

Case study**MAREX FINANCIAL****Software for commodities, financial futures, options and FX markets****About Marex Financial**

An independent broker dealer offering worldwide coverage of commodities, financial futures, options and FX markets clients are serviced by its experienced and dedicated staff in its offices in London, Geneva and Gibraltar where it has more than 200 employees.

The challenge

For over 20 years its trading services were supported by a system that the company had developed in-house, but it had become increasingly difficult to upgrade and maintain and so Marex began to evaluate a range of possible replacement systems. An LME Options Dealer Assistant, Marex, explains, "We had heard about a number of systems available in the market, but when we started to look at them we discovered that most of them were designed for process and risk management. We also found that Brady's Opval system was the only application that was specifically set-up to handle the LME markets. That was a big plus as we could just copy our in-house model over to Opval and then simply change it around to suit how we wanted to read and report our information."

“ Compared to our old in-house system and other commodity trading and risk management applications on the market, Brady Risk and Derivatives is first-class and I'd certainly recommend it. ”

- LME Options Dealer Assistant, Marex Financial

Why Brady

Opval's comprehensive suite of functions is designed to simplify trading in today's commodities markets. Its modular design can be tailored to deal with individual trading requirements from standalone options pricing screens through to fully integrated, multi-user network environments, encompassing everything necessary for effective risk management.

In Marex's LME Options Business, Opval is used by the front-office dealers during the trading day for:

Dynamic pricing and quoting of LME European and Asian Options (TAPOs)

Trade entry/capture of options and associated hedges (futures)

Risk management for position keeping, P&L and Greek sensitivity reporting

Stress testing of current positions/P&L for single transactions or global portfolios

Formalised P&L reporting for change on day, month and year

In particular, closing price data is loaded as part of an overnight automated process, which is used for calculating close of previous business day P&Ls. This also provides the basis for intra-day data, which is updated by the trader when prices move. Trades can also be entered manually as they deal, allowing them to run intra-day risk reports.

Opval is also now used extensively by Marex's risk department. Hannah Worters, Senior Market Risk Analyst, MAREX, explains, "we were already using Opval to risk assess our in-house LME portfolio and meet the capital adequacy requirements of the Financial Services Agency (FSA), so it made sense for us to use the same system in other areas. Especially as Opval was producing clear reports and realistic figures for the market and the FSA have a real comfort level with it."

Marex's risk department use an automated overnight process to pull in additional traders into a copy of the front-office database, as well as end of day prices and other market data. This allows them to run risk reports on a larger sub-set of traders to get a better measure of risk for both internal portfolios and clients accounts. Typical daily risk reports generated include traditional 'what-if' stress testing analysis, as well as regulatory reports such as the PRR (Position Risk Requirement) report required by the FSA.

"Opval is a very useful tool, because it is always up-to-date with the current position," adds Hannah Worters, "so we can run reports on an intra-day basis. And it's also very quick, which means we're not left waiting for information." Opval's ease of integration with other systems has also been a big advantage for Marex as Hannah Worters explains, "Since we've been using Opval we have already switched from one back-office system to another without any problems." Marex is also now looking to feed data from Opval into its margins system and a new averaging system that will replace the existing spreadsheets. Marex further comments "We will keep Opval without a doubt, because it does what it's supposed to, it's still price competitive, and it also has the inherent flexibility and scalability to meet our future needs."

“ We have always found the Opval team very helpful and friendly and they can usually resolve any queries over the phone. They also keep us informed about any updates and just generally check to see how we're doing. In fact, we found that Brady was one of the few companies who knew how LME works - other suppliers really don't have the depth of knowledge and are more interested in the financial markets. Brady's understanding of our business saves us a lot of time. ”

- LME Options Dealer Assistant, Marex Financial



About BRADY

Brady PLC is the largest independent provider of trading and risk management software to the global commodity markets, with a leading expertise in metals. Our mission is to support you to trade and manage commodities more profitably.

Each year, businesses around the world depend on Brady systems to transact trillions of USD worth of trades. With 30 years of expertise in commodity markets and more than 10,000 users at over 200 companies worldwide, our software solutions are relied upon to deliver mission critical business transactions across global operations.

For commodities, we offer solutions for end-to-end trading, life cycle management of derivatives, physicals, raw materials, concentrates, base and precious metals. We provide hedging and risk management, logistics and inventory management, accounting and finance solutions.

With a work force of ex traders and metals industry experts, you can rely on our wealth of experience and deep industry knowledge to derive the best value from our commodity trading and risk management systems.

Speak to a Brady Metals Expert today and discover how Brady's software suite can support your commodity trading activity.

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