



## News Release

29 June 2020

# SGX to fully acquire BidFX, advancing its global ambitions to offer end-to-end FX platform and solutions

- Acquisition will accelerate momentum to establish SGX as a one-stop venue for international FX OTC and futures participants
- Continued revenue growth in BidFX driven by record trading volumes and onboarding of new clients

Singapore Exchange (SGX), Asia's most international multi-asset exchange and largest FX derivatives marketplace, today announced that it would acquire the remaining 80%<sup>1</sup> stake in BidFX from its other shareholder(s) for a cash consideration<sup>2</sup> of approximately US\$128 million – a move that would expand SGX's reach beyond FX futures into the global FX over-the-counter (OTC) market.

As part of its multi-asset strategy to build FX into another core pillar of growth, SGX first acquired a 20% stake in BidFX in March 2019, with the aim of bringing together FX futures with OTC markets. The synergies between SGX and BidFX, coupled with the opportunity to support international FX participants from pre-trade data and analytics, trade execution to post-trade clearing, propelled SGX to purchase the remaining stake. The transaction to fully acquire BidFX is expected to be completed in July 2020<sup>3</sup>.

BidFX, a leading cloud-based FX trading platform for institutional investors, has seen record trading volumes in recent quarters. Since BidFX's establishment in January 2017, average daily volumes have grown at a compounded annual growth rate (CAGR) of 57% to US\$31 billion in May 2020. BidFX continues to acquire new clients, with over 100 of the world's largest banks, hedge funds and asset managers currently connected to its platform.

The FX market is the largest financial market in the world, with average daily turnover in the OTC market amounting to US\$6.6 trillion<sup>4</sup> by traded volume. By comparison, the size of the exchange-traded FX derivatives market is only about 2% of the OTC market – presenting significant opportunities for SGX to build on its dominance in Asian FX futures to expand into a much larger global OTC FX market.

Loh Boon Chye, Chief Executive Officer of SGX, said, "The future of FX lies in the ability for market participants to benefit from price discovery, liquidity and transparency for both OTC and listed futures trading, in a single unified venue. BidFX is ahead of the curve in developing sophisticated electronic FX trading and workflow solutions. With BidFX as part of the SGX Group, we can now serve

<sup>1</sup> On a fully diluted basis and subject to execution of binding agreements with certain minority shareholders

<sup>2</sup> See appended notes on the Consideration

<sup>3</sup> Subject to fulfilment of certain conditions precedent

<sup>4</sup> Source: BIS Triennial Central Bank Survey 2019 ([www.bis.org/statistics/rpfx19\\_fx.htm](http://www.bis.org/statistics/rpfx19_fx.htm))

a wider FX community with more comprehensive solutions and enhanced distribution capabilities, while bringing together the two growing and mutually-reinforcing pools of liquidity.”

Jean-Philippe Malé, CEO of BidFX, said, “We are delighted to join the SGX group of companies and combine forces with the largest FX futures marketplace in Asia. We will be, amongst other plans, expanding our coverage to include FX futures, which gives sophisticated investors a hedge to access the broader market across OTC and futures liquidity pools. As we continue to grow, we look forward to contributing to Singapore’s success as a central FX liquidity hub in Asia.”

BidFX was previously a subsidiary of TradingScreen, which had been incubating BidFX and spun it off in 2017.

Pierre Schroeder, CEO of TradingScreen, said, “We’ve purposefully focused our efforts and resources on our best opportunities for growth and this has led to exceptional results, such as the BidFX sale being announced today. TradingScreen clients will continue to have access to BidFX via its multi-asset TradeSmart® application.”

Since the start of this year, BidFX’s global clients have been able to trade across both OTC and futures FX markets, with the option to have bilateral counterparty or centrally cleared FX exposures, all in a single venue with an integrated workflow management system.

SGX’s FX futures franchise continues to grow from strength to strength, with US\$3.8 trillion in traded volumes since it started in November 2013. Last year, SGX launched FlexC FX Futures, an innovative feature that allows market participants to trade customisable FX futures in an OTC manner and clear transactions on SGX.

The combination of SGX and BidFX’s expertise, client and distribution network and products will scale up the successes of both firms in this space and advance SGX’s global ambitions to offer end-to-end FX platform and solutions.

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#### Notes on the consideration:

*The consideration, which is subject to certain adjustments, is arrived at on an arm’s length willing-seller-willing-buyer basis after taking into account management’s forecast financial projections, based on transaction volumes and new client acquisitions as key revenue drivers, and headcount and technology plans as key cost drivers. An aggregate amount of up to US\$25 million may be paid to the sellers in 2022 if certain revenue targets are met by BidFX.*

*Based on the audited financial statements of BidFX for the financial year ended 31 December 2019, the net tangible asset value of BidFX is £8.5million and the net book value of BidFX is £18.2 million.*

#### **About BidFX**

BidFX is a leading cloud-based provider of electronic foreign exchange trading solutions for the global financial marketplace. BidFX clients have access to broker-neutral order and execution management services, which delivers them customised liquidity in all Foreign Exchange products from their banks and other providers. BidFX provides firms with a cutting-edge workflow solution ensuring Best Execution while encompassing a complete suite of negotiation protocols and tools. For more information, please visit: [www.bidfx.com](http://www.bidfx.com).

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## **About Singapore Exchange**

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income, commodities and FX markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit [www.sgx.com](http://www.sgx.com).

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