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**World Bank Takes on Trading with \$3 Million Investment**

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LMRKTS LLC, a startup that helps banks reduce financial exposure to each other, plans to expand in emerging markets.

The investment arm of the World Bank has backed a Wall Street startup working to cut a major risk for banks' trading desks.

The International Finance Corp., a member of the World Bank Group, is investing \$3 million into LMRKTS LLC, a New York startup founded in 2012 by ex-traders to help banks to slash their financial exposure to each other, according to the companies.

The project, which focuses on currency trading for emerging-market banks, is part of a [recent surge](#) of investment into startups aiming to offer tools, using data mining and other new "quant" techniques, to help manage the cost and complexity of trading. That cost has hampered banks' trading revenue since the financial crisis.

But unlike the Silicon Valley venture-capital money pouring into consumer-facing "fintech" startups, most of the funding for these firms is coming from bankers or other parts of the existing financial system.

The World Bank's IFC often backs startups that it believes can help emerging markets develop their financial systems, including their exchanges, banks, and capital markets.

The investment will help introduce LMRKTS, which has worked so far with big U.S. and European banks, to emerging markets' banks, said Andi Dervishi, global head of fintech investments at IFC.

"We would like banks to be more stable and provide more liquidity in their markets," said Mr. Dervishi.

LMRKTS is backed by a bevy of Wall Street veterans and well-known financial experts including former U.S. Treasury Secretary Lawrence Summers, who is an adviser. CEO Lucio Biase and his co-founders worked at firms including Lehman Brothers, [Goldman Sachs Group](#) Inc., and Marathon Asset Management. Existing investors include Motive Partners, a private investment firm that works with banks to streamline their technology systems.

LMRKTS seeks to reduce banks' exposure to the risk of their trading counterparties, by using algorithms to decide how to optimize the use of collateral and clearinghouses for trades, only some of which is dictated by regulatory rules. LMRKTS keeps a fraction of the savings.

The aim is to help banks cut their trading costs, which in some markets have skyrocketed under post-financial crisis rules, and enable them to put on new trades.

LMRKTS launched its system last year and has worked with dealer banks including [J.P. Morgan Chase & Co.](#), UBS Group AG, [Deutsche Bank](#) AG, Goldman Sachs, and others to compress more than \$2 trillion in notional derivatives trades in so-called G10 currencies.