

# CASE STUDY

# MAREX FINANCIAL

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Andy Athene, LME Options Dealer Assistant,  
MAREX Financial



## STAYING AHEAD OF THE GAME

### The Challenge

MAREX Financial is 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.

For over 10 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.

Andy Athene, 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.”*

### The Solution

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.

Andy Athene comments, *“Using Opval gives you real peace of mind, because you can get the information that you need when you need it. All you have to do is put in the current price, push a button and there’s your position. You simply don’t have to waste valuable time loading up lots of data files.”*

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 trades 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 trades to get a better measure of risk for both internal portfolios and clients accounts.





*“Opval is a very flexible system,” confirms Andy Athene, “and we have tailored it to exactly match our needs, even though it was pretty much how we wanted it to start with! Its usage has evolved more on the risk management side of our business as it has been used to manage more markets as we’ve added in more categories.”*

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.

Andy Athene agrees, *“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.”*

#### **The Benefits**

The use of Brady’s Opval system is enabling MAREX to benefit from:

- Greater business responsiveness – Opval is fast, flexible, easy to use and designed specifically to meet the needs of traders.
- Enhanced business flexibility – Opval is capable of handling derivative contracts in a wide range of market sectors and can be adapted to cater for any new or additional requirements.
- Advanced information output – information is accurate and up-to-date and reports can be quickly produced at any time.
- Increased operational efficiency – Opval is easily integrated with other back-office systems to enhance the speed and accuracy of data sharing across the organisation
- Comprehensive support – Opval is backed-up by a high level of customer support from Brady’s expert team, with detailed knowledge of market, operational and IT issues.

By offering a proven solution that is quick to deploy and easy to use, Opval also removes much of the risk associated with in-house or bespoke trading solutions – minimising costs and complexity, increasing reliability, scalability and security and simplifying ongoing maintenance and enhancements.

Andy Athene says, *“I 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.”*

*“Overall, Opval is very easy to find your way around and use. It also provides clear, fast and accurate reports that most people can understand. There’s no complex queries to create, so you can immediately access your position at any time, which is of first and foremost importance in a fast moving market. In short, compared to our old in-house system and other commodity trading and risk management applications on the market, Opval is first-class and I’d certainly recommend it. In fact, I have done!”*

*“Opval is reliable and efficient and does what we need it to,”* confirms Hannah Worters. *“It is also very adaptable. Our business has changed extensively over the last five years and we have continued to use Opval in the markets that we have moved into. Opval is developing as we are. Brady’s people understand that our business is changing and so they are continually looking to improve on what we have. That helps us in the short-term, but ultimately that is what we also need to keep going forward.”*

*“I know for a fact that a lot of trading companies use Opval and that gives us confidence that our operations are consistent with other market participants. Opval is well regarded and probably the industry standard LME options front-office tool. Other company’s just don’t understand the LME enough to develop anything as good as Opval.”*

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