Foreign Exchange Algos

When you trade with Deutsche Bank you are tapping into the largest Foreign Exchange franchise on the street.

Autobahn Foreign Exchange Algo is a new trading tool that allows you to control the slicing, timing and fills of large orders with much greater precision and transparency than was possible before. You can now decide in advance exactly how large orders will be executed: in what size and frequency and at what spreads.

You can also see, second by second, how your order is progressing, and can stop, pause or amend strategies at the click of a button if market pricing becomes unfavourable at any point during execution.

Autobahn Foreign Exchange Algo is one of most advanced products of its kind produced by Deutsche Bank, offering many unique features accessed via an easy to use order input system.

How does it work?

We currently offer three execution strategies: Limit Order+, Slicer and Limit Order Slicer. Each strategy can be customized to suit your own personal needs and can be saved using a handy template function. Algo Trading Monitor instantly shows you any order execution with the rate and time of the fill. It also shows the average rate achieved and the amount executed in real and percentage terms. You can also pause, amend or stop the strategy instantly at any time. E-mail notifications and SMS messages can be received notifying when a strategy begins and ends, or if it is paused or amended at any time.

Limit Order+ is designed for clients who want to achieve a particular price on their trades with a chance of improvement in price.

Key features
— You select your price limit
— You can select start and end times
— You can impose a minimum size for any fill
— Any price improvements achieved will be passed on

Slicer is designed for clients who want to get the best possible price with minimal market impact. By splitting the orders up into a number of much smaller orders, and then “drip-feeding” them into the market, you can reduce the impact the whole order has on the market.

Key features
— You select the clip size
— You decide the frequency of the trades
— You can impose a limit price on any execution
— You can impose a maximum spread at which orders will execute
— You can select start and end times
— You can impose a price level at which the strategy will start

Limit Order Slicer allows you to trade using a Slicer but with the added ability to leave orders during the execution period to capitalise on any favourable market moves.

Key features
— You select the clip size
— You decide the frequency of the trades
— You can select start and end times
— At each time interval an order is placed which is relative to the current price. The order can be placed at mid, bid/ask or customized to your needs
— If an order has not been filled within its own time interval the algo will “go to market” to complete it
— A limit price can be set for the whole strategy
A corporate treasurer wants to convert $146 million of CAD into GBP. The client believes this is a very large order for the CAD market. He does not want to pay the market spread for this amount, instead he wants to try and achieve the mid-market price or better for the deal. A Limit Order+ is the obvious choice: the treasurer sets the price he wishes to achieve, and leaves Deutsche Bank to execute the trade bit by bit as and when the price moves to his target price using the Deutsche Bank franchise to clear the trade. Limit Order+ allows the client to see what price each order is being executed at real time and allows the client to pause and amend the strategy if the exchange rate moves unfavourably. The treasurer does not want to be bothered with small trade sizes so he also sets a minimum trade size for each fill.

A US manufacturing company needs to buy a large amount of AUD to pay for raw materials. Because of its size and the current volatility of the AUD, the trade could have a material impact on the company’s P&L, so, the company wants full control over the execution. They decide to split the order up into smaller trade sizes and execute it over the course of the day. Ideally they would like to only trade whilst the London market is open and they do this by setting a defined start and end time. But, they also decide that whatever happens if the market moves to a certain level they want the strategy to start and they do this by using the Start Level function. They are able to set the frequency and the size of the trades by setting the clip interval or the clip size. Ideally there is a maximum price level they are prepared to pay and so they input the limit price that they want the strategy to pay up to. Finally they realise that prices are quite volatile in the AUD market and they do not want to spoil their average rate by paying some wide spreads. They can also control this using the maximum spread function.
Case Study: Limit Order Slicer
“I want to reduce my market impact and not pay the market spread”

A portfolio manager at a UK Asset Manager needs to re-balance his portfolio and has to sell NOK versus SEK. He realises that both currencies have liquidity issues so he decides to slice his order into many smaller trades. He also wants to try and reduce the slippage paid by leaving market orders during the execution. He places an order using the Limit Order Slicer strategy. At the point of each order slice he believes he can achieve better execution by placing orders based off the current offer. The Limit Order Slicer works each order for the selected time period. At the end of that time period, if the order has not been filled the strategy executes the order amount at the current bid. Another snapshot is then taken and another order is placed relative to the current market. This continues until the strategy is complete. The Limit Order Slicer has allowed the portfolio manager to “drip” his order into the market with the added bonus of not always paying the current spread for each slice.

Industry Recognition

Euromoney, FX Poll 2010
— No 1 Overall with 18.06% market share
— No 1 in Western Europe, North America and Asia
— No 1 E-Trading (Proprietary Platforms) by market share

Profit and Loss, Digital FX Awards 2010
Autobahn Foreign Exchange awarded
— Best Leveraged Sector Platform
— Best Bank’s Platform
— Best Order Management
— 2010 Private Label Award

FX Week, e-FX Awards 2009
— Best Liquidity Outsourcing Platform

‘Autobahn is simply a truly superb FX platform that meets just about every need a client could wish for.’
Profit & Loss, 2009
Further Information

To find out more about our products and services please contact your Deutsche Bank salesperson or relationship manager.

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