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Vendors develop cloud- accessible SEFS to minimize costs

Integral and SuperDerivatives are among vendors that are developing swap execution facilities (SEFs) that will be accessible through cloud infrastructure to minimize hardware and technology costs.



Under pending Dodd-Frank Act regulations, non-deliverable forwards and OTC FX options instruments will have to be traded on SEFs, as well as cleared, said Vikas Srivastava, managing director, business development, Integral.

“Those implementations are going to have a large impact on many market participants,” Srivastava said. “We want all sides of the network to use the cloud to make it as easy as possible.”

The buy-side will have access to the SEF, which will help with reporting requirements, he said. Srivastava noted that the firm is currently helping clients to transition from using hardware to cloud technology, and expects its SEF cloud offering to be completely functional and able to cover FX contracts by the second half of 2012.

SuperDerivatives is also developing a SEF on a cloud for FX contracts, according to Zohar Hod, vice



president and head of the Americas. While there is no immediate advantage to making a SEF cloud-based, the market is headed in an entirely cloud-based direction and if a SEF is non-cloud based, firms will likely have to continue with the non-cloud based offering, Hod said.

“We’re talking about a new generation of traders and algorithms being adapted to trade in SEFs,” Hod said. “I’d rather start with a cloud based [SEF] and scale up, rather than adopt what the market is comfortable with now and then be stuck.”

http://www.wallstreetletter.com/news/vendors_develop_cloud-accessible_sefs_to_minimize_costs