

QUANTILE LAUNCHES EQUITY DERIVATIVES RISK REDUCTION SERVICE

London, March 15th, 2018; Quantile Technologies (“Quantile”) has completed the world’s first live multilateral counterparty risk reduction run in the OTC equity derivative markets. The new service reduces exposure using risk-reducing trades generated from proprietary optimisation technology. Six major global banks participated in the initial run, which targeted initial margin reduction between participants.

This pioneering development marks a major expansion of Quantile’s cross-asset class services which now comprise multilateral risk reduction services in foreign exchange, rates and equity derivatives; these complement its compression offerings, designed to eliminate redundant notional and trade count. The Quantile equity derivatives service, together with its rates and FX equivalents, has been developed in collaboration with major global banks and AcadiaSoft Inc., the leading industry provider of margin automation and standards.

Quantile’s weekly runs covering optimisation and compression date back to January 2017, with 25 clients, including the largest global banks, now using the service.

The equity derivatives service represents another first for Quantile, alongside other milestones that include being the first firm to:

- Launch a weekly multilateral initial margin optimisation service
- Execute cleared G10 foreign exchange NDFs as part of a risk optimisation run
- Launch a compression service for interest rate swaps which allows banks to re-build risk onto liquid points on SwapClear, LCH’s leading interest rate swaps clearing service, materially improving efficiency over existing offerings

The total initial margin posted by banks to each other, as measured by ISDA SIMM and required under the regulatory framework for uncleared derivatives, is mostly driven by equity, FX and interest rate risk, with the equity component currently being the largest.

“The addition of the equity optimisation service represents an important step into a new asset class for our firm and for the market,” said Andrew Williams, CEO at Quantile. “Capital and risk optimisation directly addresses core resource requirements for financial institutions, which will free up scarce capital and reduce costs.”

“Quantile’s risk reduction and compression services reduce risk and associated resource consumption for clients across margin, funding and capital,” said Stephen O’Connor, Quantile’s Chairman. “As we continue to develop our leadership position in these services, we remain committed to continue to work closely with our clients and partners to deliver products that are both fit-for-purpose and timely in the months ahead.”

Quantile was formed in 2015 to address the growing need to optimise resources at the world’s largest financial firms. Since launching its first products in 2016, it has eliminated USD trillions of gross notional of OTC derivatives through compression and billions of dollars in margin through its counterparty risk

reduction service. Quantile, with staff based in London, Singapore, Dublin and Belfast and soon to open a US office, provides 24-hour coverage to its global client network.

ABOUT QUANTILE

Quantile's optimisation technology delivers strategies that reduce counterparty risk between market participants, increasing the efficiency and liquidity of markets, improving returns for our clients and making the financial system safer. Formed in 2015 by a team of experienced derivatives professionals with backgrounds in XVA trading, clearing, quantitative development and trading technology, Quantile is based in London, with staff in Singapore, Dublin and Belfast, and serves the global community of derivatives users. Quantile is powered by Kx Systems, a division of First Derivatives plc, www.firstderivatives.com

Further information on Quantile can be found at www.quantiletechnologies.com

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