

FX OPTION PRODUCT COMPARISON OVERVIEW - FXO 1.0 VS. FXO 2.0

FXO SUMMARY

Data is sourced from our Global Network of Brokerages within the BGC Group of regulated subsidiaries, which represents a significant portion of the Inter Dealer broker FXO activity. This data is combined with the analytical depth of knowledge evolved by the kACE business and combined with our advanced proprietary modelling techniques to produce the resultant dataset.

The methodologies employed have been designed to address 3 tiers of liquidity visible across the FX Options market. The liquidity tiers are grouped as:

1. Volatilities within an 'observed' currency (Trades & Orders within the BGC Group of regulated subsidiaries).¹
2. Volatilities where there is either 'Partial Liquidity' (where a portion of the standard smile can be observed) or only 'Specific delta/tenor' information is observed.
3. Volatilities for currencies where there is no direct observation and prices may be derived.

FXO 1.0 – Core currency scope out to 10 & 25 delta, O/N to 30 years tenors dependent on liquidity, pre-configured spreads..

FXO 2.0 – Increased coverage, full vol surfaces across a predefined Delta/Tenor matrix.

- Breadth of coverage: To provide complete, consistent surfaces from O/N to 30 years, in ATM, 25, 10 and 5 deltas.
- Spreads update dynamically with the market.
- Call and Put volatilities accompany the output.

Quick Snapshot: FXO product comparison

	FMD FXO 1.0	FMD FXO 2.0
Currency pairs	Over 120 pairs	Over 380 FX and over 30 Metals Pairs
Tenors	Maximum maturity variable between O/N and 30yr (Differs based on ccy pair)	All pairs go up to 30yr
Delta points	ATM, 10, 25 delta RR and BF	ATM, 5, 10 and 25 delta RR and BF
Spreads	Configured, fixed for a particular instrument until recalibrated	Dynamically adjusts based on real time market data as additional information becomes available

¹Where no observable price is available the firm may derive prices from other observable prices in other tenures. In certain circumstances prices may be indicated based on the limited prices available (i.e. a single source) or based on a correlated currency. Price data and other factual information contained herein are believed by FMD to be reliable but FMD does not warrant its accuracy or completeness. A price(s) contained herein does not represent where the underlying instrument(s) may trade in the market at any given point in time, nor does such price(s) represent a determination of the underlying value of a particular instrument(s). There is no guarantee as to the liquidity of the instruments described in this communication.

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FENICS MARKET DATA

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