

AsiaRisk

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**ICAP voted No.1
Overall Interdealer Broker**



ICAP leads the field

Cross-asset capability led to continued success and a strong performance in China saw ICAP retain its position.

Aaron Woolner reports

Markets over the last 12 months have been led by what didn't happen instead of what actually did. In Japan Abenomics stuttered and as a result there was no repeat of the 2013 Nikkei 225-led equity derivative boom while the stubborn refusal of US Treasury yields to rise meant investors were still searching for yield across the region. Such conditions play well to firms able to design complex structures that provide yield across multiple asset classes, so it is no surprise to see Societe Generale retain its overall win in this year's interdealer poll.

The unprecedented period of low volatility experienced by the global economy meant 2014 continued where 2013 left – range-bound markets which in consequence restricted trading activity making it another difficult year for brokers globally. While in Asia these global trends were exacerbated by a stuttering performance on the Nikkei, which meant equity derivative volumes didn't reach the levels of 12 months earlier.

But there were bright spots – chiefly China – that led ICAP to retain its position as the most highly regarded broker on *Asia Risk's* annual poll. Tradition was second, with BGC Partners in third place, additionally ICAP headed the rates and currency categories.

The upward trajectory of the renminbi versus the dollar ended with a jolt in February last year when in a two-week period of weakening, CNY slipped 0.46 against the greenback – its biggest slide since November 2010 – driving a spike in trading.

"Any significant China news leads to corresponding activity in our offshore markets," says Hugh Gallagher, Sydney-based chief executive of ICAP's Asia-Pacific arm.

And it's China in general that is providing Gallagher with good news in difficult markets. In 2007 the UK-based broker formed a joint venture with the Shanghai-based China Foreign Exchange Trade System and National Interbank Funding Centre (CFETS) to provide broking services onshore in China, and Gallagher says this firm is gaining market share.

"For ICAP in 2014 China both onshore and offshore provided the most positive story. Onshore the JV with our partner CFETS is perform-



Hugh Gallagher, ICAP

ing well – we are well positioned in a market that continues to grow."

Gallagher says that increasing activity in the renminbi foreign exchange markets is driving growth in ICAP's offshore China business as end-users take an increasingly sophisticated approach to managing their risks.

"Offshore the main focus remains in Hong Kong. In foreign exchange the CNH market continues to grow as the deposit base continues to expand. The underlying market is getting increasingly robust as end-users become comfortable using the currency, and this is reflected in higher derivatives activity. In rates we have seen the market move towards expansion in the CNH cross-currency swap market as well as continued activity in the NDS repo market. Another area of growth for us in these markets has been in London where our CNH business has seen significant year-on-year increased activity."

Gallagher says that the "last piece of the puzzle" with relation to ICAP's China business is its dry bulk offering, in particular iron ore. He says the firm strengthened its presence in the iron ore options market in 2014 – a move which has already resulted in higher volumes which he says have the potential to increase further.

"On commodities the iron ore market continues to grow. If you look at how other options market have developed, this is an area we expect to see future growth in. Swaps volumes are still larger but as the market matures then the options side will only grow.

Ashley Walsh, Hong Kong-based chief operating officer north Asia for ICAP, says that a combination of increasing sophistication of Chinese players and the inability of international firms to access the onshore China iron ore futures markets means the prognosis for options is good.

"The onshore futures market is a lot more difficult for international players to access, relative to their onshore peers, while at the same time Chinese participants are getting more sophisticated in their risk management and we are seeing them employ more complex and sophisticated hedging strategies."

Outside of China, Gallagher says he was pleased about the performance of ICAP's regional offices in 2014 which he says was due to them cultivating an active local customer base to complement the firm's strong franchise with global players.

Globally ICAP went through a restructuring process last year, with a number of exits coming from the Asia business and Gallagher says the firm is now well placed to meet the demands of the current business environment.

"In 2014 ICAP went through a rather necessary and stringent restructuring. Asia-Pacific was a part of this and it was about getting ourselves streamlined and fit for purpose for the future. There are some pleasing signs in terms of activity and volatility across the regions that suggest this year will be better – not just for us but for the whole industry." **AR**

Overall: all products

Bank	Broker
1 Societe Generale	1 ICAP
2 BNP Paribas	2 Tradition
3 HSBC	3 BGC Partners
4 JP Morgan	4 Tullet Prebon
5 Crédit Agricole	5 GFI

Overall: interest rate products

Bank	Broker
1 Crédit Agricole	1 ICAP
2 BNP Paribas	2 Tradition
3 Societe Generale	3 Tullet Prebon
4 JP Morgan	
5 HSBC	

Overall: currency products

Bank	Broker
1 Societe Generale	1 ICAP
2 BNP Paribas	2 BGC Partners
3 HSBC	3 Tradition
4 ING Bank	
5 Deutsche Bank	

Overall: equity products

Bank	Broker
1 Societe Generale	1 CLSA
2 UBS	
3 BNP Paribas	
4 Credit Suisse	
5 Morgan Stanley	

Overall: credit products

Bank	Broker
1 Societe Generale	1 GFI
2 BNP Paribas	2 Tradition
3 JP Morgan	3 BGC Partners
4 Deutsche Bank	
5 Nomura	

Equity products

Japan

Bank	Broker
1 Societe Generale	1 CLSA
2 UBS	
3 BNP Paribas	
4 Credit Suisse	
5 Nomura	

Asia ex-Japan

Bank	Broker
1 Societe Generale	1 CLSA
2 UBS	
3 BNP Paribas	
4 Credit Suisse	
5 Morgan Stanley	

Credit products

Japan

Bank	Broker
1 Societe Generale	1 GFI
2 BNP Paribas	2 ICAP
3 Nomura	3 Tradition
4 Bank of Tokyo-Mitsubishi UFJ	
5 Mizuho Bank	

Asia ex-Japan

Bank	Broker
1 Societe Generale	1 GFI
2 BNP Paribas	2 Tradition
3 JP Morgan	3 BGC Partners
4 Deutsche Bank	
5 Standard Chartered	

Interest rate products

USD (Asian time zone)

Bank	Broker
1 JP Morgan	1 Tullet Prebon
2 BNP Paribas	2 Tradition
3 Crédit Agricole	3 BGC Partners
4 ING Bank	4 GFI
5 Societe Generale	5 ICAP

EUR (Asian time zone)

Bank	Broker
1 Crédit Agricole	1 Tullet Prebon
2 BNP Paribas	2 BGC Partners
3 Credit Suisse	3 ICAP
4 JP Morgan	4 Nittan
5 HSBC	

JPY

Bank	Broker
1 JP Morgan	1 ICAP
2 Nomura	2 BGC Partners
3 Deutsche Bank	3 Tullet Prebon
4 Morgan Stanley	
5 Societe Generale	

RMB

Bank	Broker
1 Crédit Agricole	1 ICAP
2 HSBC	2 Tradition
3 BNP Paribas	3 Tullet Prebon
4 Societe Generale	4 BGC Partners
5 JP Morgan	

HKD

Bank	Broker
1 HSBC	1 ICAP
2 Crédit Agricole	2 Tradition
3 Standard Chartered	3 Tullet Prebon
4 Societe Generale	
5 BNP Paribas	

IDR

Bank	Broker
1 Credit Suisse	1 BGC Partners
2 Standard Chartered	2 GFI
3 BNP Paribas	3 ICAP
4 CIMB	4 Tradition
5 Deutsche Bank	5 Tullet Prebon

INR

Bank	Broker
1 Bank of America Merrill Lynch	1 BGC Partners
2 Citi	2 ICAP
3 HSBC	
4 ING Bank	
5 CIMB	

MYR

Bank	Broker
1 CIMB	1 ICAP
2 Societe Generale	2 Tradition
3 BNP Paribas	3 Affin Moneybrokers
4 Deutsche Bank	4 Amanah Butler
5 Citi	5 BGC Partners

PHP

Bank	Broker
1 Crédit Agricole	1 ICAP
2 Bank of America Merrill Lynch	2 Tullet Prebon
3 Societe Generale	
4 ING Bank	
5 BNP Paribas	

SGD

Bank	Broker
1 DBS	1 ICAP
2 BNP Paribas	2 Tullet Prebon
3 CIMB	3 Tradition
4 Morgan Stanley	
5 Barclays Capital	

THB

Bank	Broker
1 Standard Chartered	1 Tradition
2 BNP Paribas	2 ICAP
3 CIMB	3 Tullet Prebon
4 Bank of America Merrill Lynch	
5 Deutsche Bank	

TWD

Bank	Broker
1 Societe Generale	1 ICAP
2 ING Bank	2 Tradition
3 Crédit Agricole	
4 HSBC	
5 BNP Paribas	

KRW

Bank	Broker
1 Societe Generale	1 ICAP
2 ING Bank	2 Kookmin Bank
3 JP Morgan	3 SMBC
4 Barclays	4 Tradition
5 Citi	

AUD

Bank	Broker
1 Deutsche Bank	1 ICAP
2 UBS	2 BGC Partners
3 ANZ	3 Tullet Prebon
4 Citi	
5 Credit Suisse	

Currency products

USD (Asian time zone)

	Bank		Broker
1	JP Morgan	1	ICAP
2	Bank of America Merrill Lynch		
3	Societe Generale		
4	Citi		
5	BNP Paribas		

EUR (Asian time zone)

	Bank		Broker
1	Societe Generale	1	BGC Partners
2	BNP Paribas	2	ICAP
3	Deutsche Bank		
4	JP Morgan		
5	ING Bank		

JPY

	Bank		Broker
1	Societe Generale	1	ICAP
2	BNP Paribas		
3	Nomura		
4	JP Morgan		
5	Bank of Tokyo-Mitsubishi UFJ		

RMB

	Bank		Broker
1	HSBC	1	BGC Partners
2	BNP Paribas	2	Tradition
3	Standard Chartered		
4	ING Bank		
5	Crédit Agricole		

HKD

	Bank		Broker
1	Crédit Agricole	1	ICAP
2	Societe Generale	2	Nittan
3	HSBC		
4	BNP Paribas		
5	Standard Chartered		

IDR

	Bank		Broker
1	Standard Chartered	1	BGC Partners
2	BNP Paribas	2	GFI
3	ING Bank		
4	JP Morgan		
5	CIMB		

INR

	Bank		Broker
1	HSBC	1	Tradition
2	Deutsche Bank		
3	BNP Paribas		
4	CIMB		
5	ING Bank		

MYR

	Bank		Broker
1	CIMB	1	Tradition
2	Societe Generale	2	ICAP
3	HSBC		
4	Standard Chartered		
5	ING Bank		

PHP

	Bank		Broker
1	ING Bank	1	BGC Partners
2	Crédit Agricole	2	ICAP
3	BNP Paribas	3	Nittan
4	HSBC		
5	JP Morgan		

SGD

	Bank		Broker
1	DBS	1	BGC Partners
2	BNP Paribas	2	ICAP
3	Bank of America Merrill Lynch		
4	JP Morgan		
5	Crédit Agricole		

THB

	Bank		Broker
1	Deutsche Bank	1	Tradition
2	HSBC	2	ICAP
3	BNP Paribas	3	Nittan
4	CIMB		
5	Crédit Agricole		

TWD

	Bank		Broker
1	Societe Generale	1	BGC Partners
2	ING Bank	2	ICAP
3	Citi		
4	JP Morgan		
5	BNP Paribas		

KRW

	Bank		Broker
1	ING Bank	1	BGC Partners
2	Societe Generale		
3	JP Morgan		
4	HSBC		
5	Barclays Capital		

AUD

	Bank		Broker
1	JP Morgan	1	ICAP
2	Deutsche Bank		
3	National Australia Bank		
4	BNP Paribas		
5	ANZ		



No.1 Overall Interdealer Broker



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