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Kx Systems targets FX market with database tech

ZURICH – Foreign exchange market participants are gradually seeing a need to upgrade their database technology to meet new standards set by ever-increasing daily trading volumes and the prospect of new regulations, according to database technology vendor Kx Systems.

“Because the volumes in foreign exchange are increasing, this market is becoming very interesting for us. Until recently, banks could manage their business with a traditional database. As happened in other asset classes in the past, institutions are now looking at new solutions to adapt to the future expected volumes,” said Simon Garland, chief strategist at Kx Systems in Zurich.

Kx is looking to deploy its database technology to the FX businesses of clients that have already adopted the technology for other asset classes, according to Garland. Existing clients include Goldman Sachs, Bank of America Merrill Lynch, JP Morgan and UniCredit.

Two of Kx Systems’ key products are kdb+, a high-performance database that manages real-time and historical data in one platform and allows for fast commu-

nication between processes, and kdb+tick, which handles market data and has built-in feed handlers from Reuters, Tibco Software and Bloomberg.

“We have large customers already using kdb+ and more are expected to adopt it as new regulatory constraints force banks to store many years of market data history. Most of the data will have to be kept accessible online, with the ability to retrieve, search and query. This is the sort of business we are interested in,” said Garland.

According to clients of the vendor already using kdb+, one of its strengths is its flexibility and scalability in handling large amounts of data. “You can build big servers managing hundreds of terabytes of data, but you can also install it on a laptop, connect to the servers, grab some data and be generating insights while other products are still downloading,” said a director responsible for high-frequency trading at one bank that uses the technology.

“We live and die by our data: capturing, cleaning, analysing and researching. Ideally you want a single system that can be applied to all this high-volume time-ori-



Simon Garland, Kx Systems

ented data. I’m definitely noticing the spend in technology is going on – and I think it’s going to increase in the future as there’s more competition for market share,” he added.

Over the past two years, the foreign exchange industry has learned lessons from other asset classes in terms of the data challenges associated with high-frequency trading, the client believes. “People do need to adjust if they’re coming in from other asset classes, or adding FX to their automated systems. Foreign exchange is deeply liquid and that lessens the importance of execution-based algorithms,” he explained. **■ Chiara Albanese**