

# Last Look Disclosure

## Information for BARX FX Clients: 'Last Look' Functionality

Barclays provides liquidity in the electronic spot FX trading market by streaming indicative prices via BARX and third party trading platforms. When a trade request at a quoted price is submitted in response to Barclays' indicative pricing, Barclays is not obligated to accept the trade request and may accept or reject the trade request at its sole discretion. A number of pre-trade risk management controls (as described in FAQ no.8 below) are applied automatically by Barclays before a trade request is accepted or rejected, one of which is "Last Look."

. At Barclays, Last Look is a form of economic check logic that is used to identify whether trade requests are made at prices that are within Barclays' price tolerance for execution. This control is intended to be applied immediately upon receipt of a submitted trade request. When applied, the refreshed price is compared to the trade request price. If the refreshed price has not moved in either direction from the trade request price by more than the price tolerance, Barclays will accept the trade request. If the refreshed price differs from the trade request price by more than the price tolerance, Barclays will reject the trade request.

The purpose of Last Look is primarily to protect against trading on stale prices due to latency, and against certain trading behaviour. For instance, activities such as aggregation, order splitting or previous quote selection may result in more rejected trade requests. Therefore, the proportion of trade requests that are rejected due to Last Look will depend in part on the trading behaviour of the client and the platforms and connections through which the client trades. Also, Last Look rejects trade requests whenever the market price moves beyond the price tolerance in place, so other factors such as technical errors, pricing errors, and market moves may also cause trade requests to be rejected by Last Look.

The following questions and answers provide additional information about Last Look. If you have any additional questions please contact your sales representative.

## Frequently Asked Questions

### **1. Does Last Look measure price movements in only one direction or is it applied symmetrically?**

Last Look's protections are applied symmetrically, which means that the rejection logic is applied for price movements in either direction.

### **2. Why does Barclays utilise a Last Look functionality?**

Barclays is one of the largest market makers in the electronic spot FX market, and our business model is to generate revenue through liquidity provision. Therefore, we do not generally seek to reject trade requests. However, electronic spot FX market-making is a highly competitive industry and for the reasons set out above it necessarily exposes the liquidity provider to the risk of trading on incorrect pricing. Last Look functionality is used to protect against these risks and allows liquidity providers to show considerably tighter electronic prices than they otherwise could – something that we consider beneficial to every user of electronic FX trading platforms.

### **3. How does Barclays utilise information associated with a submitted trade request?**

The receipt of a trade request as well as any information associated with a trade request does not influence any pricing or hedging activity undertaken by Barclays prior to the acceptance of the trade request. If a trade request is rejected, whether as a result of Last Look or otherwise, no information associated with the trade request is used to influence any pricing or hedging activity subsequently undertaken by Barclays.

### **4. Do all clients have the same Last Look settings?**

No. Last Look settings – including the price tolerance – may vary by client, based on each client's connection type, trading platform, trading pattern, and other factors. Thus, Last Look settings for a single client using multiple connections and trading platforms may differ across those connections and platforms.

### **5. Does Barclays apply additional hold times to their Last Look settings?**

Barclays does not apply additional hold times to their Last Look settings. Barclays' systems apply Last Look and validation checks, and then books trades as quickly as possible. Response times are subject only to the constraints of technology systems.

## **6. Do other electronic liquidity providers use Last Look?**

We understand that Last Look-like functionalities are commonly used across the electronic FX trading industry.

## **7. Can I identify trade requests that are rejected as a result of Last Look?**

Yes. A trade request may be rejected for a number of reasons, including Last Look. If a trade request is rejected due to Last Look, you will be notified in the following manner:

For a rejected trade request that was submitted to us via a BARX GUI, you will receive a “pop-up” dialogue box on-screen indicating: “The trade was rejected due to Barclays economic check logic (i.e. “last look”). Please contact BARX Client Services for additional information.”

For a rejected trade request that was submitted to us via a FIX connection or via third-party channels that use FIX:

- If you choose to receive enhanced messaging, you will receive an electronic message indicating: “The trade was rejected due to Barclays economic check logic (i.e. “last look”). Please contact BARX Client Services for additional information.”
- Please note that your ability to receive enhanced messaging is dependent on (a) your opting to receive such messaging on your FIX connection and (b) to the extent you use a third-party channel, such third party channel enhancing its service to allow enhanced messaging on its platform.
- If you do not choose to receive enhanced messaging, or if enhanced messaging is not available on a particular third-party channel, you will receive an electronic “NACK” message indicating that the trade request is “not acknowledged.” Please contact your Barclays sales representative to request the reason for any rejected request.

## **8. Can my trade request be rejected for reasons other than Last Look?**

Yes. As noted above, all trade requests go through a series of pre-trade risk management controls, any of which can cause a trade request to be rejected. These include limits on the amount of exposure that can be accumulated in relation to a particular counterparty over a defined period, credit checks, checking that the counterparty is not requesting to trade on non-permissioned currency pairs, and other controls.

**9. Does Last Look specifically target only certain types of trading behaviours and flows?**

No. Last Look is agnostic as to the causes of market movements and will reject a trade request whenever the market moves beyond the price tolerance.

**10. Can I obtain my specific Last Look settings?**

Upon request, Barclays will share with clients the parameters that control the calculation of the price tolerance that is applied to a client's trade requests as part of Last Look. Please consult your Barclays sales representative for information about any rejected trade request.

**11. Can I trade electronic spot FX with Barclays without Last Look being applied to me?**

No. Last Look is applied to all electronic spot FX trading. However, the majority of clients are likely to see few, if any, rejects, depending on the way that they trade with us.

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