

Equity Swaps Management Application

Client

A top ten global investment bank

Business Area

Prime Services, Front Office

Asset Classes

Equity Derivatives

Technology Set

IBM WebSphere, Oracle, Java/J2EE: EJB, Spring, Hibernate, SOAP, .NET Framework: WinForms, WPF, Web Services

Integration

Reuters and over 40 Bank applications, including trades, allocations, clients and rates data sources

User Profile

Traders, Account managers (100+ users)

Geography

UK, US

Services Provided

Business analysis, Development, Maintenance

Team Size

10+ team members

Duration

5+ years development and maintenance

Summary

Develop an application for portfolio management of equity swap and total return swap (TRS) derivatives to support the bank's prime brokerage services.

Business Challenge

Prime brokerage services were part of the bank's strategic development plan that required capabilities to manage swap contracts in the portfolio. The high-level business requirements included:

- Automate the workflow for trade booking, approval and block trade allocations to support the new strategic business model
- Automated daily maintenance for contract expiration, margins, interest calculation and changes in value
- Automated tracking of the client trading operations
- Automated calculation of all cash flows associated with trading activities, such as the interest, notional fees, and dividends related to the contracts
- Integration into existing data flows and applications
- Data migration includes back-dated changes to the trades, prices, and fees, as well as recalculation of the positions and cash flows
- Decommission the legacy platform

Luxoft Delivered Solution

The bank's IT department needed a vendor with a background in the equity derivatives domain and a proven record of accomplishment in system design and development. Luxoft was selected as the vendor to extend the bank's IT team, providing expertise in both the business and technology domains.

The biggest challenges were in designing a system and developing a rollout plan to aggregate dozens of data feeds and to migrate and

recalculate a large volume of existing data without affecting the day-to-day business of the bank. The system integrated the data flows from dozens of upstream applications that contained the source data for pricing, clients, trades and allocations information. More dozens of data flows had to be integrated with the downstream applications used for risk management, reporting, confirmations, and reconciliations. These integrations required a considerable number of recalculations on a large volume of data, risking the level of service requirements for system performance and availability. To mitigate these risks, Luxoft initiated performance improvements for database optimization, memory usage reduction, and transaction and error handling.

The equity swaps management application is the primary front-office component for numerous applications that support different phases of the equity swaps lifecycle. The technical solution is a complex information system with a multi-tiered, client-server architecture to support a high volume of operational data while maintaining performance and stability level-of-service requirements. Luxoft successfully delivered this robust technical solution on time and within the budget.

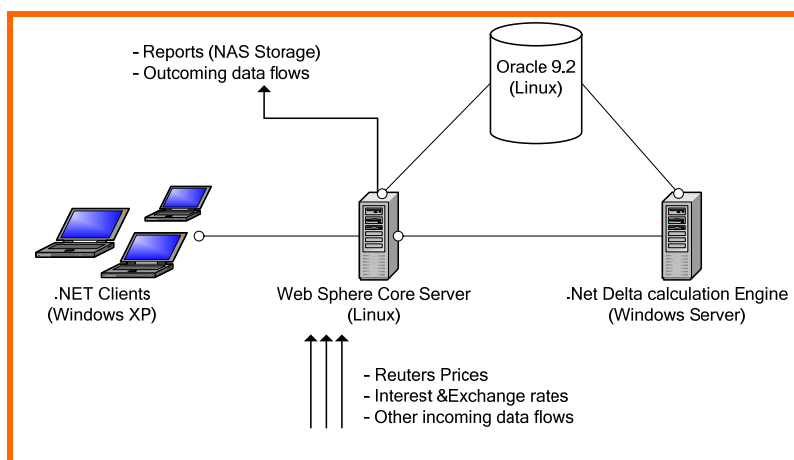


Figure 1. Equity Swaps Management System Architecture

Benefits

Luxoft's solution provided the bank's prime brokerage services with the following benefits:

- Increased opportunities for higher returns and lower costs in the bank's prime brokerage service
- Supports the strategic business plan to improve the bank's competitive position
- Improve management performance and operational coordination through integration of the bank's source data

Customer Feedback

"And thanks once again for the tremendous effort you've put in over the last two weeks and continue to put in. This neither goes unnoticed or forgotten."

- Bank IT Project Manager

"Thanks for all your helpful and insightful input, as ever."

- Bank Business Analyst