

# Cinnober launches risk management system tailored uniquely to CCP needs

## **Risk and collateral management – fit for the new clearing landscape with growing volumes and versatile scope of cleared contracts**

Cinnober announces the launch of a stand-alone risk management solution dedicated to the needs of central clearing counterparties (CCPs).

The post-financial crisis regulations, including Basel III, EMIR and Dodd Frank, have transformed the landscape for clearinghouses. A wider range of contracts are traded on electronic platforms and cleared centrally, and the importance of CCPs as safeguards of financial stability has increased.

“CCPs have to a large extent been left with risk solutions originally developed for banks,” says Nils-Robert Persson, Chairman of the Board at Cinnober. “The requirements on CCP’s risk management has become more complex. We’ve built a solution that meets extreme criteria on speed and functionality – facilitating compliance with regulatory obligations, realization of business development opportunities and competitive services while never compromising risk management.”

Cinnober’s new solution TRADExpress CCP Risk offers a single point of access, enabling efficient risk and collateral management across all asset classes and instruments cleared by the CCP, OTC as well as exchange-traded. High-speed, real-time risk calculations, and automated work processes give timely and qualified analyses, and facilitate compliance with regulatory obligations.

The first customer to implement the system is Japan Exchange Group (JPX), planned to go live during 2018 with its new risk solution across the entire Japanese market of equities, bonds, futures, options, CDS’, and IRS’.

TRADExpress CCP Risk enables CCPs to run multiple risk models in parallel. This allows them to migrate from old models to new, more sophisticated statistical approaches better fit for today’s versatile array of cleared contracts. A dynamic plugin framework for valuation and risk measure algorithms gives each CCP the flexibility to rapidly test and introduce new models – all fit to their needs.

“CCPs need to avoid overburdening market participants with excessive margin requirements without becoming a systemic risk to the financial industry,” says Mikael Öhman, Chief Architect Risk Solutions at Cinnober. “For this, new methods and procedures that give a full view across all asset classes and instrument types are required, and that’s what we’re introducing with TRADExpress CCP Risk.”

Key functional areas of the system include:

- Initial Margin modeling
- Credit and Liquidity Stress Testing
- Credit Risk Waterfall and Liquidity Resource Pool modeling
- Market data and risk factor modeling
- Default Fund Management
- Default Management
- Back testing and model validation
- Collateral management

TRADEExpress CCP Risk can be integrated with Cinnober's TRADEExpress RealTime Clearing solution, or any other third party clearing system.

**For further information or discussion, please contact:**

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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 Australian Securities Exchange, B3 (former BM&FBOVESPA), Dubai Gold & Commodities Exchange, Euronext, Japan Exchange Group, Johannesburg Stock Exchange, the London Metal Exchange, LME Clear, NYSE and the Stock Exchange of Thailand. For additional information, please visit [www.cinnober.com](http://www.cinnober.com)*