

Local APAC Derivatives Broker selects KRM22's Global Risk Platform for Real-Time Risk & Compliance Monitoring

“KRM22's GRP provides us with a single point of access to manage all of our risk requirements across the trading and clearing landscape. In the face of increasing regulatory scrutiny, we have been able to differentiate our offering whilst keeping our cost base low - *Head of Risk Management*”

The Challenge

As the Singapore subsidiary of an established derivatives broker operating across China, the local broker was tasked with spearheading the group's internationalisation initiatives and growing its presence in the global marketplace. This meant building a robust, scalable infrastructure embedded with sound risk management practises to support a rapidly growing business.

The broker needed to establish a standard view of risk independent of their inhouse or third-party trading systems, with the ability to handle a large number of accounts and ingest order, trade and market data via multiple APIs. Focused on providing innovative trading solutions to customers, the platform needed to be flexible enough to include custom functionality and offer a series of real-time analytics that would enhance the trading experience.

The Solution

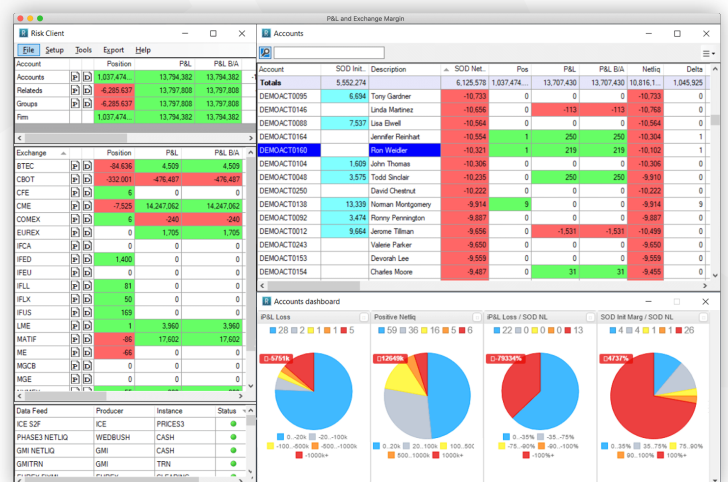
KRM22's Market Risk and Compliance tools provide a complete view of a firms exposure, while maintaining real-time supervision across multiple client accounts and providing insightful analytics to the business.

With aggressive project timescales, a dedicated team of KRM22 product and technical specialists worked tirelessly with the broker's project team to

map out requirements, design, and integration of systems in a matter of weeks. This included taking in multiple file based and API data feeds from their back-office applications, including SOD accounts and positions, market data, trades, client account structures and limits; and developing a series of risk parameters including ratios of Net Liquidating Value vs Margin %, TNE vs Total Margin %, Intra Day Net Option Value and Intraday Revaluation of Collateral, to complement existing features.

After addressing the immediate risk management need it was soon realised that by leveraging the Global Risk Platform and KRM22's compliance expertise, the broker could also meet their Market Abuse regulatory obligations; quickly, and at low cost. With a familiar project team at hand and access to the necessary data sets, KRM22 worked swiftly to onboard additional functionality.

The broker can now calculate margin for futures and options on Equity indexes, Commodities, Interest Rates, Energy & FX across 30 markets globally, track intraday P&L across hundreds of accounts, and monitor user-defined limits - with complete flexibility to view risk by firm, account, product and contract. Trade, Order and market data is fed into the KRM22 Market Surveillance engine where over 40 configurable rule-based alerts can identify and flag any suspicious trading activity.



The Impact

Real-world Risk Management Methodologies

Over the years, the demands on margin methodology have increased. At KRM22 our margin engine algorithms reflect the latest exchange methodologies, critical to maintaining an accurate view of risk across the business. At the same time, we believe in adapting to market needs and worked closely with the broker to incorporate custom margin methodologies that enabled them to improve the trading experience for their customers.

React in Real-Time

Risk managers need the ability to make decisions quickly in today's volatile marketplace. The KRM22 margin engine evaluates margins and profit and loss continuously, providing actionable risk information. Our real-time data empowers critical business decisions and keeps customers informed of their spending power. By applying "What-if Analysis" intraday and on demand, the broker's risk managers can view hypothetical remedies for margin and/or risk violations to prevent margin calls and potential losses. Multiple alerts triggered at user defined thresholds keep risk managers constantly informed throughout the day.

Intuitive user dashboards

Access to critical information can be achieved in single click actions, ensuring the broker's risk managers can quickly sort through, and drill down into data on demand. Dashboards dynamically sort and highlight accounts or groups that have reached applied thresholds, making it easy to identify activity of interest. User-defined layouts are simple to design and can easily be shared among user groups.

Regulatory demands met at lower cost

KRM22's Datahub is a central database that collects order, trade and market data, eliminating the need for the broker to embark on costly IT projects to support their compliance program. We worked with the broker to continually fine-tune the platform, provide valuable business intelligence, and help identify key patterns around trading activity and alerts.

Growing with the Business

The KRM22 solution suite is cloud-based and modular, allowing the broker to quickly grow the level of risk management sophistication as their business matures. With access to multiple post trade stress scenarios, advanced analytics, and value at risk engines, our clients' can work towards a truly unified platform and holistic view of risk.

The Core Benefits

- Extensive suite of market risk analytics including Stress, P&L, VaR and Margin
- Understand exposure in real-time, monitor and react to volatility intraday
- Streamline integration of data through comprehensive APIs
- Track trends in trading activity to provide insightful analytics
- Minimize risk of regulatory fines and reputational damage
- Cloud hosted, reduced total cost of ownership & easily scalable to meet growing business needs

KRM22

risk as alpha
helping reduce the cost and complexity of risk management

