

TRANSPARENCY IS A TRUMP CARD

by Tobias Stoehr – Spectrum Markets



In the beginning, there was... the Internet.

Ever since the new tool found its way into the mainstream it has been impacting all areas of modern life. It seems the further technology develops (for example, the introduction of mobile devices and social media), the stronger the demand is for constant updates and enhancements. In that context, **“responsiveness”** has become a buzzword: Originally referring to the specific ability of a functional unit to process a task within a given time, it was then used in web design to describe a website’s capability to be properly displayed on every common type of device. Meanwhile, it also captures the concept of creating user interfaces in a way that is supportive of the **“customer journey”** – e.g., keep the user connected and doing productive things while the engine is processing a search.

Ever shorter attention spans – in turn, a result of information overflow – are certainly the main reason for this development. As with every coin, these developments are also two-sided. The downside to such a “low-latency” environment is that it entices the industry to give false promises – such as a website giving the impression of providing a powerful helpdesk while the offer is in fact just an FAQ library.

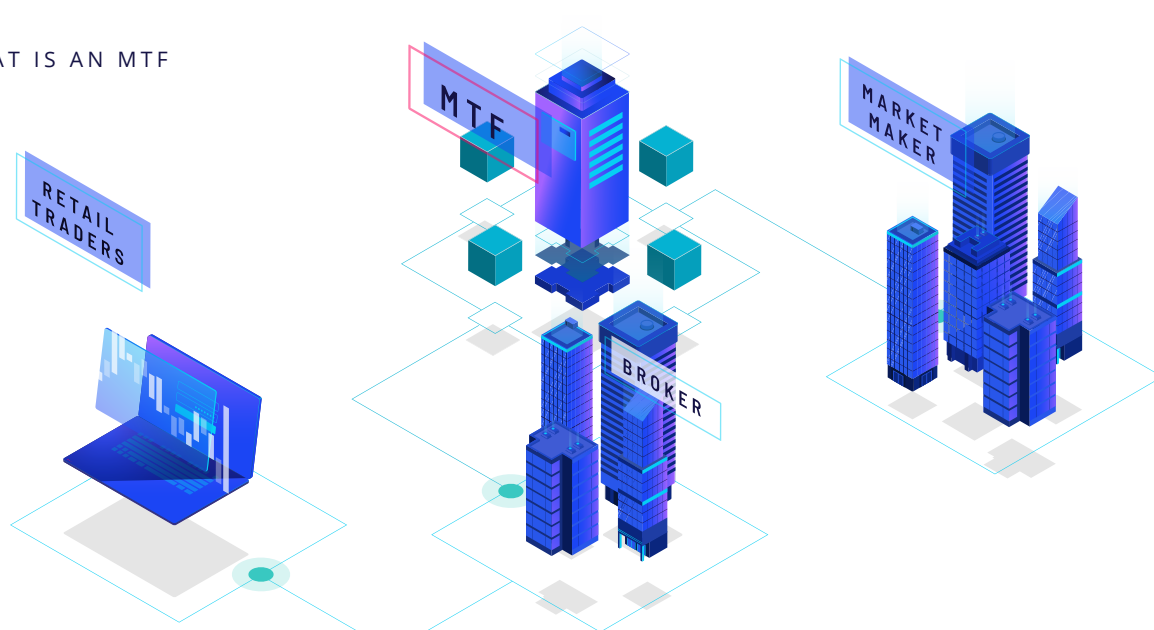
The financial industry, with online trading in particular, is no exception. Technology enables retail investors to buy and sell on their own which, in turn, leads to higher expectations and a steadily growing demand for better access and availability. Using an online trading platform for buying and selling securities is now part of everyday life for countless millions of retail investors all over the world. Long gone are the days when they had to call their bank’s dealing service to place a trade.

Unlike in the areas of mass consumption, in trading the potential pitfalls are less evident. That is, while the customer journey is perfect until the decision to buy or sell, understanding the conditions around the execution can be like stumbling through the fog. The decisive element for judgement on price or quality comparison is not available when the order is being executed off-venue (OTC).

In 2021, this should be a thing of the past. Not only has trading become much easier and cheaper, but it also comes with significantly more transparency. Increasingly, retail investors realise that transparency is a key factor to determine whether a trade was fairly priced.

This is particularly true when it comes to trading derivative instruments as individual order activity is strong, volatility is high and investment horizons are rather short-term. Quite rightly retail investors in derivatives ask for access to a tailored range of instruments as well as high liquidity and full transparency, so that they can buy or sell at any time.

WHAT IS AN MTF



When Spectrum Markets launched in 2019, the idea was to address the aforementioned needs in the retail space – offering investors securitised derivatives on indices, currency pairs and commodities, tradeable via their brokers 24 hours, 5 days a week. Being a multilateral trading facility (MTF), investors can trade on-venue. This significantly increases transparency around every aspect of the execution and the price formation for the investor (as opposed to the OTC execution):

TRANSPARENT PRICING



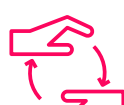
- Spectrum does not apply any discretion over whether an order is being executed: When a buy and a sell order match, they must be connected with no possibility for the MTF to decline or to interpose itself to the trade to benefit from taking either position.
- Spectrum publishes pre-trade (orders and quotes) and post-trade (transactions) information. In addition, Spectrum enables traders to interact with the order book; Spectrum shows the best bid and offer prices and their corresponding volumes to an order book depth of up to 5.
- Spectrum uses a sophisticated real-time market surveillance system to detect inefficiencies of the trading venue as well as potential market abuse, which are closely monitored and acted upon as and when required, safeguarding efficient access and a continuously fair and safe trading environment. At the same time, Spectrum enables retail investors to benefit from this robust venue infrastructure at conditions as favourable as these would be when trading over the counter – which became possible through a concentration on core functionality and abstaining from features that unnecessarily push costs and complexity. For example, Spectrum doesn’t charge transaction fees from brokers.



TRANSPARENCY



24 HOUR TRADING



BUY / SELL



ROBUST TECHNOLOGY



ORDER BOOK DEPTH



ZERO FEES

today to discuss how our platform’s transparency and other features can help you attract new retail clients.



Please don’t hesitate to get in touch if you wish to receive further detail.

spectrum-markets.com

Tobias Stöhr

Sales Executive
+49 (0) 69 4272991 81
tobias.stoehr@spectrum-markets.com

Spectrum is the trading name of Spectrum MTF Operator GmbH. Headquartered in Frankfurt, Germany, we offer a new way of dealing in securitised derivatives for the European retail market; introducing a purpose built 24/5 lit trading venue, with complete transparency, increased choice and maximum control.