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Crédit Agricole Corporate and Investment Bank Last Look Policy

Crédit Agricole Corporate and Investment Bank (CACIB) provides liquidity in the electronic Spot FX trading market by streaming prices via Jetstream and third party trading platforms. When a deal request at a quoted price is submitted in response to CACIB's pricing, CACIB may accept or reject the deal request. A number of pre-trade controls (incl. credit check for instance) are applied automatically by CACIB before a trade request is accepted or rejected, one of which is a price tolerance check, otherwise commonly known as 'Last Look'.

At CACIB, Last Look is a form of economic check logic that is used to identify whether market prices remain consistent, within a tolerance level determined by CACIB, with the price provided following a request to trade. At the time of receiving the deal request, the latest, or current, price is compared to the price at which a request to deal has been given. If the difference is within a symmetrical defined price tolerance, either in favour of the client or the Bank, CACIB will accept the trade request. If the difference is larger than the symmetrical defined price tolerance, either in favour of the client or the Bank, the deal request is rejected. Parameters applicable to a client may differ from those applied to other customers subject to some factors (liquidity of currency pair, trading channels).

The purpose of Last Look is primarily to protect against trading on stale prices, for example due to latency, and against certain trading pattern. Therefore, the proportion of trade requests that are rejected due to Last Look will depend in part on the trading pattern 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.

Last Look's protections are applied symmetrically, which means that the rejection logic is applied on equal terms if it is in the client's or the Bank's favour. CACIB applies a zero hold time model in the application of this price tolerance check, which means that no pre-hedging occurs during the application of Last Look as the Last Look decision is instant.