

# World's largest clearing project goes live in Brazil

- *Derivatives is the first of BM&FBOVESPA's four clearinghouses to be integrated*
- *Next stage will be equities market, to be launched in 2015*

Brazil's [BM&FBOVESPA](#) has announced that it has successfully launched the first phase of its comprehensive post-trade integration project, which will see the migration of the exchange's four existing clearinghouses onto a single platform. The derivatives market is now up and running on the platform provided by [Cinnober Financial Technology](#). The second stage of BM&FBOVESPA's project, for the equities market, is now underway, with a planned launch in 2015.

"This pioneering project will result in one of the most innovative and sophisticated clearing systems in the trading industry," says Cicero Vieira, Chief Operating Officer at BM&FBOVESPA. "It will not only allow faster rollout of new products, but will revolutionize the Brazilian post-trade landscape. It strengthens risk management, reduces costs and delivers better capital efficiency to customers. When all units are installed the system will handle all asset classes, and when the market is ready, all CCPs will be integrated in a single collateral pool."

BM&FBOVESPA selected Cinnober as its technology partner to integrate all post-trade activity across the full range of the Brazilian giant's business units and markets – equities and corporate bonds, derivatives, spot FX, and government bonds.

"With this new, highly-efficient, high-speed, real-time post-trade infrastructure, BM&FBOVESPA is undoubtedly at the absolute forefront of clearing systems worldwide," says Veronica Augustsson, CEO at Cinnober. "They are now able to manage risk in real time, across markets, down to the investor level. Their new platform also incorporates an entirely new risk model, called CORE, which I can see becoming a new standard for exchanges."

The new, integrated multi-asset clearing system is based on Cinnober's [TRADExpress RealTime Clearing](#). World-leading collateral management will be available through efficient collateral pools, as well as netting of positions and settlement instructions across all asset classes. The new platform uses a fault-tolerant architecture, which has initially been scaled to process over 10 million transactions a day across more than 12 million accounts, with real-time risk calculations. The system can easily be scaled up further when necessary.

Additional to the new clearing system, BM&FBOVESPA has also launched their new risk calculation system, called [CORE](#) - Closeout Risk Evaluation. CORE is a system for multimarket and multiproduct portfolio margin calculation that integrates market, liquidity and funding risks in an innovative and robust approach. The new risk calculation system works for both listed and OTC derivatives, as well as for equities, bonds, FX and all sorts of collateral.

The renowned flexibility of Cinnober's system stems from an innovative member and account structure as well as a state-of-the-art plug-in architecture. This enables the rapid addition of new products and risk models to the system. It also provides optimal risk control, with the use of different risk models for different instrument classes and thorough stress testing.

"Our development and launch of TRADExpress RealTime Clearing in 2009 was prompted by the Lehman crisis and the major challenges facing the post-trade industry in being able to handle increasingly fast trading," Augustsson concludes. "We firmly believed early on that real-time clearing would be the next major innovation for the exchange and clearing industry. We're proud to be BM&FBOVESPA's partner in this exiting and groundbreaking project - both from a local as well as a global perspective."

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**About BM&FBOVESPA**

*BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange was created in 2008 with the integration between the Brazilian Mercantile & Futures Exchange (BM&F) and the São Paulo Stock Exchange (Bovespa). Together, the companies have formed one of the largest exchanges in the world in terms of market value. BM&FBOVESPA offers trading in equities on the cash, options and forward markets, and indices, interest rates, foreign exchange, agricultural and energy commodities on the futures, options, forward and swap markets, as well as other spot market transactions on gold, US Dollar and federal government securities. In order to provide investors with efficient and secure services, BM&FBOVESPA utilizes state-of-the-art technology. With its fully integrated business model BM&FBOVESPA is able to offer not only a sophisticated trading environment, but also registration, clearing, settlement, risk management, and central depository services. It also acts as the central counterparty for all of its markets through its clearinghouses.*

**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 TRADExpress™ 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, London Metal Exchange, LME Clear, Markit BOAT, MarkitSERV, NYSE Liffe and Stock Exchange of Thailand. For additional information, please visit [www.cinnober.com](http://www.cinnober.com)*