

OTC Markets

Joining us today is Stephane Ouellette, the co-founder and CEO of FRNT Financial that trades on our OTCQB Venture Market under the ticker FRFLF. Based in Toronto FRNT is an institutional capital markets and advisory platform. Focused on digital assets FRNT aims to bridge the worlds of traditional and web based finance by partnering with both financial institutions and crypto native firms. Stephane, thanks so much for joining us today. So to start, as co-founder and CEO tell us about..

Stephane

Um, thank you for having me.

OTC Markets

You know a little bit about your professional background and what led you to create FRNT Financial.

Stephane

Yeah, yeah, thanks. Um, so I've been in institutional finance my whole career. Um I with my former role I was working for an investment bank based in Toronto ah, one of the larger investment banks in North America and I started off as a cash equity sales trader and ultimately it you know, expanded my mandate to include equity option sales and equity swap. So by the time I had left the firm I was you know, ah covering primarily hedge fund clients globally.

Stephane

Meeting their needs. You know, primarily in special situations in Canada across ah across sovereign derivative and equity products lines um the background for how we started FRNT was ah came from a ah prior business that I co-founded with also the co-founder of FRNT Adam Raby ah where we in 2017 we started to you know notice some very extreme market inefficiencies in the crypto markets crypto foreign exchange commodity markets kind of that those that triangle of opportunities. And it was jaw dropping having sat on. You know, an institutional trading desk for you know over a decade never seen any market inefficiencies like those that were presented in crypto Adam had a very long history in the space. he was very he was one of you know he's very ah, very early crypto adopter specifically around the trading infrastructure. So. You know Adam and I launched ah another vehicle that was dedicated towards trading these really extreme market inefficiencies which led me with my institutional sales background to say you know why aren't other why aren't my former clients trading these opportunities as well. From what I from my perspective from a risk adjusted on a

risk adjusted basis. The trade opportunities that we're seeing crypto greatly dominated anything we were seeing in traditional finance so we started asking ourselves. You know how? what is it going to take to get this traditional client that my traditional client in the market and this was around 2017/2018

Stephane

And what we settled on was that there was very little institutional sales whatsoever in in crypto and there to this day there continues to be very little at all that would pitch. Um that would pitch clients on institutional trading like ideas so not necessarily giving the retail pitch of Buying. Alt coins and hoping need to go up. But instead you know playing these kind of market efficiencies around financing markets and intraplatform. So ah, we felt that institutional sales element was missing and we also felt the vehicles to give highly Regulated. Firms exposure to this asset Class. So The initial iteration of FRNT was an institutional structured products platform that would give institutional investors regulated fiat settled access to some of these dynamics that we become very well aware of Market efficiencies in the crypto space and that's when FRNT launched as and then over time we've. Found other verticals to bridge traditional finance into cryptocurrency and what we call Web Pace Finance Beyond trading such as you know advisory in in some of our other business lines.

OTC Markets

Yeah, talk more about that talk tell us more about your different business lines and how these create different synergies within your space.

Stephane

Yeah, so as I mentioned we our initial focus was on the trading business lines. We focused on creating you know technology for physical block trading. Ah you know OTC trading for crypto native clients and then on the traditional financial side. We focused on these regulated structured products. Ah, to try to integrate. You know these non-crypto native firms into the space and in 2020 you know, having operated the business for a couple of years throughout a crypto winter when the institutional interest did come back did pick up in the space you know through ah you know coming out of the covid the covid selloff. And then as institutional investors like Paul Tudor Jones start to recognize crypto bitcoin and crypto inflation hedge. We started to receive plenty of inbounds from you know, primarily large trad-fi firms that weren't necessarily looking at trading the space but we're looking for an advice in another avenue in the space. So that could be you know exchange operators that were looking to build out some you know traditional exchange operators trying to build out some element in digital font in in build out a platform in digital assets or you know potentially governments that

were looking for some advice around you know how they could create a regulatory structure and that created that pushed us into. Advisory which is our second kind of rod vertical. We drop our trading business lines that are what we referred to as capital market so that's derivative OTC treasury management type products and then and then on the advisory side which initially started with traditional firms that were looking to get into crypto.

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Stephane

And then we started to get crypto native firms that approached us to do strategic reviews which has led us to some March and banking mandates. We also have a an onshore asset management license to help us sub-advise portfolios for these traditional ah traditional financial players who may not feel like they have necessary expertise and there's in in themselves. This space and so effectively what FRNT'S turned into is something that looks very much like a traditional investment banks focused around digital assets. We have you know derivatives and spot trading products and then on the other side we've got a general advisory and consulting that leads us into merchant banking.

OTC Markets

So given the world we live in right now with crypto. Um, what does it mean in your opinion to be a compliant operator in the world of web based finance?

Stephane

Yeah I think that there's the typical strategy for crypto firms are just the you know the vast majority of firms have chosen to ignore any regulatory implications for the products that they're creating and instead. You know, assume because it's a new element of new area of finance that there isn't the regulatory infrastructure for it push ahead and if there is a regulatory determination that's very clearly made on your product to ask for forgiveness that hasn't been Fr and t's approach at all. Um, you know we're dealing in institutional finance with highly regulated. Firms. we require you know we require licensing we have licenses that we've pursued in Canada further the that we did a full IPO which was required ah additional regulatory scrutiny all over again. We've recently pressed released that we're doing we are pursuing an fc fca registration to be fully registered and in in ah in a second market. And so we've really taken us you know a gradual approach to building our business where we've sat down with regulators prior to doing any doing any business and made sure that the way that we want to approach our various strategies you know is compliant and so. I think that the big distinction for firms that the biggest distinction among firms in the in in the space is that you know those who have asked who have just pushed forward not sought any

regulatory compliance and then asked for forgiveness and those that took.

Stephane

A different ah but ah, you know the opposite approach and went into Regulators before they started conducting business and I and I think that's really what separates compliant from Noncompliant firms. Yeah.

OTC Markets

Yeah, and so expand on that. So how do you, How does this differentiate you in in your firm from other global players in this field?

Stephane

I Think that you know there's a lot of issues with highly regulated Asset managers and other players being involved in crypto and if you haven't decided to take this regulatory first approach. I Really think it makes it completely unpalatable for these firms to deal with you. So The fact that we have sought out you know a regulatory framework that's consistent with you know our target clients and all that I think makes us you know a lot more likely although you know still there's a lot of questions about their involvement in crypto. But if a firm. Were to decide that they wanted to get into crypto and felt comfortable I think that you know a firm like ours. That's really made sure that they dotted the eyes and cross the T's from regulatory perspective really stands out. Um, but you know I don't think that regulatory is really our you know our only competitive advantage I Really think that our competitive advantage Falls an expertise. And our team has operated in crypto and traditional finance for a very long ah time you know very boots on the ground you know I am also the director you know in a very successful hedge fund. That's been in the in space for a long Time. So I've seen you know what it takes to be successful in the crypto industry. And so we we feel as though we've got we have very unique expertise whereas in crypto often teams are either technologists or just from traify or just crypto native we feel as though we've struck you know a really key balance. That's best in class around technology traditional finance and of course crypto native and we feel as though every.

Stephane

1 of those sectors use us as 1 of their own. So as I've said we've taken a very different approach to many crypto firms where we've been very focused.

OTC Markets

Um, what is your growth strategy for 2023 and beyond?

Stephane

And our four years of existence on getting set up on doing everything properly and setting up the right infrastructure with high levels of automation so that we don't end up you know wasting the opportunity to create a forward looking technology firm. Um, you know that has to rely on legacy systems. So we've spent a lot of time over the last four years just being prepared for explosive growth which we think we are ready for now we you know we didn't we've been very careful to not get into business lines and really market ourselves to clients before we felt like we were prepared to really scale in those businesses. Ah, many of our products are completely unique and don't exist anywhere else. So. You know it we we've approached we think we've approached launching these businesses with humility and caution and we think we're you know, very ready to. We're very ready to grow topline revenue and so the real focus in in 2023 is taking this platform that we feel as though is best in class. And adding extremely high valued sales people to sell this product and we're you know we're building a global sales franchise to park our product in front of clients and we you know as whereas historically revenue had really been a way for us to manage our cash burn. Going forward I think our business has the real opportunity to have to have leverage on the revenue side and scale as we've ah, you know we you know adding sales doesn't necessarily mean we have to add other heads on the operational front given all the work that we've done. We've already put the regulatory and legal lift in we feel.

Stephane

And so you know it's Time. It's time to grow revenue with high value sales and luckily for us because a lot of our competitors have fallen by the wayside bankrupt or just in positions where they're really on or on their heels.. There are is a lot of talent available in a space. That's very new and there's not you know professionals everywhere. This is a rare opportunity where there's a lot of very talented people that are looking for new homes and have very strong client lists and relationships and we feel as though we're one of the we're one of the choice destinations for those kind of institutional sales people that have started to dip their toes in the crypto be recently win are they to with your be venture.

OTC Markets

FRNT recently joined our OTCQB Venture Market and is also traded on the TSX-V as well as the Frankfurt. How does cross trading here enhance your US investor strategy?

Stephane

And then some situationor latin use Xv is when he's the freaking free how does

crunch training here enhance your us invest strategy I think it's very important for us to ah to essentially have investment that is available in in whatever currency I mean. You know we're a global business and we think that we're going to have success in in markets very far outside of our original market which was Canada and the reality is that you know investors is that Canadian investors. There's many investors that don't hold balances in Canadian dollars and so ah there's you're essentially disqualified from those kind of investments by only being available in Canadian dollars so you know while the German market operates a little bit differently and we didn't go through any approval process there. They just you know they just they there is a market maker that decides to list you in Germany and felt and 1 felt our story was interesting enough to stand up. Ah, you know that with the us involvement really means that we have ah very we feel as though almost every investor you know has access has access to FRNT now through these various markets and you know when FRNT given their fact that our customers or institutional clients goes into a meeting. And know there's where we're so we lead with selling our products but it's also very possible that we leave that meeting and that institutional investors believes that they want to invest so we want to leave as many opportunities open for us for ah for having an investor to have easy access without having to you know change the way that they do things. So.

Stephane

Feel as though being listed on these 3 markets is a huge benefit for us and you know obviously crypto has had a very rough 2022 you know, many investors have very cautiously approached looking at some ultimate cap crypto names again. But we think that ultimately we'll see some more stability in the space and these avenues will be. Very beneficial for investors to who want to invest in FRNT. What's.

OTC Markets

Well Stephane, thanks so much for your time today. It's been great hearing your story.

Stephane

Thank you very much. We're excited to be listed on the OTC Market. So thank you for your support.

OTC Markets

Absolutely FRNT Financial trades under the symbol FRFLF on our OTCQB Venture Market.



FRNT Financial Inc.
Season 7 | Episode 11

**This is an autogenerated transcript and may contain typos.*