Evaluation of a risk management system

GREIFZU ASSOCIATES
management consultants

Company

Wertpapierhandelsbank – German broker

Initial situation

The client planned the expansion of proprietary trading volumes in stocks and derivatives as well as the extension of his product portfolio for institutional clients.

Task

Evaluation of a risk management and position keeping system which would lead to a reduction of operational and an optimization of market risks.

Realisation - approach

- Evaluation of Service Levels of trading platform and risk management vendors:
  - Order routing and position keeping of EUREX products
  - Management of aggregated delta positions
  - Calculation of risk parameters
  - Near-time pricing
  - MIS-Reporting
- Development of a requirements catalogue to determine coverage and performance
- Preparation of visits to vendors and potential inscourcers
- Development of „micro" business cases by means of analysing licence, implementation and maintenance costs
- Calculation of break even volumes against the background of vendors`cost bases

Result

- Calculation and documentation of business cases for different target scenarios
- Delivery of shortlist for combinations of vendors and settlement insourcer
- Recommendations to the board

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