

The most Competitive Financial Marketplace in Switzerland

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Between tradition and innovation, Switzerland positions itself as the leader in Forex trading.

Today, New York, London, Frankfurt, Luxembourg, Tokyo, Singapore and Switzerland are the most important financial markets in the world. The global marketplace has evolved significantly in the last few years. Innovative investment strategies are becoming essential for achieving high performance levels while minimizing the risks. The FOREX market presents itself as one of the more attractive

The daily volume of the spot transactions performed by the 20 largest banks in Switzerland has, in fact, grown from 44 billion USD in 1995 to 108 billion USD in 2007. (Ref. Graphique, source: BNS, Turnover in foreign exchange and derivatives markets 2007).

In the last 3 year, there has been significant shift and technological progress in the FOREX market. There is an obvious trend for consolidating the FX liquidity of the major FX floors towards Switzerland. Some banks have also found niches in the FX marketplace by specializing themselves in trading "emerging" currencies.

In this time frame many businesses have grown round the FOREX industry, profiting from its explosive growth. The list of such companies is too long to name them all, but we can mention some of the more known ones, such as market makers: RealtimeForex, ACM and MIG, and brokers: MarexFinancial and Tradition. While many of this companies do not publicly disclose the volume of transaction executed thru them, specialist estimate the combined daily volume to be in the vicinity of 5 billion USD.

This recent evolution has brought the Swiss Federal Banking Commission to reevaluate their dispositions in order to regulate this market. In fact, the domain of currency trading has seen prejudicial practices multiply resulting in a growing of investor complaints. "We needed a change in the regulation", mentions André Duka, CTO of Dukascopy – SWFX Swiss FX Marketplace, "these changes will go a long way to protect the reputation of the Forex industry, and of Switzerland."

The modification of the Bank ordinance has been approved by the Federal council the 14th of March 2008 and will be applied the 1st of April 2009. The participants of the FOREX industry will be required to obtain a banking license before the 1st of April, in order to pursue their activities.

options for speculators and hedgers alike. As a new asset class that has become accessible to a wide range of investors, it provides opportunities for portfolio diversification.

Swiss FOREX marketplace has grown to become one of the leading hubs for FOREX trading execution, with daily trading volumes demonstrating a sharp but consistent growth in the recent years.



Switzerland has positioned itself as a player in the exchange market, because of its long lasting tradition in the financial markets and of its technological advance in this domain. It is also the only country to have developed its own currency marketplace: the Dukascopy - SWFX Swiss FX Marketplace. With a record of 10 billion USD exchanged in one day, this marketplace has become an essential asset in the world's marketplace context.

The Geneva based company Dukascopy-SWFX, has in consequence established itself as the technological leader in the FOREX industry. In order to maintain its position, it does not cease to innovate and to propose new solutions to its clients. The latest example would be the "Swiss Bank Custodian", a program that Dukascopy - SWFX has launched together with a number of Swiss Banks. This service allows clients to keep their accounts within their banks, and to benefit from a direct access to the SWFX - Swiss FX Marketplace. Hedge funds, professional traders, wealth managers, or private clients can profit from this marketplace without having to open a supplementary account with a broker.

On the banking level, Dukascopy - SWFX enables banks to propose to their clients a new trading service, with no supplementary costs because of the simple and rapid implementation. In fact, all banks interested by this service can offer it to their clients in less than two weeks, with no legal, technical or computing fees. These banks are exposed to no legal or financial risks. Furthermore, the banks protect entirely their clients by keeping their funds inside the establishment. "Swiss Bank Custodian" allows the Swiss financial place and the banks to stay innovative and in an international evolution context.

However, the banks and their clients can also deal via a Prime Broker (ex: CitiBank) and receive the transaction physically in the account (give-up), at a higher transaction cost. There are different solutions to access this marketplace, i.e. via the opening of an account directly with Dukascopy-SWFX, via the network of Swiss Partner Banks or via a Prime Broker.

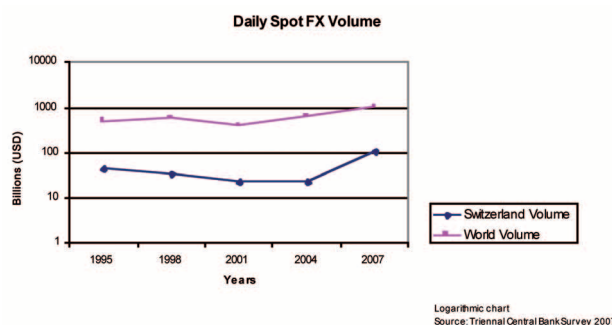
The execution and the liquidity are not the only reasons for the success of this currency marketplace, the absence of conflict of interest also plays an important role.

In fact, the only solution that excludes the possibility of a conflict of interest, which exists between the market maker and the investor, is to trade in a Marketplace such as Dukascopy-SWFX. The participants of the market can trade on an equal and transparent basis in a regulated Swiss environment. There are between ten and fifteen marketplaces in the world, but within those, the entrance threshold is different. It varies between 50,000 and 1 million Swiss Francs. Moreover, certain level of experience and knowledge of the FOREX market may be required, this will vary between different marketplaces. Within the ten or so markets in the world, Dukascopy-SWFX has a unique position combining

the liquidity of the biggest marketplaces in the world. The clients can benefit from the biggest liquidity in the world (institutional liquidity) with instant execution.

However, there is another manner of investing in Forex. It's through an external manager. But in this

case, a rigorous selection lies with the client. Like stocks and bonds, the Forex Market is an asset class on its own. Certain clients choose to invest in Forex, and not via the stock or bonds, because the Forex proposes a 24/24 open marketplace.



Currently, Forex continues to evolve every day and the number of transactions does not cease to increase. The new technologies have allowed rapid and numerous exchanges, the exchanged sums are not counted in billions but in trillions. The transactions are performed directly between the sellers and the buyers, with no intermediaries. As mentioned above, Forex is open 24/24 hours and goes around the world every day. It "rises" in Australia, in Sydney, to finish its journey in the United-States. Therefore, the currency investors have an entire day to react to the numerous fluctuations and to stand up to the unpredictable economic, social or political jolts.

More than a trend, Forex market is the biggest in the world, and represents a very active asset class researched by the investors. In this context, Switzerland was the first to recognize the importance of this market and establish the proper environment in order to position itself as the most attractive country in this domain.