

ICAP's Student Guide to Interdealer Broking

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An interdealer broker acts as an intermediary and matches buyers and sellers in the wholesale financial markets, so that deals can be executed by its clients. Interdealer brokers sit at the crossroads of wholesale financial markets, facilitating the flow of liquidity in both over the counter (OTC) and exchange transactions between commercial and investment banks and other major financial and non-financial institutions around the world. The vast majority of financial asset classes only exist in the OTC environment and consequently the efficient functioning of these markets is essential for the free flow and availability of capital, the mitigation of risk and investor choice. Access to a broker therefore offers clients significant economies of scale in terms of price discovery by having a number of professionals covering each product and being in constant contact with a range of counterparties. Deals may be transacted through traditional voice brokers, matching buyers and sellers on the phone, or through a variety of electronic trading platforms.

Voice and Electronic Interdealer Broking

Voice broking is the conventional method of communicating prices between buyers and sellers. Clients communicate with interdealer brokers via the telephone to place orders, assess market liquidity or to execute trades. However as markets become more commoditized they lend themselves more to electronic trading. Interdealer brokers have developed their own trading platforms which offer lower costs, increased speed and ease of execution. Many firms operate a hybrid model of voice and electronic broking but as the financial markets evolve and technology develops it is likely that the more structured or illiquid products will be available through voice brokers and the more mature businesses with tighter bid-offer spreads will move to electronic broking.

One of the appeals of interdealer broking is that unlike a trader at an investment bank an interdealer broker doesn't take a risky trading position home at night. When the markets close and the deals have been done the interdealer broker's involvements is over and they start with a clean slate the next day. Having said that work does carry on in some form as that's when a game of squash or dinner with a client gives the opportunity to get to know them and their needs better.

The Environment

- Fast-paced
- Dynamic
- Team-orientated
- Cutting-edge

Key skills

The business is all about building and maintaining strong, professional relationships with clients and so you'll need to be a natural networker with outstanding interpersonal skills. You'll need a genuine interest in financial markets and a strong academic record.

About ICAP

If you want to build a career at the cutting-edge of the financial markets and have the hunger, drive and personality to succeed, there has never been a better time to apply to ICAP. ICAP is the world's premier interdealer broker with operations in 32 countries and more than 4,300 employees globally. Through our voice and electronic networks we match buyers and sellers in the wholesale markets in interest rates, credit, commodities, foreign exchange, equities and equity derivatives. ICAP has an average daily transaction volume in excess of \$2.3 trillion more than 40% of which is electronic. We have a range of full-time graduate and internship programmes in Broking (voice, electronic and shipping), Accounting, Risk and Research. For more information or to apply online go to www.icap.com/careers