

BGC Brokers' Capitalab Announces Its Largest Initial Margin Optimisation In Rates

Jan 17, 2018 3:55 PM

LONDON , Jan. 17, 2018 /PRNewswire/ -- Capitalab, a division of BGC Brokers L.P. ("BGC Brokers"), an entity within BGC Partners, Inc. (NASDAQ: **BGCP**) today announced that its Initial Margin Optimisation ("IMO") service has completed its largest G4 Interest Rates IMO to date.

More than 15 counterparties have participated in the IMO, thereby multilaterally shrinking delta, vega and curvature bilateral counterparty risks and significantly reducing both non-cleared Initial Margin (IM) and cleared IM at the Central Clearing Counterparty (CCP).

Capitalab now incorporates compression as part of the margin optimisation cycle, compressing trades executed in the previous IMO cycle prior to executing new ones. This is designed to help avoid a build-up of participants' notional exposure and crowded options exercise profiles.

"Capitalab's solution optimises clients' IM exposure, provides considerable savings on funding and helps manage the removal of previous IMO cycle trades created before their expiry, in order to reduce counterparty expiry management," said **David Bachelier**, Singapore -based co-founder of Capitalab.

Capitalab's IMO service allows participants to reduce bilateral initial margin following the enforcement of new Uncleared Margin Rules, in place since September 2016.

"This IMO cycle highlights the snowball effect of an efficient IM reduction tool. We delivered an order of magnitude more savings and combined seamless execution of bilateral swaptions and cleared interest rate swaps with straight through processing of new trades and legacy trade compression, thereby providing a simple and efficient IMO service," said **Gavin Jackson**, Capitalab's London -based co-founder.

"We appreciate Capitalab's innovative solution for reducing non-cleared Initial Margin funding costs in the Interest Rates space across multiple currencies and risk factors, as well as the combined compression solution for eliminating any associated expiry risk

management burden," said Chloe Cadene, Global Head of Markets Financial Resources Management, HSBC.

"The planned timing of compression and a new cycle represent another big step forward as this avoids the funding spikes - the enhancement in the execution will allow more optimisation as banks have so far held back on how many trades to include in a cycle," said an XVA trader from a leading Global investment bank.

"We are excited following the execution of Capitalab's joint IM Optimisation and Compression solution, realising a significant saving in the cost of Initial Margin funding whilst addressing the operational complications surrounding expiry management. We welcome the strong market uptake of the service and look forward to future cycles," said a senior stakeholder at a leading European investment bank.

About Capitalab

Capitalab, a division of BGC Brokers L.P., provides compression services that are designed to bring greater capital and operational efficiency to the global derivatives market. It assists clients in managing the growing cost of holding derivatives, while helping them to meet their regulatory mandates. Through the Swaptioniser® service for portfolio compression of Interest Rate Swaptions, Interest Rate Swaps, Caps and Floors and FX Options, Capitalab looks to simplify the complexities of managing large quantities of derivatives to promote sustainable growth and lower systemic risk and to improve resiliency in the industry. The Capitalab brand is part of FENICS's fully electronic family of brands. BGC Brokers L.P. is authorised and regulated by the UK Financial Conduct Authority and is based in London.

About BGC Partners, Inc.

BGC Partners is a leading global brokerage company servicing the financial and real estate markets. BGC offers Real Estate Services through its publicly traded subsidiary Newmark Group, Inc. BGC owns GFI Group Inc., a leading intermediary and provider of trading technologies and support services to the global OTC and listed markets. BGC's Financial Services offerings include fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, and structured products. BGC provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post trade, information, and other services to a broad range of financial and non-financial institutions. Through brands including FENICS, BGC Trader, Capitalab, Lucera, and FENICS Market Data, BGC offers financial technology solutions, market data, and analytics related to numerous financial instruments and markets.

BGC's customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, property owners, real estate developers, and investment firms. BGC's common stock trades on the NASDAQ Global Select Market under the ticker symbol (NASDAQ: **BGCP**). BGC also has an outstanding bond issuance of Senior Notes due June 15, 2042, which trade on the New York Stock Exchange under the symbol (NYSE: **BGCA**). BGC Partners is led by Chairman and Chief Executive Officer **Howard W. Lutnick**. For more information, please visit <http://www.bgcpartners.com>. You can also follow the Company at <https://twitter.com/bgcpartners> and/or <https://www.linkedin.com/company/bgc-partners>.

Real Estate Services are offered through its publicly traded subsidiary Newmark Group, Inc. ("Newmark"). Newmark's common stock trades on the NASDAQ Global Select Market under the ticker symbol (NASDAQ: **NMRK**).

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Media Contacts: Karen Laureano-Rikardsen, 44 (0) 20 7894 7056; Investor Relations Contacts: Ujjal Basu Roy or Jason McGruder, 44 (0) 20 7894 7057