

# Connexus® ALPHA

## Exploring the new ultra-low latency connectivity solution from IPC

IPC, a leading provider of secure, compliant communications and multi-cloud connectivity solutions for the global financial markets, recently announced an expansion of its electronic trading portfolio with the launch of Connexus ALPHA. We asked the firm's Chief Commercial Officer, David Brown, to tell us more about this high-performance cloud edge solution.



David Brown

**Increasing numbers of FX trading firms are looking to capture Alpha. What are some of the key infrastructure and connectivity challenges they face in doing this?**

The electronic trading landscape has seen dramatic changes over the past few years. Regulatory, market and technological changes have resulted in a rapid growth in the number and

types of venues. Across the globe the exchanges are joined by multilateral trading facilities, alternative trading systems, electronic communication networks, dark pools and crossing networks who continue to gain market share.

The resultant market fragmentation is placing increasing demands on the trading community who require

access to multiple liquidity venues if they are to comply with best execution policies as well as take advantage of cross market arbitrage opportunities. Fragmentation also brings benefits for market participants in the form of tighter bid-offer spreads, increased liquidity, more efficient markets and better price formation. As a result of these changes, market participants have witnessed an explosion in market data volumes, a proliferation of lightning-fast algorithms and an arms race in ultra-low latency technology and connectivity.

**Why is having access to world-class infrastructure now more important than ever, especially for arbitrage driven trading firms and what competitive advantages does it confer?**

With increasing trading possibilities emerging in the global capital markets, firms that can access and utilize enhanced connectivity solutions have been able to capitalize on the best routes to market. Reducing latency has become an ever-increasing goal of firms, particularly considering the rise of stat arb desks and algorithmic traders, who are

investing in ultra-low-latency trading infrastructure solutions to ensure they continue to maintain a competitive edge.

No two market participants are exactly alike, and each individual firm's trading objective determines the relative importance of ultra-low latency to their business. For example, in arbitrage driven trading, speed is crucial since the goal is to capture alpha, which can erode in microseconds. Under these circumstances, the ability to rapidly uncover and source the right opportunities becomes crucial. For these firms, ultra-low latency connectivity is one of the most critical weapons in their arsenal.

**Please tell us a little about what Connexus ALPHA provides, and the key routes involved with it.**

Connexus Alpha is our cloud edge solution that provides ultra-low latency connectivity for global trading firms. The solution is deeply integrated with the Connexus Cloud platform, IPC's flagship, award-winning multi-cloud platform for the global financial markets - an ecosystem that interconnects 7,000 diverse capital market participants across 750 cities in over 60 countries.

Connexus Alpha supports multiple key North American routes between New York and Chicago, in the New Jersey equity triangle, to Toronto from New York and Chicago, and between key liquidity venues within both the Chicago and Toronto metropolitan areas. It enables access to major European liquidity venues in London, Frankfurt and other key continental European locations, and supports connectivity between the key Asia-Pacific liquidity venues in Hong Kong, Singapore, Sydney and Tokyo. And it connects the global financial

quadrilateral of New York, London, Tokyo and Singapore.

**What specific types of trading firms are you targeting with this solution?**

We designed Connexus Alpha with latency-sensitive market participants in mind – those for whom it is imperative they have world-class infrastructure that will give them a competitive edge. On the buy-side, these are the firms whose business models and success depend on coming up with ever more sophisticated strategies to beat the indices as well as achieving absolute returns: hedge funds, funds of funds, and proprietary trading firms. On the sell-side, it's the market makers, liquidity providers, and broker/dealers for which having the lowest possible latency to connect to key liquidity venues is a must. These are all firms that can benefit the most from ultra-low latency optimized point-to-point optical fiber connections.

**What are the key benefits trading firms can get by leveraging Connexus ALPHA?**

Connexus Alpha enables market participants to gain a valuable speed advantage in executing complex trading strategies while reducing the cost of trades. Trading firms can deploy and execute sophisticated cross-asset class trading strategies at pace, with rapid market connectivity, enabling them to realize speed-to-market benefits and to achieve superior returns. This is particularly crucial in the FX markets, where adaptation, resilience, and time to market are key.

**Connexus ALPHA is deeply integrated with the Connexus® Cloud platform, IPC's flagship, award-winning multi-cloud platform for the global financial markets. What does the Connexus Cloud portfolio now include and how big has its ecosystem become?**

The Connexus Cloud portfolio now includes Connexus Extranet, Connexus Ethernet, Connexus WAN, Connexus Voice and Connexus Crypto services. Our technology infrastructure powers a multi-modal platform and unparalleled community that together provide a comprehensive solution for end-to-end connectivity, facilitating secure information flow to financial customers globally. IPC's commercial and technical flexibility allows the customer many options to connect and consume services, whether on premise or via private, public or hybrid cloud delivery. And our diverse global ecosystem enables a unique, unified industry solution for interconnecting counterparties and empowering direct end-user accessibility.

**In what ways does the launch of Connexus ALPHA reinforce IPC's leadership position in ensuring FX market participants can trade seamlessly across the global financial markets?**

For IPC, success is about more than just building a platform that provides access not only to existing markets and counterparties, in all the asset classes in which our clients' firms currently trade, via all the channels that their sales and trading teams currently rely on. We also want to ensure that they can access and on-board new asset classes, and to provide support for all the emergent technologies and data sources that they need to build out their AI and algorithms, or to drive their intelligent automation projects.

Our aim is to seamlessly interconnect the global financial community, providing world-wide access to all markets, participants, applications and content sets across a seamless cloud and enterprise-based delivery platform, and Connexus Alpha is the next step forward in achieving this goal!