TRADING APPLICATION

OTC SECURITIES AUTOMATED MARKET MAKER SOLUTION

FUNDAMENTAL INTERACTIONS

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Introduction

Fundamental Interactions provides a comprehensive trading system designed to streamline operations for market makers within the OTC securities ecosystem. This system seamlessly integrates with existing infrastructure and offers critical solutions, including automated quoting, liability message responses, and routing to various Over-the-Counter (OTC) Alternative Trading Systems (ATS) for optimal execution.

Additionally, Fundamental Interactions can supply FIX drop copies to a firm's OMS and generate the necessary FINRA regulatory reports for the Consolidated Audit Trail System (CAT).

Key Market Maker Challenges and Solutions

- **Challenge: Manual Processes** Market makers often rely on manual desktop trading applications, which presents limitations in areas like liability responses, auto-quoting, and foreign security pricing.

- **Solution: Automated Liability Responses and Enhanced Quoting** would automate Liability message responses, ensuring timely execution and preventing quotes from becoming saturated. The system maintains two-sided markets within FINRA guidelines and enables seamless alignment of foreign security quotes with active overseas markets.

Key Market Maker Challenges and Solutions

- **Challenge: Best Execution and Routing** Manual trading on numerous OTC ATSs can lead to suboptimal Best Execution statistics.

- **Solution: Automated Routing** A Trading System that has access to market maker positions and automates order routing, facilitating mid-point trades and enhancing customer execution quality through price improvements.

"Fundamental Interactions empower OTC market makers to overcome the operational challenges commonly associated with an OTC securities environment."

Fundamental Interactions System Features and Benefits

- **Liability Auto-Response:** Auto-execution of expiring L1iability messages with customizable timers and price adjustments for optimal quote management.
- **Auto-Quoting:** Automated maintenance of two-sided markets within FINRA-designated percentage price away from the best bid best offer (BBO) ensuring market maker compliance.
- **Foreign Securities Pricing:** Streamlined alignment of ADR quotes with foreign securities, particularly for active overseas markets.

Fundamental Interactions System Features and Benefits

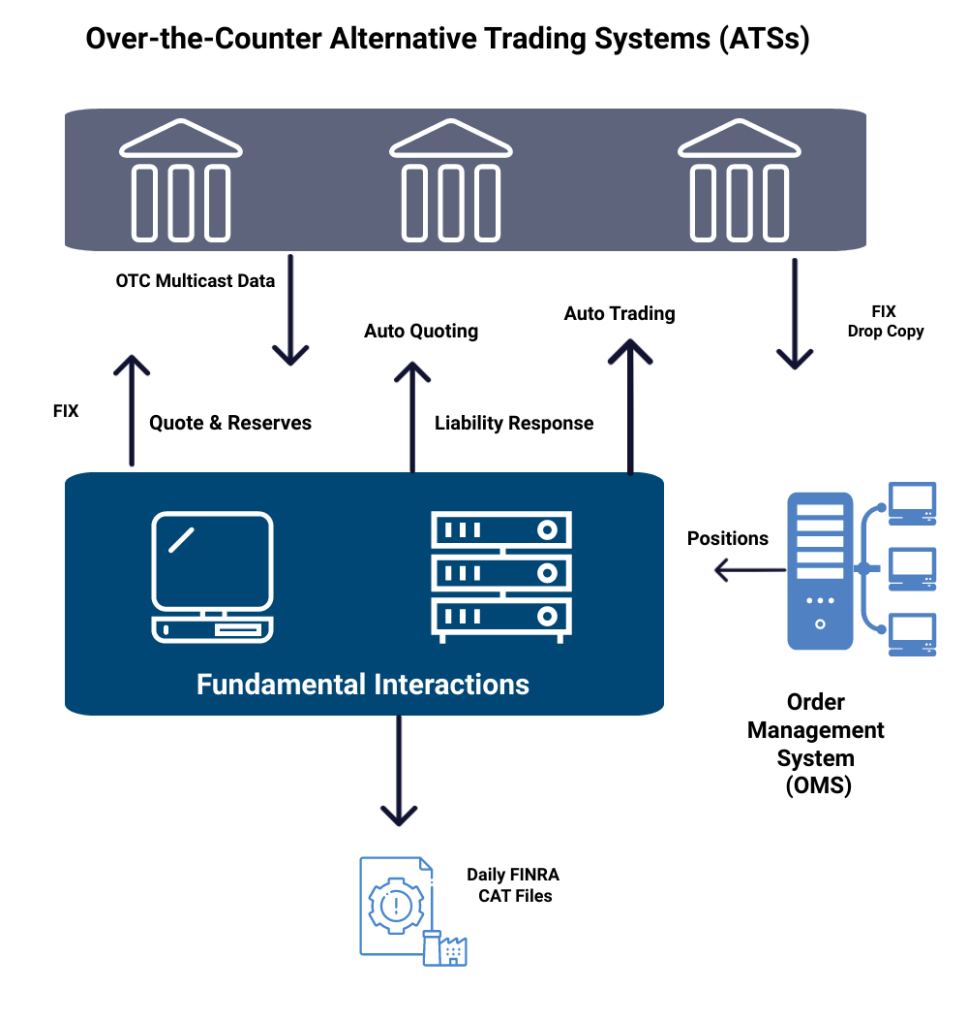
- **OMS Integration and Automated Trading with OTC ATSs:** Real-time position monitoring and automated order execution, flattening, and routing based on OMS position data.
- **Order Crossing and Price Improvement:** Algorithmic price optimization and automated order crossing for enhanced execution quality.

Value Proposition

Fundamental Interactions empower market makers to overcome the operational challenges commonly associated with an OTC securities environment. **Our system offers:**

- **Enhanced Efficiency:** Automation of manual, error-prone tasks.
- **Regulatory Compliance:** Adherence to FINRA guidelines and CAT reporting.
- **Improved Execution Quality:** Optimized pricing and routing for customers.
- **Operational Flexibility:** Choice of dedicated terminal or online portal.

ILLUSTRATION – WORKFLOW



Let us help you streamline your market-making operations and achieve superior results.

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