

FX Week

CFH white-labels retail FX service

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LONDON & COPENHAGEN - CFH Markets plans to sign up 15 brokers to its bespoke white-label retail foreign exchange service by year-end, according to a senior official at the company in Copenhagen.

CFH Markets develops custom-built retail solutions for clients looking to target the retail FX market. This is achieved by working with a variety of technology vendors and liquidity providers to produce a service matching the unique objectives of the bank or broker.

"For any retail broker or bank that wants to get a retail FX solution they have two models to go for - the traditional white-label model or the technology model," Christian Frahm told *FX Week*. "We see a third model, which takes the best of the white-label model and the best of the technology model. It is fully hosted, but gives the client the option to run their own risk and decide which technology vendor they want for different pieces - providing a customised platform."

Frahm said the majority of the 15 brokers have existing retail FX solutions either through white-label partnerships or by software licensing. "They all want the same thing: they want to differentiate themselves," he said.

As part of the initiative, CFH Markets has developed a margin-based trading platform called CFH WebTrader, which is already being white-labelled by five undisclosed banks and brokers. The first client trades went through last November. "We take the pieces within the platform and not only integrate all the hardware but also different charts, for example, to provide a full solution," said Frahm.

"Clients can either run their own dealing desk or pass trades straight to the bank. You don't even have to place the margin with us; you can go direct with the bank if you're big enough to get your own prime broker. We have clients who use us and in six months get their own prime broker."

The company charges clients on a per million dollar basis for the solution, which takes up to eight weeks to launch.

A downloadable application called CFH Pro Trader is used to gain direct access to interbank liquidity from five Tier I banks on a margin basis with CFH Markets. There are 35 banks, brokers and fund managers trading via the software. "Some retail brokers have their own platform but need us to hedge with our banks," Frahm said. "We only do direct market access."

Frahm added that, unlike the traditional white-label providers in the market, CFH Markets does not compete with its partners in their local markets as it does not directly target retail clients.

The idea was born out of a project that started at a large bank, which pulled out a year and a half ago in light of the crisis.

CFH Markets was founded in 2007 by Frahm and senior industry experts including Lars Holst, Ole Rossing, Ashraf Agha and Remonda Kirketerp-Møller (*FX Week*, January 26).