



FX Survey 2020: Methodology

The Euromoney FX Survey 2020 is our 42nd annual survey of liquidity consumption in the global FX markets.

Euromoney's FX survey continues to be the most comprehensive representation of the wholesale FX consumption universe, a representative sample of FX consumption volumes and an accurate depiction of market shares for FX providers in aggregate.

Dates

The survey will be live between January 16th and February 28th 2020. During this time Euromoney will collect responses securely through a dedicated data collection website and via telephone.

Survey structure

The survey is split into three sections. For the quantitative section respondents are asked to name their (up to) top 20 dealers by volume (\$m) and the volume they traded with these providers for calendar year 2019.

Respondents are asked to split their volumes between the three main product groups: spot/forward outright, swaps (single leg) and options (notional value).

Respondents are then asked to split these volumes on a percentage basis by consumption channel (voice versus electronic) and to provide the percentage of their FX trading volume for 2019 that was in emerging market (EM) currencies (where one currency of the pair is an EM (non-G10) currency). This year respondents will be asked to provide this EM percentage for each of the three main product groups listed in the previous paragraph. Respondents are also asked to provide the percentage of their Swaps volume which is greater than one week in duration.

In addition, this year, respondents will be asked to provide nominal volumes of NDFs, Algorithmic Execution products/tools and Fixings where possible.

Respondents can vote for banks and/or for non-bank liquidity providers. This year we are also allowing respondents to vote for their Multi-dealer or independent platforms at the initial stages.

Each provider's volume aggregated across all respondents (for example, the total volume of transactions attributed to XYZ Bank across all responses) is summed up (the short-dated Swaps volume is subtracted) and expressed as a percentage of the total transaction volume represented by all valid responses to arrive at their all-FX products, overall market share.

All other market share calculations are arrived at by summing up each provider's aggregated volume across a particular client type, client geography, product type or consumption channel.

The second section of the survey is qualitative and produces rankings of various aspects of the FX providers' services. Respondents are asked to rate their providers on a variety of customer service metrics, product areas and ancillary services. The importance of these factors is cross-referenced with assessment given of the providers to calculate a score, which the ranking is based upon. This year respondents will be restricted further on the categories they can respond to, in order to make the overall assessments more credible.

The third section covers the Market Outlook: we invite clients to answer questions about their use of FX and their views on key issues affecting the markets.

Please note: the second and third parts of the survey are optional. While we very much appreciate clients' participation in these areas, we can accept ballots that only have the volumes portion filled in.

Excluded ballots

Euromoney excludes responses deemed invalid for the following reasons, for the avoidance of doubt the below exclusions apply to the ENTIRE submitted ballot:

1. Responses that do not include an annual total volume number for the respondent organization cannot count towards any of the rankings in the survey, including qualitative rankings, and are discarded.

2. Captive votes and votes representing internal transaction flows are excluded in the survey. This includes votes cast by:

- Private banks that are part of banking groups with a market-making FX business.
- Internal bank treasuries.
- FX and non-FX trading desks.
- Tax/restructuring units.

Additionally, votes are not included in the survey where:

- FX service providers cast votes for themselves.
- Euromoney does not receive confirmation from the respondent of their identity.
- An individual respondent submits more than one ballot and we cannot resolve the duplication.
- A respondent's volume is duplicating that of a colleague's from the same institution.
- We receive interbank or interdealer broking volumes.

Survey process and methodology

Euromoney made changes to its rules around engagement for its 2019 survey.

- Liquidity providers contacting clients: Liquidity providers can contact clients about the survey, but only under the following conditions:
- Liquidity providers are allowed to contact their clients throughout the polling period. For the avoidance of doubt, these communications should remain "soft-touch" and be concentrated around e-mail and/or other electronic messaging systems and not be organised telephone-based campaigns.

- **Neutrality:** Liquidity providers can encourage clients to vote in the survey. However, they cannot incite clients to vote specifically for them. We closely monitor voter activity and undertake a rigorous vote-verification process.
- **Volumes:** Liquidity providers are welcome to provide clients with their trading volumes to help them complete the survey.
- **Reaction:** Should we receive any complaints from respondents who feel that the communication is excessive, we will contact the offending provider to inform them and may take punitive measures to address this.

As per last year short-dated swap volumes will not be included in the final volumes which determine the rankings. We will still collect this data: firstly, so that it can be accurately excluded and secondly so that we can monitor the extent of these volumes in the market.

Volume definitions

What Euromoney collects from respondents

The Euromoney FX Survey collects trading volumes and qualitative assessments of providers from survey respondents. The volumes it requests from respondents is:

- Annual FX trading volume of previous calendar year- see right hand box for quantification

Per Provider:

- Spot/Forward
 - % that is Electronic
- Swaps (Single Leg)
 - % that is Electronic
- Option (Notional)
 - % that is Electronic
- % of each of the above products which involves EM Currencies (minimum one side of the trade being any non G-10 currency)
- Non-deliverable Forwards (NDFs)
- Execution algorithm
- Fixings

Eligible FX Products

Euromoney defines FX products as the below executed in any currency pair:

- Spot FX
- Forward FX
- FX Swaps*
- FX Options

Products that Euromoney does NOT consider to be FX:

- Cross Currency Swaps
- Interest Rate Swaps
- Interest Rate Options/ Swap Options
- FX Futures

Quantifying FX Options

Euromoney collects NOTIONAL volumes from respondents. To be able to combine option volumes with those of spot, forwards and swaps Euromoney delta hedges the notional volumes to get to a

DELTA HEDGED figure- this is the volume figure that is published. The delta applied to the notional volumes is the median delta dealt in the market for the survey year.

*The 2018 rankings onwards are based on swaps-adjusted volumes that exclude volumes from short-dated swaps.