LUXOFT
Engineering Business Performance

CASE STUDY

Risk Trade Profit & Loss System

Client

A top ten global investment bank

Business Area

Multi-Asset Class Trading, Risk Management, Front Office

Asset Classes

Equities

Technology Set

Oracle, Java, Hibernate, .NET, XML, Proprietary messaging library

Integration

Reuters, data warehouse, single stock and portfolio order management applications, pricing data system, static data storage

User Profile

Traders and aales traders, front office (100+ users)

Geography

Europe

Relationship Status

Ongoing ODC, T&M

Services Provided

Full cycle: Business analysis, Development, QA/Testing, Maintenance with Production support

Team Size

3 team members

Duration

2+ years

Summary

Develop a system to monitor risk trade activity, providing real-time profit and loss (P&L) reporting against the market data for use by the bank's traders and front office.

Business Challenge

To increase risk trade profitability and trader performance, the bank began an initiative to develop a real-time, pre-trade P&L calculation system to support privileged client requests for equity trading. The high-level business objectives for the new system included:

- Increase profitability by calculating P&L against real-time market data for improved trade analysis
- Decrease trader bias through systemization of the calculations and analysis reporting
- Increase performance by automating the market data feeds
- Improve organizational efficiency and reduce operational costs through integration with downstream trading systems

Luxoft Delivered Solution

Luxoft's development team gathered the business requirements and replaced the existing MS Access application with a three-tier system architecture that would support all of the business objectives, as well as providing an infrastructure for improved stability, performance, and maintenance. The system developed to calculate risk trade profit and loss included functionality that exceeded the bank's minimum requirements.

Luxoft's system provided the bank with the following key features to support and enhance their risk trade business:

- Automated, real-time capture of risk trades for the bank's clients
- User interface to manually extend of trade data, if needed
- On-request calculation of P&L using VWAP data retrieved from the pricing server
- Automated calculation of VWAP value estimates for using current market price
- Flexible, real-time reporting services for the available trade information and calculated P&L values
- Integration with the bank's upstream and downstream trading systems

- A robust three-tier application with dynamically updated C#.NET front-end, Java middle-tier, and Oracle database
- A single sign-on (SSO) security subsystem

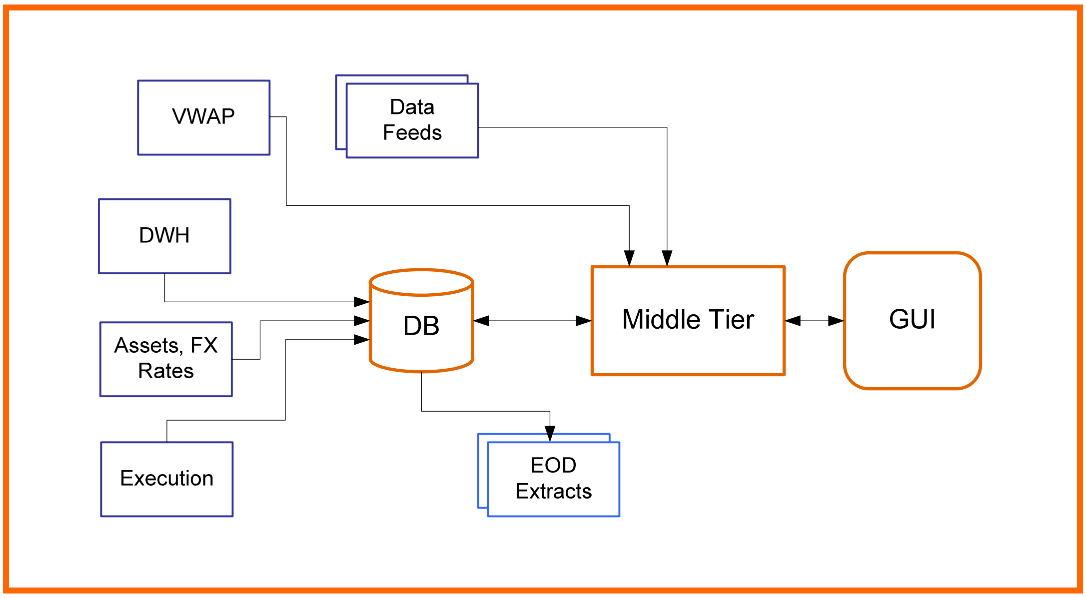

Figure 1. Risk Trade P&L System Architecture

Benefits

Luxoft's solution provided the bank's risk trade business with the following benefits:

- Enhanced trader performance with a robust and flexible analysis and reporting tool
- Improved operational efficiency through integration with external market data and internal bank systems
- Significantly improved system stability and data integrity
- Improved system performance to reduce the risks caused by data processing delays
- Enhanced security with the introduction of an SSO model
- Enhance profitability opportunities with real-time, automated reference data maintenance

Customer Feedback

Detailed feedback is available on request.