

## Trader Insights

# Actionable Ideas for the Power to Trade Smarter

## Can Internal Flows Help Reduce FX Market Impact?

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Mr. Vince: The foreign exchange market has become increasingly fragmented and changed by new electronic trading market participants. Many of these new participants can impact market liquidity, by using models that systematically redistribute flow to generate alpha. This has made trading more challenging, requiring increased attention to liquidity pool participants, not just bid/offer spreads.

One way to improve execution performance is to locate liquidity that does not include aggressive counterparties. In other words, a liquidity provider with meaningful internal and non-directional client flows. At Bank of America, our size and global franchise offer just this. This liquidity can improve execution outcomes by minimizing information leakage that may move the market against you.

To further help you navigate the new, fragmented FX market liquidity, we've enhanced our strategies and introduced a new algo, Decipher. This adaptive algo considers factors like market impact and historical volume data, using them to intelligently take liquidity. Decipher also reacts to market changes, adjusting its participation rate in real-time based on volumes and execution urgency.

For other actionable insights across asset classes, check out the rest of our Trader Insights series or contact your sales rep.

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