

World's largest regulated Foreign Exchange trading complex opts for SuperDerivatives

Chicago Mercantile Exchange gets super power

SuperDerivatives, developer of an option pricing system which has been widely adopted in the foreign exchange (FX) market, and Chicago Mercantile Exchange, the largest US futures exchange and the largest regulated marketplace for FX, announced in April that real time market prices for CME's new European-style Euro FX and Japanese yen options contracts are now available on SuperDerivatives' SD-FX platform. The prices were made available from the first day of the new contracts' launch on Sunday, April 3, 2005, at 5.00pm.

Additionally, SuperDerivatives' users will be able to view indicative volatility levels for the exchange's FX options contracts. The large, liquid and sophisticated FX options market is currently concen-

trated in the Over the Counter (OTC) markets..

"The venture between SuperDerivatives and CME will form a bridge that will help provide greater price transparency between the OTC and exchange-traded FX options markets," said David Gershon, chief executive of SuperDerivatives.

"CME is at the forefront of the emerging convergence of the OTC market and the exchange FX markets," said Rick Sears, managing director, CME Foreign Exchange. "Services like SuperDerivatives and our just launched, CME FX on Reuters, will result in more dynamic and efficient FX markets. Our new Euro FX and Yen options offer market users European-style expiration, which mirrors the OTC market for options.

With SuperDerivatives providing indicative options pricing in volatility terms, these new CME FX options products will be more accessible to a global base of users."

SuperDerivatives will initially provide a new page on SD-FX displaying indicative volatility as generated by its benchmark pricing model, for CME's options on FX futures. This can be critical, as the real market price for even vanilla options can deviate substantially from the theoretical value produced by Black-Scholes type models. In the second phase, SuperDerivatives will add trading functionality to allow its customers to buy and sell CME FX options contracts through SD-FX.

"Exchange-traded FX options are quoted in a slightly different way from

what is standard in the OTC market. To avoid confusion, end users need access to a system, such as SD-FX, which provides a real-time comparison between the two markets. SD-FX lets them quickly and easily find out where the best price or trading opportunity is," explained Gershon.

CME offers the largest regulated FX trading complex in the world, providing users with liquid, transparent markets, guaranteed execution and central counterparty clearing risk management on 36 individual FX futures and 21 options on futures products. CME received FX Week's 2004 eFX award for the best electronic futures platform. Last year, over 51 million FX contracts with a notional value of over \$6.2 trillion traded at CME.



A decade later and Xenomorph party on!

Xenomorph Software Ltd recently celebrated its 10th anniversary at the CC Club, Piccadilly, London. Founded in 1995 by a team of financial industry professionals, with the objective of creating a solution to the investment

banking community's increasing need to manage and analyze more data, more quickly. Xenomorph has established itself as a market leader in the management and analysis of tick data, time series data, curves and surfaces. Xenomorph now has

more than 30 clients, including investment banks, asset managers and hedge funds located in most of the world's major financial centers and users of its flagship product, TimeScape include traders, analysts and risk managers.

Exotic Calypso

Calypso, a provider of cross-asset front to back trading and trade processing software systems, has launched Calypso XSP, its exotic structured products trading solution. A front to back solution, Calypso XSP has the ability to handle total structuring, risk management and processing of these complex instruments.

By enabling the processing of exotic structured products in a single system, Calypso XSP aims to help banks to improve controls and more accurately manage their risk, while maintaining the flexibility needed for users as the products continue to become more complex in nature. Calypso XSP can handle numerous hybrid instruments with cashflows indexed to underlyings that span any combination of interest rates, foreign exchange, equity, bond or commodity prices and indices. Importantly, new structures can be entered without requiring any code changes to the system, eliminating the need for IT departments to program each structure individually.

■ For more information on CalypsoXSL visit www.calypso.com