

SM169 | 4.2.2024 Special Episode | Scenes from FIA Boca 2024

We present a special mid-week episode of SmarterMarkets™, bringing you exclusive interviews from FIA Boca 2024.

During this March's FIA Boca conference in Boca Raton, Florida, we partnered with the FIA to interview a wide-range of futures industry participants. SmarterMarkets™ host David Greely sat down with these guests to ask them how they see their role in the markets and to hear their views on the important developments and big issues being discussed at Boca this year. David also asked them about what they see as the big challenges and opportunities for the futures industry – and what we need to be doing to meet those challenges and seize those opportunities.

We've compiled a selection of those interviews into this special episode of SmarterMarkets™. The full interviews for each guest are available on the [SmarterMarkets™ Presents media portal on our website](#).

Our guests in order of appearance in this episode are:

Walt Lukken, President & CEO, [FIA](#)
Sergey Nazarov, Co-Founder, [Chainlink](#)
Przemek Koralewski, Global Head of Market Development, [Fastmarkets](#)
Maureen Downs, Co-Founder & CFO, [Connamara Technologies](#)
Yuval Rooz, Co-Founder & CEO, [Digital Asset](#)
Anthony Crudele, Host of [Futures Radio Show](#)
William L'Heveder, Chief Growth Officer, [BMLL Technologies](#)
Joe Raia, Chief Commercial Officer, [Abaxx Exchange and Clearinghouse](#)

Walt Lukken (00:00:00)

There's an excitement and an energy in the air that there's a little more of a risk on appetite at this year's Boca. I mean, for many years we've been fighting through a variety of regulatory issues in Europe and the United States. But this really feels like a little breath of fresh air that people are really rolling up their sleeves to compete like the old days of Boca.

Announcer (00:00:21)

Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?

This episode is brought to you in part by Abaxx Exchange, bringing you better benchmarks, better technology, and better tools for risk management.

David Greely (00:01:01)

Welcome to Scenes from the FIA's Boca 2024 – the International Futures Industry Conference. I'm David Greely, Chief Economist at Abaxx Technologies. For nearly 50 years, Boca – the International Futures Industry Conference – has been the place to go for “who you need to meet and what you need to know.” This year, SmarterMarkets was there to connect our listeners with some of those people that they need to meet, sharing insights and perspectives on what they need to know. During this March's FIA Boca conference in Boca Raton, Florida, we partnered with the FIA to interview a wide-range of futures industry participants. We talked with them about how they see their role in the markets, and the important developments and big issues in the markets being discussed at Boca this year. We also asked them what they see as the big challenges and opportunities for the futures industry and what we need to be doing as an industry to meet those challenges and seize those opportunities.

David Greely (00:01:57)

We've compiled a selection of those 8 interviews into this special episode of SmarterMarkets. If you would like to listen to the full interviews, they're available on our website smartermarkets.media on the [SmarterMarkets™ Presents media page](#). They're also available on our second podcast channel, SmarterMarkets Presents, available on all major podcast platforms.

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We hope you enjoy these scenes from the FIA's Boca 2024 – the International Futures Industry Conference.

Walt Lukken (00:03:03)

Well one of the big issues that will be discussed on many of our panels this week is just bank capital. And as boring as that sounds, and it is a boring and weedy topic, but it really talks about what the capacity of our industry is to grow. And that's why it's important. If you look at the numbers of the top six or seven intermediary bank intermediaries, they make up about 90% of the volume flowing through our markets. So if you raise capital on those people by what we estimate to be about 80%, these new bank proposals, that is likely to cause less of that activity to happen. Or for one of those competitors to get out of the business. And if that's the case, there's just less capacity, and you can't take on growth and innovation and all the things that we're talking about to modernize our markets. So for me, it's really important, that topic is going to be important that we get that right. And capital is important. We want good capital that's risk tailored to make sure that it's on a time of need, it's there for the system. But if you hold too much capital, it's going to stunt growth. And that's something we're trying to avoid.

Walt Lukken (00:04:13)

The other exciting issue I think that we're looking at is the U.S. Treasury market. So SEC Chairman Gary Gensler has mandated that all treasury and repo clearing come into clearing by 2026. And so there are lots of opportunities there. Our industry is a consumer of treasuries. We hold it as collateral for our trades. But there may be efficiencies because what he's mandating looks a lot like our way of clearing in our business. So there may be ways that our industry participates more directly in that clearing, not just the consumer of treasuries, but somebody who actually gets involved in helping to design that infrastructure and help that move forward. So I think that's a very exciting opportunity as well.

Walt Lukken (00:04:57)

It's about, I think, the rebirth of competition. I think for me it feels like there is an excitement and an energy in the air that people that there's a little more of a risk on appetite at this year's Boca. I mean, for many years we've been fighting through a variety of regulatory issues in Europe and the United States. But this really feels like a little breath of fresh air that people are really rolling up their sleeves to compete like the old days of Boca's past. So to me, my speech talks a lot about that. I mean, there's two things. We compete like hell when we're together, but sometimes we'll take off our competitive hats, roll up our sleeves and work together to modernize for the greater good of competition. So those are really the two pillars of my speech and something I'm hoping that that takes off here at Boca this year.

Walt Lukken (00:05:47)

You know, we've been talking about blockchain for a long time. I think we're starting to see some practical applications of blockchain, which I think is very exciting. It's been more of a theoretical looking for a solution, you know. So yeah, the tokenization of collateral is a good one. That could help us to move money quicker, faster, de-risk the system better. So I think that's something that our community will start to look at in 2024. A.I. is a big one. I think we're still trying to understand how A.I. will sit on top of our technology stack. And what does that mean? There's a lot of smart people thinking about this, but I think, at very practical levels, that's where we want to focus. You know, there's lots of philosophy – I can't even say the word – philosophical discussions about A.I. We're really trying to focus in on the pragmatic, like, where can A.I. benefit our industry? Where can it help with risk systems, with compliance. All those things that sometimes with a lot of data sets, it's hard for human beings to pull those dots together in a way that makes sense and gives us red flags. But we can do that with A.I. A.I. can help shortcut that and then allow a human being to make some judgments based on that information. To me, that's very exciting.

Sergey Nazarov (00:07:05)

I think CSDs have a big role to play in creating legal finality. So we work with, or are starting to work with, more and more CSDs on how can the legal finality that they provide be applied to blockchain transactions. Then there are a number of exchange infrastructures that have various data that needs to flow into blockchains for transactions to happen. And then there's identity providers. But basically, I think all FMIs will have a role to play in the new blockchain infrastructure world because they allow transactions to be compliant, which is a hard requirement for those transactions to continue. And then they have various other services like data services, identity services, and so on, which Chainlink is the best way to get that data and those services connected to smart contracts.

Sergey Nazarov (00:07:49)

Yeah, so it's mainly three things split up between, as usual, the front office interests and the back office interests of these institutions. The front office interests are around those new markets and the opportunity of real world assets, tokenizing categories of assets that weren't previously easily accessible, creating more fractional ownership in certain things like real estate or carbon credits or something, or even tokenizing money market funds and others, right. So there's the first market kind of push towards new markets, new opportunities. There's two others which mainly relate to the back office. The first one on the back office is really collateral management and the efficiency of how collateral moves across the markets in a way that allows you to earn interest on your collateral for longer without having to cede control over it to others for extended periods of time. And when you're dealing with hundreds of billions of dollars, even one or two days of that collateral or that asset or that value not being in your position is not good. So that capital efficiency is a big thing.

Sergey Nazarov (00:08:46)

And then risk management is the third one. And this is where the creation of what we call a unified golden record. So basically a smart contract that has all of this data inside of it that anyone who has it can read from. Right. So all of the information you need about an asset can reside in a single smart contract. And that is both information you need to process that asset correctly, like identity information, various pieces of information that allow the transaction to happen. But then you can also add information that allows you to manage risk, such as has anything changed with the asset? Is anything going wrong with it? Has the value of the asset decreased? Has there been any event related to the asset that creates additional risk? All of this information can also go in there, and now you have a single place where anyone who has the asset or wants to find the asset can look without having to go around 50 data sources and talk to the initial issuer. And this is really beneficial for rapid risk management, which is really the story of many market failures, is that you couldn't do both long term risk management and really rapid risk management when things started to change.

Sergey Nazarov (00:09:47)

And then I would say the other thing is that the tokenization of carbon credits is actually something very positive for how they can be transacted. And the unified golden record approach of putting data into a single data container is useful for carbon credits because there isn't a lot of information to prove the quality of carbon credits in an easily accessible way. And the quality of carbon credits has

come under question, so the more information you can provide about the quality of a carbon credit in a secure, efficient way, the more likely it is that someone will buy it. So there's actually a relationship now between the quality of the data of the asset and the attractiveness of the asset in the market. Which is actually the fundamental thesis we have about why tokenized assets are good, but also why tokenized assets with a lot of data inside of them are good. Other than that, I would say it's asset classes that have been traditionally hard to gain access to. So private equity is a good example. Direct ownership of real estate that's made more fractionally owned because you can tokenize the real estate and create fractional pieces of it, and that gives liquidity to the real estate holder while giving people exposure to the value of the real estate in ways that other things don't. So I would say there's all these assets at the edges. Then there's also the tokenization of treasuries, mutual funds, core kind of financial products in the financial system. That is also happening.

Sergey Nazarov (00:11:06)

I think I'm having a lot of meetings where people are basically agreeing to two things that they historically haven't agreed to. One is that tokenization is definitely going to happen across the financial markets, that a lot of assets are going to become tokenized. I think they've seen enough of their clients come to them now and say, I want access to tokenized assets. And then the second one is there was previously a belief that either I don't need a chain or there's going to be a single chain that I'll just join. Now it's very clear that everyone's belief is there's going to be a multitude of different chains. I'm going to have to have my own chain. It's possible I'll have to have multiple chains. And that gives birth to the problem of connectivity, right? Of how do I connect all of those chains into what we call a single Internet of contracts? So in previous years, when I've talked to folks, there's been doubt about both of these points. Basically, everyone I've met, now those points are pretty clear. And the digital asset employees that people have, because there are now dedicated digital asset team members which didn't exist before, are pretty focused on both generating those tokenized assets, finding ways to make them more robust with greater amounts of data so that they can be viewed as better assets than assets without data inside of them. And then the connectivity to liquidity question. So all of those kind of questions I think are now being taken very seriously.

Przemek Koralewski (00:12:24)

Yeah, I think my impressions are, you know, I wasn't here last year, but we spoke a lot with the participants about the differences between last year and this year. And I think they feel that there's more of an upbeat kind of tone this year. In commodities markets, there's a lot happening at the moment. You know, we're going for the energy transition. There's different types of regulations that are being forced upon the industry. And the industry is grappling with that. That means there's a lot of uncertainty. And I think this is something that has popped up in the conversations, is that there is a big opportunity in the commodity space because there is so much uncertainty around it. And I think that's a major takeaway, that many of the participants are actually recognizing that it's a really interesting time to be in the commodity space. What is quite interesting, and one of the main takeaways for me is that, there are geographical areas of exchanges within geographies that were not your kind of first kind of mover that are now moving into that space and present an interesting opportunity as well.

Przemek Koralewski (00:13:32)

So I definitely wanted to meet with all the exchanges. I was very excited to meet with Abaxx. I mean, this is pretty much the first exchange that is going to be launched outside of China with the physical delivery, since I can remember, really. And I've been in the industry for a good chunk of my career. So I'd say, yeah, definitely wanted to kind of sit down and have those conversations on what the future looks like for the exchanges. But additionally, and you know this, like we're all building markets. It's not just the exchange, it's not just the price reporting agency. You can't do it in isolation. There's an entire ecosystem that needs to get behind it. Banks, brokers, even data distributors. So I really wanted to meet with all of those key participants for the growth of the market and make sure that we're building out those relationships so that we can efficiently build markets.

Przemek Koralewski (00:14:24)

I think there's both challenges and opportunities. And I think the challenges is launching new markets is difficult. It requires somebody

to kind of really take that leap of faith, whether that's in the contract, whether that's in the PRA, whether that's in the exchange and make that investment. And somebody really needs to kind of believe in it and then make sure that others follow. And I think that's where the ecosystem comes in, is like you're going to have the first movers and it's very critical for those first movers to really believe in the industry or in the product. I mean, it's all about risk and regulation, right? I think that's the challenge sometimes. How do you start a new market when there's so many kind of risk checks that you need to kind of make sure that you satisfy within the organizations that want to participate? So I think that's a challenge. I think the opportunity is – and I'm going to turn back to battery raw materials again. You know, we try to compare it to something that we know. So what we do know is that the people that are building that industry are coming from the iron ore space or coming from the base metals space. So how are they going to build that market? And I think they're going to build it towards something that they know, right. So that kind of is an opportunity. And if I look at some of the more recent launches within that space, the SGX Iron Ore 62 contract, that launched in 2010, and is now trading three times – the derivatives are trading three times the physical market. And if we overlay the battery raw materials, specifically lithium, we're seeing a similar trajectory in the first three years. And this is something that has been confirmed by industry peers, by some of the participants. They're also considering this market to kind of follow the iron ore trajectory, or kind of shape that growth, how iron ore shaped its growth. So that's an opportunity, that is a big opportunity.

Przemek Koralewski (00:16:16)

I think certainly education is needed, that's a big one. Educating the market. A lot of the players in this space are, even though they are coming, like the individuals that are building it are coming from mature industries, the industry as a whole is going through a rapid, rapid phase of demand growth. And that supply response is something that is visible and price volatility is tremendous on the back of that. So you're going to have moments of oversupply. You're going to have moments of demand exceeding supply. And I think that is a challenge, that price volatility is certainly a challenge. So you want to make sure that you have the tools available to manage that risk. And this is not something that only traders or procurement or sales and marketing officers within the physical commodity trading space need, this is something that the CFO needs, right? I mean, they need to be able to kind of finance their investments. They need to be able to attract that capital. And if you don't have proper risk mitigation tools, then it's going to be very difficult. And we've seen that in lithium specifically. I mean, prices shot up from the teens to \$80 per kilo or 80,000 per tonne, and then created 85, 90% in the past year. That does have a ripple effect on how financing is being attracted. So I think the challenge is definitely price volatility, but the industry needs to recognize that there are tools that will help them and they should utilize them. And liquidity is growing in that space, so I think it's coming.

Maureen Downs (00:17:50)

When I first came here in the late nineties, technology was really not a factor at all. I mean, at that time the CME and the CBT had Globex and their technologies. The exchanges themselves had technologies, but there was not a wide front end, back end technologies, risk management technologies. It just wasn't there. Now, as we all know, those have developed in great measure over the past 20 years, particularly because of the issues they address. It's market access, it's risk management, it's compliance, all those things, all those issues that are so important and over the years are the issues that when you come here to Boca, that people are talking about it.

Maureen Downs (00:18:38)

You know, it's interesting and why it's so important to come to this conference because whether you're a regulator whose job is to make sure that our markets are safe and secure; whether you are an exchange who also has an interest in making sure that there's adequate risk management, adequate monitoring of trading manipulations; whether you're a brokerage firm who wants to, is looking for solutions to make the experience better for their customers, are more cost effective for their customers; whether you're a thought leader thinking about how all these markets, how they change over time, how they can provide better access, better experience, better safety for customers. So it's very, very – it's extremely wide. And that's why it's great to come here. And no matter who you sit and talk to, no matter what end of the industry they come from, we're going to talk about technology at some level.

Maureen Downs (00:19:39)

Of course, there's a lot of talk this week about A.I. and not just in this industry, in every industry. But one of the things that I – conversations I've had multiple times this week is it's about thinking about the growth of the retail customer in futures. And part of that growth started with crypto, and part of it started during COVID. So a whole generation of people who had never traded before – traded anything before – were introduced during COVID to the world of trading through crypto. And so that whole generation of folks who've never experienced trading, now there's an opportunity to introduce those folks to a range of new products in the futures world, in the derivatives role, and options. Those people are primed to be the next generation. But those folks are going to want – they are going to want technology, they want frictionless trading. They want it to be fast, easy, 24/7. So I think one of the main themes to think about is that next generation who have had a taste of trading and how we can bring them into our markets, into the futures markets, which are safe, secure, developed with a great range of products.

Maureen Downs (00:21:07)

I think certainly it has to be frictionless and seamless. And I think one of the things – one of the challenges we have as an industry is many of our technologies were developed for a single purpose. They might have been for the purpose of market surveillance or risk management, or they might be front end trading systems or analytics systems. They were built for single purpose. And sometimes they don't work easily together. They're bits and pieces that you put together. But that next generation of trader, they want all that in one place. They can pick and choose in a single application. So I think we're going to have to get better at thinking about how to integrate our various technology systems all the way through payments and clearing and margining and all those things. They can't exist as separate systems, but they do today.

Maureen Downs (00:22:01)

I think there's also an incredible opportunity in two areas. One, you know, when we think about emerging economies, and that is large parts of South America and Africa and Asia. Some of those markets who are just nascent, they look to developed markets and say, there's an opportunity to grow our GDP. There's an opportunity to raise living standards for some of our producers, some of our farmers, some of our miners. And markets can do that. I'm a big believer in exchanges because they bring price transparency, liquidity, they will have the opportunity to tighten spreads. And I think that increases the wealth for everyone. And I can't tell you how I think that is a grand opportunity for our industry. And at our company, we see the demand coming from all over the world to come into market economies.

Yuval Rooz (00:23:10)

Really the financial system is a data business. And settlement is really making sure the data reconcile. That's really when you really boil it down, it's a data business. And if you think about the evolution of capital markets, it started with paper base and even before paper it was even less advanced. And I just saw that in the future, everything is going to become a digital asset, even if behind it sits some kind of a physical instrument.

Yuval Rooz (00:23:42)

We've learned the hard way. And I would say that we're in the business of pipes, right? We are trying to create more efficient pipes. And what I've learned through the journey is that pipes connect users, companies together. But what I find is really hard to change is the user interface. And user interface – don't think about it just as a screen or a goeey, but it's also how do I conduct my business on a daily basis. Trying to really focus about if I want to innovate, especially when it comes to pipes, can you make the integration in a way that the user really can say, today I trade product A, tomorrow I trade product A digital, and it's the same, it's just that product A digital has these other benefits. It can settle faster, it can move faster, has some other features that are just slightly better than the predecessor.

Yuval Rooz (00:24:39)

I truly think that if you kind of go back to what I said in the beginning, that financial markets are just really ledgers that need to agree with one another. The pilot was actually, in my opinion, the perfect demonstration – we didn't ask them to change anything of what

they're doing. We were just saying if you want to move collateral today, it takes you multiple days. Now we can show you how you can move collateral in real time. And that has ripple effects across a whole value chain. I can optimize my collateral in a way that today I couldn't, and therefore I am more capital efficient. I need less balance sheets to effectuate the same amount of business. So the pilot actually said, rather than all of you 45 entities really running messages between each other to reconcile on your ledgers, we're not trying to change your business. We're not trying to change your function. We're just showing you how you can reconcile your ledgers between one another in real time.

Yuval Rooz (00:25:35)

I'm trying not to be too technical, but Ohm's Law says things start appearing in exponential pace. And what that means is 30 years ago, to go to the next level of innovation took, let's say, ten years. And then after that it's five years. And after that it's two and a half years. After that, it's one year. And the reason I say that is because if you think about it, even from a personal level, our ability to focus on something for a long period of time is very hard, right? So everybody is like, like I said, multiple regulations, crypto, A.I., so many things are coming from so many different directions that I think the biggest challenge and this is what we as a company are trying to do, is how do you decrease the time from a decision to value, I think is the biggest challenge that software is having. Reality is technology modernization is going to take years. It's going to take five, ten, even potentially more years for this technology to be prevalent in the industry. How do you show customers value at the shortest period of time is in my opinion, the biggest challenge. And we had to learn it with a lot of blood, sweat, and tears over the last nine years. But what we're seeing is that the second you can show any value, and I'm saying that on purpose, any value, it helps grab that attention, right? Where if you say, hey, let's do this, but I'll see you in two years, it's very challenging. Even if the pot of gold at the end of the two years, theoretically speaking, is very large, it's very hard today to get the attention of people because naturally there's just so many distractions that are coming from so many different angles that that, in my opinion, is the biggest challenge.

Anthony Crudele (00:27:21)

A lot of people get into the business relatively quickly because it's driven by money or it's driven by lifestyle, it's driven by other factors. But when they finally get into the business by spending a little bit of time in it, then they have to decide whether or not they want to stay in it. So I think that giving little bits and pieces of learning about markets, just watching. I mean, obviously if people are coming into futures markets, they have some understanding of stocks probably first, probably very few people are coming to futures first, like I did. I went to futures first then stocks. I don't know that that's necessarily probably too common these days. I hope that changes, but I think most people are still probably coming from trading, whether it's SPX or other different products then they're coming to E-mini S&P and stuff like that. But I think ultimately the resources are they should start free. You've got to read between the lines. You know, if you're going to be pulled in one direction, you know, that's kind of your choice. If you're going to follow the lambos and the other things, that's kind of a personal preference. But ultimately, if you want to stay in business, if you want to build a career in this business, then you've got to learn and watch, and I think that you've got to figure that out on your own. I mean, let's put the accountability on the trader, right? I mean, if you want to be driven by these other things, you're going to be probably taken down some poor paths. But if you really want to learn and you want to make money over time, learn, watch, get involved in some live markets, but don't burn yourself out. Stretch that period of time.

Anthony Crudele (00:28:42)

I like to come here and listen. It's not that I come here to talk as much as I come here to listen. Because I want to hear what the top brokers, the exchanges, what their future plans are for this industry. I've been in this industry my entire life. This is my 25th year as an independent trader, 28th year in the industry. And I look at it and say, where are the plans to grow it at a sustainable growth for this industry? So to me, that's what I come to listen to, and I come to listen to what everybody's really saying. And then I go back to it, retail has become a more important part of the conversation, and so it's good to hear I think that there's going to be a lot more to come. I think you're going to see a lot more initiatives, not only from these brokers, from myself, and a lot of the exchanges, and everybody really in this industry to embrace this new wave of traders.

Anthony Crudele (00:29:32)

Well, when you say education, I think there's a broad spectrum of it, right? It's educating people on the products. Let's face it, the futures market is going to be different than what they're used to, whether trading a SPY or QQQ or an SPX. We have expirations, you know, some monthly, some quarterly. Our options markets turn into futures. You have physical delivery, you have financial delivery. You have different aspects of our market that are different than the markets they're coming from, right? You have account openings that are going through CFTC, which is a little bit different. So when you come into paper in the futures industry, paper is opening up an account, it's a different process than coming in. I think that where I see the exchanges and the brokers where they have to start working on is making it more relatable to that trader who's not familiar with futures markets. I think that process needs to get better. I think it needs to get, and I say quicker, not in the sense of like they need to be in the next day, but I think just quicker in the aspect of what they're used to when they open up, whether it's a crypto account or another account. So I think that that's important. But also getting people during their openings of their accounts to understand the products. Right on the onset. I think that's an important thing. Understand, look you're trading the mini S&P, maybe there's a blurb about it or something like that. Like right now we're in rollover, right? We went from March to June. That's an important aspect, right. The volumes split. Do I trade March? Do I trade June? What happens if I hold a contract into expiration? And there's a lot of different things that are happening within our markets that I think, before a trader, you can't stop them from trading before that, but let's put more things in front of them. So at least they understand the products, they understand the leverage, they understand things more coming from the world that they came from into our world.

William L'Heveder (00:31:22)

What do traders do? They assign a fair value to a security. And if their fair value is above the current market price, they buy. And if it's below the current market price, they sell. So in effect, every single person, every trade that's ever existed has been doing some form of A.I. or some form of intelligence based on historical data, right. But now you've got technologies that are able to consume multiple different sets of data. You need a clean baseline upon which to build those hypotheses and test them. And where better to test those hypotheses than in the data environment that's got every single potential trading intention, not just the trades that happened, but all the trades that didn't. All the indications of where traders think their fair value for that asset price is, that's been captured, not only has it been captured, because we've got every single order in the order IDs, we're able to track them through the book so you can see how consistently trade is thought for assets were overvalued or undervalued. And therefore, whenever you're looking at the impact of, say, FOMC minutes or you're looking at nonfarm payrolls, all of these indicators, we can see exactly what the release of that note or the release of that number had on the market directly to the nanosecond. So you can really start to build a picture of how markets are truly trading, which is why our sort of catchphrase is *the future was created yesterday*. So today's trading intentions impact tomorrow's prices. What we want to do is make sure that you have the highest quality data so that when you're making a trading decision, when you're running an algo, when you're looking at execution analytics, you're getting the data that's truest to what is actually addressable and applicable to you.

William L'Heveder (00:33:07)

So I think one of the key elements, as you say, is distributed data, right? If you run a trading desk, you kind of want to hold onto your data, right? And I would consider data in two formats. There's private data, so your trades. And then there's public data, the rest of the market's trades. Now there's alpha in both of those data sets, but one of them you can create utility, not only internally within your team. So if you've got two different U.S. teams, why don't you pool that data? And if you've got two U.S. teams and you've got a European team or an APAC team, why are you holding the same public market data? Because there's overlap and whatever in three different locations badly stored on prem, costing you money just to keep the lights on on a data set that you might not be able to use or access. So a lot of them are big tier one customers. The problem isn't that they've got the data or not got the data. The problem is they can't spend three days accessing the data or even worse, months when they want to run a new research project because they've got to go and book resource from the server team, go and speak to technology, run it, and then go and speak to the people in the market data team to get access to the market data, wait for three weeks for that to be transferred into a server that they can use, right. So one of the key challenges has to be around the divergence and proprietary nature of trade data and public market data. There is no alpha any more in parsing and storing historical market data. There's alpha in what you do with that data, the analytics you build, how you

integrate those analytics into your trading workflows. But ultimately, market data is a public good. So let someone who is the market data experts deal with the stewardship and the complexities of managing the market data. And you, as a trader, as a trading firm, as an analytics firm, deal with servicing your clients better by focusing your time on what really matters to them, not on the infrastructure and the engineering.

Joe Raia (00:35:04)

Yeah, this is our element, it's our clearing members, it's customers. More customers than we've seen in past years, certainly more technology people than past years. But from a clearing member perspective, which is an important part of our business, the senior level and the decision makers of the clearing members, which is, they are our partners, is really one of the best reasons why we're here. And some of the things that we've been working on at Abaxx, which will be very relevant to the clearing community in very short time. We've learned that we're far and away ahead of a lot of the marketplace, even some of the huge firms, the big firms, that are represented here. And I think once we roll our technology out, it'll be I think a game changer for our clearing member customers and for our trading customers, too.

Joe Raia (00:35:57)

We talk about it a lot. I think, you know, better collateral management is a big deal, especially as markets stay more volatile than they have been in the past. And with that volatility comes more risk for our clearing members and for us as a clearinghouse. So I think the collateral management and the risk management tools that we're developing, and I think the marketplace needs, will be something that will be well received by the marketplace. I think it's something for us to make sure that the clearing members in the market infrastructure can handle that change. Not always very receptive to change, but I think that it is well needed. And I think the market will be surprised at how far advanced we are in the technology that we're going to roll out. I think it's us to launch, right? So we came here, we made an announcement yesterday about our upcoming launch. I think it was received very, very well, particularly in the products that we're launching with and how the marketplace has reacted to that. And I think that we're going to continue to promote our markets and our philosophy in clearing and infrastructure to the global commodity markets. And I think that we have a great opportunity to continue to grow that with new products and new technology.

David Greely (00:37:13)

Thanks again to all of our guests and to the FIA for partnering with us at their Boca 2024 conference. We hope you enjoyed the episode. If you would like to listen to the full interviews, they're available on our website smartermarkets.media on the [SmarterMarkets™ Presents media page](#). They're also available on our second podcast channel, SmarterMarkets Presents, available on all major podcast platforms. We'll be back this Saturday morning with our regularly scheduled podcast. We hope you'll join us.

Announcer (00:37:44)

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