



# NAB to bare all in forex trading

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In what is claimed as a first for an Australian bank, National Australia Bank is gearing up to provide institutional clients with independent analysis of currency trading transaction costs.

The move is a result of an evolving regulatory landscape that puts the focus on transparency, with ASIC's new fee disclosure rules (Regulatory Guide RG97) coming into force less than a month ago and the EU's (Markets in Financial Instruments Directive) MiFID II scheduled to go live in January.

The changing rules means there's a growing demand for transaction cost analysis services, says NAB's head of investor foreign exchange sales, Jamie Bonic.

"In our latest biannual investor survey, 73 per cent of clients — super funds, asset managers — all said they are looking to employ a TCA provider in the next 12 months, so it's pretty clear there's

a market need for it. We pre-empted that by deciding we would proactively go and seek out a provider for clients rather than having them go out and navigate it themselves."

After doing its due diligence across a range of best execution providers, NAB has just partnered with British fintech start-up BestX.

"The good thing about BestX is it's not just a compliance tool, it's a performance tool. We help clients improve their performance and the performance drag that you get sometimes with the transaction costs of foreign exchange weighing on underlying interna-

tional portfolios," Mr Bonic said.

Founded in 2016 by former Morgan Stanley bankers Pete Eggleston, Oliver Jerome and Aman Thind, BestX provides TCA services to global organisations for FX.

"It's about trying to under-

stand what was fair value, what clients should be paying. It's about giving them transparency around costs and charges in FX and best execution and that can be used for many purposes, including all the regulatory needs that are in place," Mr Eggleston said.

The start-up counts a "significant" number of the world's largest hedge funds, asset managers and sovereign wealth funds as clients. Mr Eggleston said it had between 30 and 40 clients on the books and last week met with another 40 potential new clients here in Australia through its new partnership with NAB.

"There's clearly a regulatory tailwind," Mr Jerome said. "Here in Australia it's RG97, in Europe it's MiFID II, and globally it's the FX global code of conduct.

There's also a more activist asset owner that is demanding from the asset manager an independent best FX execution process. In other words, how are you, as the asset manager, helping to minimise the drag on returns through much better transaction costs."

The response from NAB's clients had been "extremely positive", Mr Bonic said.

"It'll be truly arm's length from NAB. The data that they use to scrutinise client trades will be done completely independently of us. It says something about our confidence about the service we provide to clients that we're prepared to have (BestX) come in and independently analyse it."

Mr Jerome said the bank was looking at introducing the service in the fixed income space within the next year before looking at other asset classes.

"At the moment we're focused on trying to deliver perfection in FX and then fixed income, but obviously there are opportunities beyond that and our clients are asking us to continue to expand."

'It's about giving

clients  
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around costs and  
charges in FX'

PETE EGGLESTON  
CO-FOUNDER, BESTX



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NAB head of investor forex sales Jamie Bonic, centre, with BestX co-founders Pete Eggleston, left, and Oliver Jerome