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Best FX Flow Market Maker Citadel Securities

Winner
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Awards
2017

One of the main themes for Citadel Securities has been investment in its FX business. Since the start of the year, the US-based market-maker has initiated a major push into Europe and stepped up efforts to build out a disclosed-trading franchise by making senior hires in the region.

The build-out of the direct institutional client business in Europe is led by James Edwards, who joined Citadel Securities from JP Morgan earlier this year. On the other side of the Atlantic, Rashelle Salimi, former head of Americas e-FX sales at Bank of America Merrill Lynch, is leading efforts.

The investment is already paying off. During a year when overall market volume growth has been slow, Citadel Securities continues to boost its volumes significantly – a sign of

its rising market share. It was voted the winner of the Best FX Flow Market-Maker category at the 2017 *FX Week* e-FX Awards.

“We continue to ramp up our FX market-making business and have made a number of key hires, which have allowed us to grow in both the disclosed and anonymous trading space,” says Kevin Kimmel, global head of e-FX at Citadel Securities.

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Kevin Kimmel, Citadel Securities

In 2016, the non-bank market-maker saw volumes double. After entering the disclosed-liquidity provision space, the company had traded with in excess of 100 counterparties.

Kimmel outlines three priorities for 2017, with measuring execution quality and market impact among them. “We have several major priorities [for] this year, including growing our distribution network by leveraging our broader cross-asset footprint, expanding our quoting in larger full-amount sizes and offering post-trade market impact data to clients,” he says.

Citadel Securities’ bid to show clients that trading with it results in low market impact aims to highlight the flow market-maker’s ability to warehouse risk.

By measuring the market impact post-trade of executed orders, counterparties can gain a clear idea of the degree to which a market-maker holds risk, or if they hedge out transactions almost immediately. In the latter case, market impact can be significant and lead to the erosion of a client’s overall execution quality.

“We encourage clients to measure the market impact of their liquidity providers and are looking to partner with counterparties who value strong performance in this metric,” Kimmel says.

Citadel Securities is seeing more opportunities in partnering bank dealers, an increasing number of whom are offering agency algorithms to clients to execute their orders. The market-maker has trading relationships with several major banks to not only price their principal hedging flow but also provide liquidity to their algorithm products.

“We believe we can add significant value by providing disclosed liquidity to banks that seek additional liquidity for clients’ algo flow,” Kimmel adds. [FX](#)

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