



"A total risk picture spanning many different markets"

This week's Provider Profile looks at OpenLink's cross-asset trading, risk and operations processing management software solution Findur

OpenLink started trading in 1992 as a front and middle office interest rate derivatives system and after working with partners such as JP Morgan, they gradually extended their coverage to other asset classes including commodities, fixed income and cash management products.

Subsequently, OpenLink has continued to pursue strategic partnerships to develop functionality for new asset classes. The result today is Findur a multi-asset class suite with 81 installations across 120 client sites worldwide.



Inevitably, demand from client banks in recent years has meant the product's coverage includes credit derivatives. "In the last three to four years, we have built upon existing derivatives capability in Findur to increase coverage in synthetic CDOs, credit notes, tranching indices etc.," says Phil Wang, the firm's vp for product management. "And so we now have rich coverage in the sector, and full front-, middle- and back-office functionality."

This functionality includes a suite of pricing models, links to third party vendors for live and static data; workflow; STP; affirmations, confirmations and novations capability, together with event management. Links to DTCC, SwapsWire, Markit and T-Zero are now being built, and according to Mark Sappol, the firm's global director of Findur, OpenLink has also developed its own grid to accommodate the complexity in commodity trades, which helps in dealing with pricing and hedging of complex structured and hybrid instruments on the capital markets side of the business.

Phil Wang

One of the key strengths of Findur is its ability to aggregate risks across several desks and products.

"The risk management capability is already proven across many sectors. As the market expands to take in other asset classes, true risk monitoring is needed - Findur can show these risks from a holistic perspective to give a total risk picture spanning many different markets," says Wang.

He continues: "Credit derivatives are evolving so rapidly that from an operational stand point, this requires a system capable of supporting a new survival probability curve; developing interfaces; and an extensive capability to customise, in order that the customer can link, for example, to a new confirmations system."

OpenLink understands the demands that are placed upon an institution's entire trading infrastructure, and so provides an enterprise-wide product, according to Wang. "We always develop as a true front-, middle- and back-office product accommodating all developments in the space we are working in," he explains.

Findur allows clients to develop the system and build it out with their own technology teams. "Clients can develop interfaces to new systems and their own workflows, for example," says Wang.



Mark Sappol

"We also now offer an ASP solution for buy-side, mainly hedge fund clients. We have a function called RiskPak that allows one to upload risk positions remotely into the system. Findur is a trading solution not a product specific package. This is ideal for buy-side firms looking to trade across assets," Wang adds.

Given the flexibility and the cross-asset nature of Findur, a key advantage is seen in structured credit emerging trends, according to Wang. "We are seeing some of the main developments take place in the hybrid space and also when combining aspects of different markets into tradable products - cross-asset structures issued as credit-linked notes, for example" says Wang.

As with the introduction of any new product stream, one of the main challenges with hybrids is having a system capable of satisfying the demands of structurers and traders. As Wang observes: "Many banks are definitely not happy with what they have - whatever it is, it's never fast enough for banks; they don't want to be behind the curve."

Nevertheless he adds: "Inevitably there's a reliance on spreadsheets as systems play catch up. Banks are not going to roll out spending on a brand new area until it proves itself."

However, there are external drivers that change this situation. As Sappol concludes: "Regulations such as Sarbanes-Oxley, MIFID, and Basel II require that banks audit their work, which is difficult to do with spreadsheets. A solution is needed to develop future products as far more complexity will come from all areas."

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