

HYBRID RELATIONS FLOURISH IN QUEBEC

Dealer-to-Client relationships: Technically speaking, things have changed for the better.

By Andrew Kearney, Marketing Manager

A progressive movement has taken place within the investment community in Quebec as counterparties continue to develop strategies to help foster existing relationships while exploring new ways to leverage technology for trade execution and the exchange of information.

A new type of “hybrid” relationship has grown from this evolution as investment professionals balance telephonic and electronic communication. Electronic trading has changed the makeup of this relationship: salespeople are no longer viewed for primarily providing bids and offers over the phone but rather as a source for trade ideas and market information.

This is a major advancement for arguably the most relationship-focused region of Canada. Once viewed as a barrier to communication, electronic trading has been fully embraced by Quebec-based participants, accounting for a significant amount of the domestic trade volume executed on CanDeal’s electronic marketplace. One might assume that as more business migrates to electronic marketplaces, traditional telephone-based relationships would suffer. This clearly isn’t the case in Quebec as the percentage of trade volume from this region continues to increase and counterparties stress the value of the efficiencies that electronic trading brings to their day-to-day workflow.

Still as relationship focused as ever, no one from the investment community in Quebec will describe their relationship as a “hybrid” one. Without a doubt, dealers from this region have played a key role in fostering the development of e-friendly relationships. Understanding that electronic trading helps increase their firm’s presence, reach and distribution, dealers have expressed interest in seeing their client’s trade flow through whatever channel best suits their needs. While these dealers maintain a strong presence in Quebec, they have also been successful in garnering attention of non-domestic participants who are seeking to diversify their counterparties and sources of information.

Technological advancements have been the driving force in augmenting relationships in all facets of business. The speed with which information is disseminated is, and will continue, to increase, and as a result businesses will have to account for these changes. In Quebec, technology has allowed investment dealers to easily service and maintain healthy client relationships with global counterparts, regardless of their geographical location. Many Quebec-based dealers have their primary traders and books managed out of Montreal, with some Toronto-based dealers following suit. Dealers are optimizing their presence in Montreal by having traders there who are able to work closely with internal salespeople and to speak with or visit the local clients.

Clients and dealers continue to embrace electronic trading as they realize that technology is not creating a barrier between the traditional relationships that exist between counterparties. As a result, participants are willing to increase the number and size of trades they are executing via electronic channels. Investment pros in Quebec have managed to find a perfect balance between the “new” and “old” school approach to the dealer-to-client relationship.