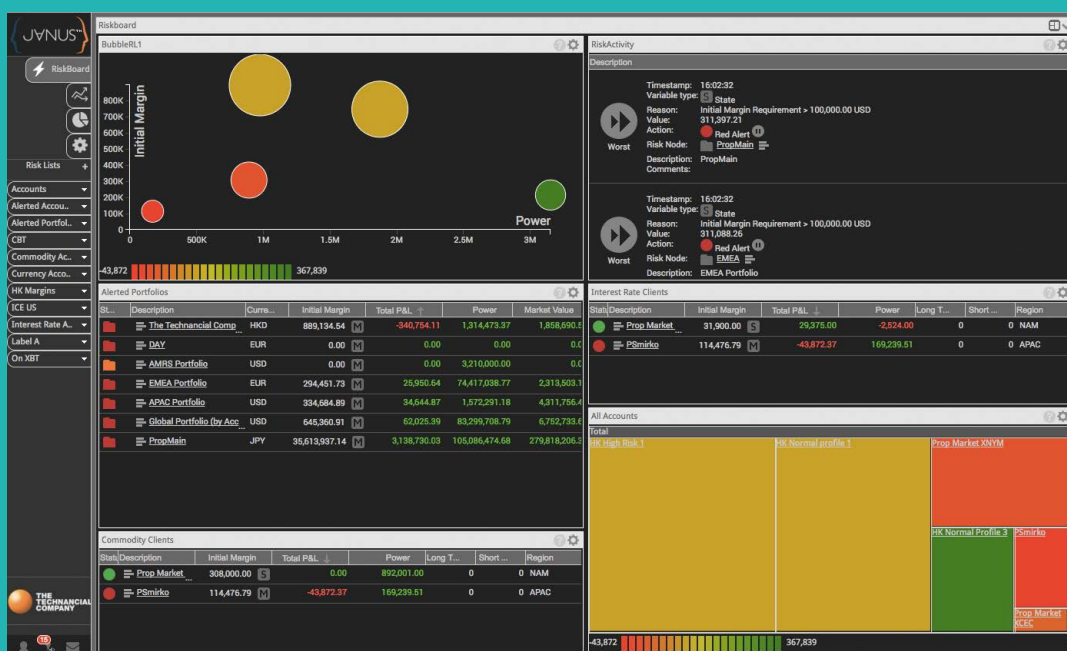


REAL TIME RISK MONITORING



THE PROJECT

A major global bank FCM (clearing broker) providing clearing and Sponsored Direct Market Access (SDMA) to many major global trading firms, into multiple markets scattered across Regions, needed to improve trade monitoring for several reasons:

- Monitor all SDMA trading activity continuously for HFT trading clients on all major exchanges
- Regulatory pressure to show Risk was being monitored
- Demonstrate that the systems were tried and tested

Additionally, for the FCM to be able to maintain the systems with many moving parts:

- Customer accounts and limits needed to be up to date

- Alerts for a variety of breaches implemented and stored and easily adjusted by authorized users
- Provide control and monitoring screens to Risk and Trading Managers around the world
- Without addition of new support personnel or expensive additional infrastructure

Ullink and The Technancial® Company (TTC) jointly provided a solution to the client by combining Ullink Drop Copy technology with TTC's JANUS™ Risk Manager. The project was initially deployed across Asia, and after the successful regional implementation, is now in the final stages of global roll out.

THE CHALLENGE/TRIGGER EVENT

In the complex and distributed world of global trading, the challenge was to provide a consolidated normalized real-time view of risk across all SDMA clients and across all countries and then all regions.

- **Huge number of accounts**
- **Position and collateral data from the back office**
- **Limit data from a separate internal limit management system**
- **Rules had to be implemented to monitor breaches on a customer specific set of limit data.**
- **Ensure that Disparate trading systems remain set in agreed configuration**
- **Easily configured and re-configured**
- **Data generated easily exported**
- **Continuous updates**
- **Available 24X6**

Ullink implemented drop copies from a large number of derivatives exchanges and normalized order/trade flows to feed JANUS™ Risk Manager (JRM) with millions of orders and trades in near-real time to monitor risk, generate alerts and eventually implement Kill Switches. JRM aggregates orders and trades in flexible portfolio hierarchies and monitors risk and surveillance parameters. Limits are set to generate escalation procedures implemented via alerts, emails and messages to external systems (Kill Switches).

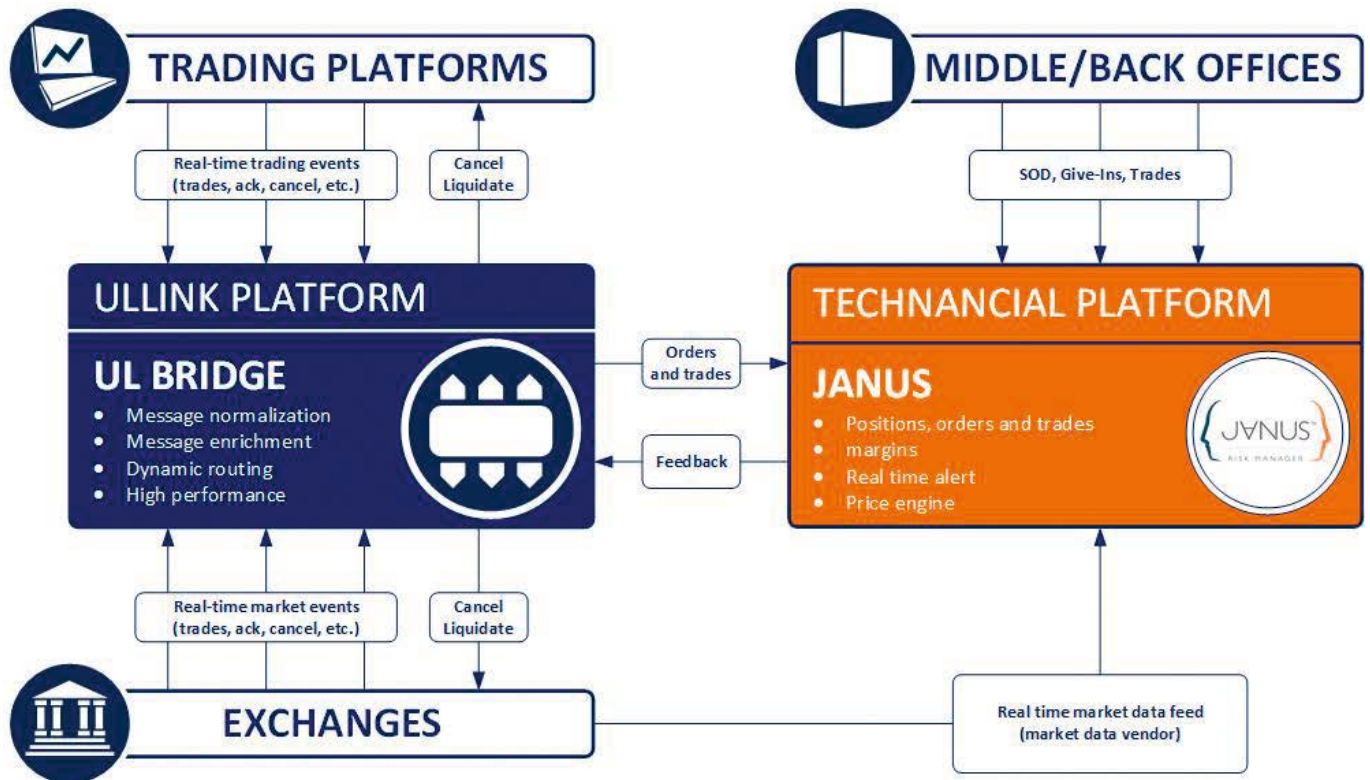
The FCM has many HFT clients using their own connectivity to directly link their trading platforms to the Exchanges. The FCM is responsible for orderly trading with respect to regional Exchanges and Regulators and needed to be in control of its HFT client activity:

- **Access to a screen for setting pre-trade filters on a variety of HFT client trading platforms is not a viable solution**
- **Using the risk layer of an exchange trading platform is not always possible as Exchanges might not have one or if they have they are all different and without a standardized API.**
- **Regulations like MiFID 2 (RTS 6) imposes a real-time control on Direct Electronic Access and monitoring of algo trading with the implementation of kill functionalities.**
- **Kill Switch access**

The key benefit for the Global Clearer is to be in control of its SDMA activity and monitor risk in real-time. As a secondary benefit, complying with regulatory requirements like MiFID2.

The project was strategic for the FCM, which would have probably had to cease its SDMA business, or at least not continue on such a scale, without the combined Ullink - TTC solution.

THE SOLUTION



The solution consists of a number of drop copy gateways that have been developed by Ullink and connected to UL Bridge as well as the development of an adaptor between UIBridge and JANUS Risk Manager. From the JANUS Risk Manager perspective, it was not necessary to customize the product, as the solution had enough configurability and functional richness to satisfy the overall project needs and requirements.

The FCM, had two failed projects with another provider. The advantage of the Ullink and TTC combined solution was that it was very scalable, both technologically and economically, and truly multi asset class, which dealt with the main issues the FCM had faced with the other vendor. Also the additional benefit of the integration of real time Orders/Trades and market data, back office start of day and clearing house data provided a new opportunity for Risk and Business managers to better understand and manage their customers' needs.

The solution is unique and successful because of its:

- **Scalability**
- **One region, extended globally adding Europe and the US.**
- **Flexibility and ease of adaptability to business requirements key to the success of the project.**
- **Multi asset class**

The solution is deployed and is managed by the FCM operations, deployed within the existing infrastructure in three regions, on standard hardware and operating systems.

The objective has been achieved and this is proven by the fact that the FCM has extended the use of the solution from a region, APAC, to a global deployment. The FCM is now MiFID2 ready and can invest in the growth of its SDMA business.

THE RESULT

The FCM is now more aware of the day to day and in this case second by second activity of some of its most important clients, and the risk and compliance teams within the company are able to evaluate and support client activity better than previously. Notification of trading system issues have awakened the realization within affected SDMA clients, to the extent that these clients have gratefully asked for extension of the product to them. While the end user does his or her best to ensure safe use of systems, the value of being able to use an independent arbiter to monitor and safeguard their interests is seen as a strong service provided by their clearer.

Both systems deployed together are built on many years of real business experience, and the clear focus on core competency. Processing masses of transaction data (Orders and Trades) and observing, evaluating and focusing on real issues, respectively, are the main core values each component of the solution bring to bear. Ullink has a clear lead in the FIX messaging business – TTC's in high volume orders and trades surveillance across asset classes.

ABOUT ULLINK

Ullink is a global provider of market leading multi-asset trading technology and infrastructure for buy-side and sell-side market participants, including NYFIX, one of the industry's largest FIX based trading communities. Trusted by over 150 of the world's top-tier banks and brokers, the company provides consistent, reliable access to the most current and innovative trading solutions available. Our multi-asset solutions allow you to connect to your desired markets, trade when and where you want, while being able to comply with global regulation. From our 10 offices covering all the major global financial centers, our team will advise on the best approach to address your challenges and deploy our technology.

ABOUT THE TECHNANCIAL COMPANY

The Technancial Company Ltd. delivers advanced real-time risk management and trade surveillance tools to global markets. The Technancial Company's products, JANUS™ Risk Manager, JANUS™ Margin Engine, JANUS™ Trade Surveillance and JANUS™ Margin On Demand, are used by global institutions across markets, regions and asset classes to supervise their trading, market making, DMA and HFT activities. More than 70 risk checks and more than 60 clearing houses' margin algorithms are supported by the JANUS™ Platform and can be used in pre-trade, post-order (at-trade) and post-trade to manage market, credit and operational risks in low latency environments.

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