

Cinnober selected to receive EU funding for disruptive client clearing technology

The European Commission recognizes need for real-time risk margining, multi-asset client clearing solution for the banking sector

The European Commission has announced that Cinnober has been chosen to receive financial support to develop a real-time risk margining and multi-asset client clearing system for European and international banks. The system will provide banks, and their clients, with an immediate and complete view of risk exposure across markets, enable more efficient use of capital and impart operational efficiencies across listed and OTC flows.

“Over the past five years, Cinnober has been the driving force in the ongoing paradigm shift in the central counterparty clearing industry with the introduction of a real-time clearing and risk management solution,” says Veronica Augustsson, CEO of Cinnober. “The Commission has recognized the enormous potential in utilizing this innovative technology also within the segment of investment banks.”

In total, the Commission received 580 project proposals involving 785 SMEs by the first cut-off date of the so-called Horizon 2020’s SME Instrument Phase 2 (9 October 2014). Out of those, 78 SMEs from 18 countries have been selected to each receive a grant up to €2.5 million to finance innovation activities and development of business plans. The Commission plans to sign a formal Grant Agreement with Cinnober within four weeks from today.

“It is encouraging to have won this support from the Commission in very hard competition,” Augustsson continues. “A multi-asset client clearing solution, with real-time risk margining is a disruptive change from today’s silo model with dedicated systems for different asset classes, and batch-approach to margining. The results are great efficiency wins, better risk awareness and an ability to offer enhanced services, much needed in a time of massive regulatory pressure on banks’ client clearing units.”

The Cinnober project is filed under the Commission’s topic *Open Disruptive Innovation Scheme* and is stated to be characterized by its *High Market Potential*, *High Potential for Disruptiveness* and *Potential for Fast Growth*. The project’s objectives include reducing banks’ cost of capital and collateral requirements by efficient utilization across business units and asset classes. It will also impart operational efficiencies across listed and OTC flows, resulting in a reduced cost per trade. The technology is based on Cinnober’s TRADExpress RealTime Clearing, an offering towards clearinghouses and CCPs.

Cinnober is a world-leading supplier of financial technology to mainly exchanges and clearinghouses. Customers include major global players with extreme demands on quality, reliability and performance. During the past few months Cinnober’s real-time clearing system has been launched into production at globally recognized clearinghouses such as BM&FBOVESPA in São Paulo and LME Clear in London. The company has recently broadened its customer focus, targeting banks and brokers with niche solutions based on its exchange and clearing technology.

For further details, including a detailed breakdown of the number of beneficiaries per country, please see released information from the European Commission available at

<http://ec.europa.eu/easme/en/news/sme-instrument-108-million-innovation-activities-and-business-plans-phase-2>

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About Cinnober Financial Technology

Cinnober provides solutions and services to leading trading and clearing venues, including exchanges, clearinghouses, banks and brokers. Cinnober's solutions are largely based on the TRADEExpress™ Platform, incorporating everything needed for mission-critical solutions in terms of performance, robustness and flexibility. The portfolio of offerings includes price discovery and matching, real-time risk management, clearing and settlement, index calculation, data distribution and surveillance. Cinnober's customers include BM&FBOVESPA, Deutsche Börse, Dubai Gold & Commodities Exchange, Eurex, Johannesburg Stock Exchange, London Metal Exchange, LME Clear and Stock Exchange of Thailand. Cinnober is listed on First North in Stockholm, with Avanza as Certified Advisor. For additional information, please visit www.cinnober.com