as an honest check for our clients. By remaining open to scrutiny, ACM clients know that their brokerage is sincere and forthright about how the firm generates revenue and how client's trades are processed and executed. Total transparency is the financial model of the future – after the 2008 equity market burn due to a lack of transparency and oversight – it's my opinion that few investors in the future will tolerate secrecy and vagueness from their financial institutions.

ACM is in the process of becoming a Swiss bank, in accordance with new regulations. How long will this process





Nick Bang

Total transparency is the financial model of the future.

Few investors will tolerate secrecy and vagueness from their financial institutions

take to be completed and is this process something that you feel will benefit the company and its clients?

The ACM family will most definitely benefit by our transition to an online Swiss bank. From the company's standpoint, becoming a bank allows us to offer a vast new array of products and services. ACM was built around spot FX trading, but the future license provides the ability to offer new investment vehicles and Swiss banking services. Our clients will continue to benefit as ACM grows larger financially. As we become larger, the rates we secure will become more competitive and ultimately the savings and benefits will be passed on to the clients.

As a company, what technology do you offer?

ACM provides access to the world FX market for investors of all sizes. Our software was developed in house and provides direct access to the market via the internet. We currently offer two desktop applications, Advanced Trader and MetaTrader 4. Access is further available through any

### *The FX market itself determines pricing, and approaches perfect market conditions in economic theory*

internet browser with Web Trader. We provide a telephone dealing desk for investors unable to access the internet and a mobile application compatible with all Smartphones. We actually just rolled out a new iPhone app, which I have here on my phone. It allows individuals to sign up for a practice trading account directly from their iPhones and provides real-time market data and execution.

Can you explain the advantages of working within the FX market?

The FX market is the global market. The capital volume, liquidity, market hours and online access make the forex market available to all investors and speculators. With equal access to information and no entities holding power to outright set prices, the market itself determines pricing and approaches perfect market conditions in economic theory. For these reasons, there has been a steady influx of investors

from traditional markets like equities and fixed income into the realm of FX. Unlike in the past, currencies are now widely accepted as a separate asset class and therefore necessary for portfolio diversification.

What does the future hold for ACM and how do you see the company moving forward?

One year from today, I believe ACM will only be bigger and better. The firm will continue to grow financially and offer new and improved investment products and services. Hopefully the company will acquire its Swiss banking license in the near future and this will help catapult ACM forward as an online Swiss bank and brokerage. ◇

*Nick Bang is managing director of ACM. For more information: [www.ac-markets.com](http://www.ac-markets.com)*



# ACM Advanced Currency Markets SA re-possesses ex-Refco shareholding

Press Release



Dubai, 19 April 2007:- Geneva based ACM Advanced Currency Markets SA, one of the world's largest online currency dealers has re-acquired the outstanding 768 out of 3000 shareholding from the creditors of former futures broker Refco.

The deal was negotiated over more than a year following Refco's complications in October 2005 and the 3 founding owners and managers of ACM, Lloyd La Marca, Alexander Axarlis and Nicholas Bang, with the help of their legal council and attorneys, have managed to reduce the initial offered buy back price to approximately 25 million Swiss Francs (20 million USD).

All outstanding legal procedures between ACM and Refco entities have been ended as of Friday April 13<sup>th</sup>.

ACM Chief Executive Officer and Partner Lloyd la Marca says, "We're happy to finally be over this hurdle and are very content with the financial terms of the deal which we consider to be extremely advantageous seen the market value of ACM stock today".

Despite the unfortunate incident with Refco since the 3<sup>rd</sup> quarter of 2005 the company has almost tripled its client base and revenues have increased considerably.

Nicholas Bang, ACM Managing Director and partner comments, "This deal demonstrates the confidence we have in our company and how eager we are to re-invest in ACM in order to continue our growth."

"The deal also underlines our commitment to our clients and to the market in general and demonstrates that ACM is here to stay," he continues. "100% of ACM's shareholding is now in the hands of the people who care most about its future, we believe this news will serve to confirm to our customers and partners that they're dealing with a strong, secure firm and that ACM is going places."

Company Director and Partner Alexander Axarlis adds, "Today is an important day and marks a new beginning in the life of our company. ACM is already one of the largest and most successful online foreign exchange brokers; our goal is to make this company a global financial execution leader in the years to come".

This means even more good news for the Middle East market as ACM continues to be the Region's leading online Forex trading platform. Regional General Manager Saber Daboussi comments, "This news further illustrates that ACM is developing and expanding at a rapid pace in tandem with the tremendous speed at which the FX trading market is growing in the region. Already pioneering the Islamic Forex trading domain, ACM is moving rapidly and steadily and has both the regional and international support to continue forward." he concluded.

-Ends-

*ACM was founded in 2002 by three Swiss business partners and friends- Alexandre Axarlis, Nicholas Bang and Lloyd la Marca. A start-up company based on a simple yet ingenious formula: an on-line Forex platform offering clients transparency, low margins and simplicity of use. With a site that has worldwide reach and is translated into 15 different languages, this on-line Forex brokerage has managed to rapidly differentiate itself from competition. ACM now boasts transaction volumes that average at USD 100 billion per month and the site received between 50- 60,000 visitors per day.*

*ACM is the first online Forex broker to implant in the Middle East, and is the only online trading platform to offer fully Islamic conditions to its clients.*