

FFastFill Orbit

Fuelling growth through visibility

In the rapidly changing derivatives environment, sell-side firms need to grow to survive. Real-time visibility of client positions lets futures brokers take on more clients with transparent views on risk, and an outsourced solution is often the most cost-effective way to achieve this.

As futures brokers face lower margins and a fast-changing regulatory environment, which could yield business opportunities, standing still is not an option. Using a scalable external resource like FFastFill's Orbit Risk Pro system will be key to expanding and adapting operations.

New rules such as the Commodity Futures Trading Commission (CFTC) rule 1.73 in the US and European Securities and Market Authority (ESMA) guidelines for automated trading in Europe require increased monitoring of client activity.

ESMA's guidelines call for more stringent pre-trade risk controls for client trades and the CFTC's regulation 1.73 came into effect on 1 October 2012, demand order entry risk management and specific controls on clients' trading and clearing activities.

Caroline Davis, managing director, business development at derivatives SaaS (software as a service) technology provider FFastFill, explains how the Orbit system lets futures brokers reduce risk and increase growth ahead of regulatory change.

While an extension to 1 June 2013 has been granted on two sections of the CFTC rules, namely for limits for give-ups and bunched orders for futures and swaps, many trading firms are not yet equipped to comply with the new rules. Futures brokers need more scrutiny of client positions with real-time management to manage and grow their business.

Removing the risk

FFastFill's Orbit Risk Pro is a real-time risk management solution that covers the entire trade lifecycle from order to settlement. The system has proven especially beneficial for traders executing across multiple venues.

As a leading SaaS technology provider in the derivatives space, FFastFill has developed the Orbit solution to help firms expand operations while protecting the firm and their customers from risk and meeting the constantly evolving

requirements imposed by regulators.

FFastFill's Orbit system gives firms a comprehensive view of their risk exposure, letting them take on greater risk with confidence due to greater visibility of client positions. The system acts as a spine connecting front, middle and back office functions, giving real-time visibility of positions across existing tradable products.

The FFastFill Orbit system lets futures brokers re-evaluate their margins based on each filled trade, and those numbers are then baked-in to subsequent pre-trade risk calculations. Bringing this process into real-time allows brokers to respond to client needs without increased risk.

The pre- and post-trade risk management functions are cash and position based with multi-tiered portfolio management tools built into the system. Users analyse flow from multiple

perspectives, across trading, clearing (including give-ins), post trade and start of day areas. A single book of all positions can also be viewed on the system.

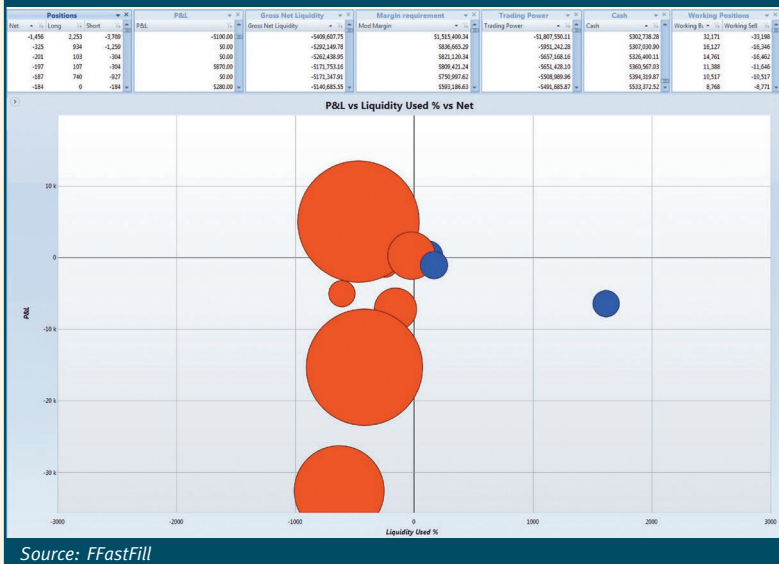
FFastFill Orbit has grown over several years and margin calculations have been rigorously tested by customers to deliver strong, robust coverage across all major markets. It also offers full integration with FFastFill's multi-broker network, Horizon, to increase risk management efficiencies. On Horizon, risk management is carried out cross-company, enabling receiving brokers to manage counterparty risk, whilst the trading client is also able to anonymously risk manage its own traders.

Increased visibility of trading flows also offers benefits for increased revenue. For instance, knowing a customer has traded significantly less month-on-month, sales staff can act immediately to address possible issues.

System efficiencies

Futures brokers can also offer the system to their customers, who can themselves see their positions, P&L and margining in real time and access granular information on exposures in different products on different venues. This in-depth

FIGURE 1: REAL-TIME RISK AND LIQUIDITY MANAGEMENT VIA FFASTFILL ORBIT



Source: FFastFill

functionality compiles complex information in an easy-to-consume format based on information sourced directly from exchanges.

The Orbit system is managed and delivered by world experts in derivatives trading with specialities across project management, service delivery and a range of subject matters. Orbit gives futures brokers the edge they need to grow their business as major regulatory shifts hit derivatives trading with the cost advantage of outsourcing to a trusted industry leader.

As a hosted service, FFastFill Orbit reduces time to market and streamlines upgrading processes,

avoiding version control issues. For firms looking to create bespoke internal infrastructure, the FFastFill Orbit system offers faster, broader and more efficient functionality at a lower cost.

The subscriber-based model also means firms can select and pay only for the functions they want, while avoiding any expensive installation project. The structure of the Orbit system lets global teams access and analyse the same data, streamlining a firm's processes across multiple bases. ■

