Market Risk Optimisation

Optimise market risk in FX option portfolios and unlock trading opportunities that reduce costs and boost liquidity.

LSEG

Manage market risk in FX option portfolios with greater speed and efficiency

Market Risk Optimisation is a risk-based, customisable service which enables traders to trade market risk, access increased liquidity, and reduce transaction costs in the FX options market.

Traders input the necessary trade and risk details, and the optimisation produces a proposal of matched market risk across the multilateral network. Built for speed and efficiency – the frequently run optimisation process aims to complete within 30 minutes.
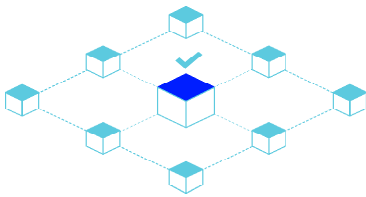
With connectivity to FXall – LSEG's FX trading platform – for execution, Market Risk Optimisation enables a straight-through, low touch process for option traders while facilitating regulatory compliance.
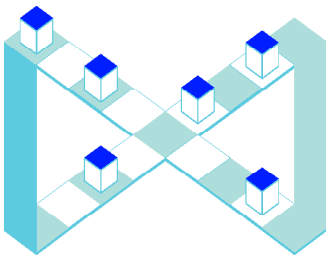
Service scope

Market Risk Optimisation is designed to support a broad range of currency pairs across the FX option market.
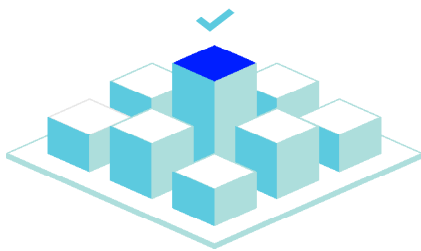
How it works

Submit & validate: Traders submit their trade and risk data to our client portal directly or via API.

Identify optimisation opportunities: Our algorithms optimise the submissions and aim to produce a proposal of matched market risk within 30 minutes facilitating best execution.

Accept & execute: The proposal is validated and accepted by each trader and executed via FXall's MTF/ SEF, with STP directly to the trader's book.

Key features

A risk-based approach

Compared to traditional trade-by-trade execution, Market Risk Optimisation takes a risk-based approach by running the optimisation cycle based on traders' risk axes for a more holistic and flexible way to manage exposure.

Optimise multilaterally

Whereas traditional execution methods often limit traders to bilateral negotiations, Market Risk Optimisation's multilateral network considers the risk axes of all participants in the network simultaneously.
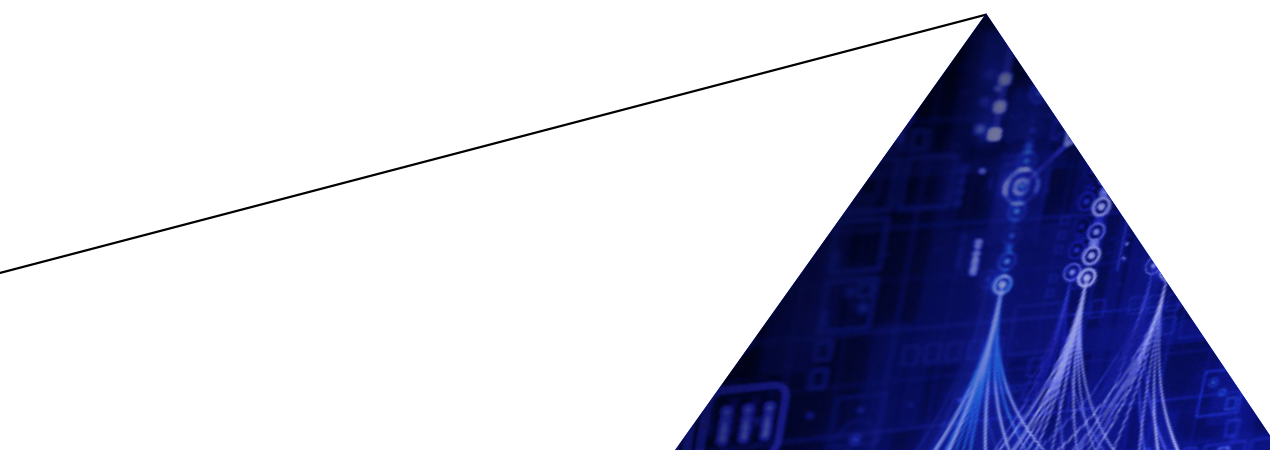
Execution agnostic

Due to its execution-agnostic algorithm, Market Risk Optimisation does not prioritise certain trades or counterparties in the way a traditional broker might.

Speed and scalability

Optimisation runs are run frequently and aim to complete within 30 minutes, making it one of the fastest solutions available and helping traders remain agile and responsive to market changes. Market Risk Optimisation also supports large volumes of trading and complex portfolios, critical for institutional clients.

Integration with FXall

Trades are executed on FXall's MTF/SEF, before being processed automatically, enabling a low-touch, straight-through process and enhanced regulatory compliance.

Key benefits

Optimised trading outcomes:

Market Risk Optimisation's risk-based and customisable approach enables more effective risk management and optimised trading outcomes for the FX option market.

Increased liquidity:

The multilateral network unlocks a broader set of trading opportunities by enabling synergies to be identified across the network, increasing access to liquidity within the FX option market.

Enhanced operational efficiency:

The rapid and low touch process enables traders to streamline the way they manage exposures with greater efficiency.

Market responsiveness:

Frequent optimisation runs enable greater responsiveness to market conditions, helping traders manage risk more effectively.
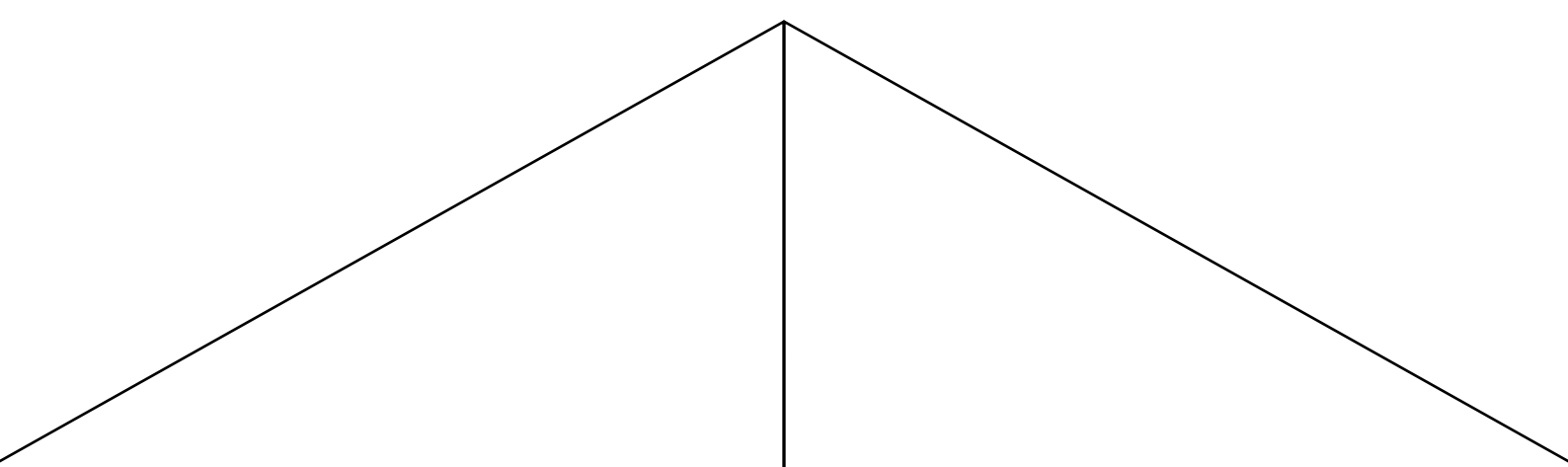
Regulatory compliance:

Integration with FXall enables regulatory compliance.

Discretion and data security:

Traders retain full control over their trade submissions, and there is no information transfer within the network or to the outside market.

"

Post Trade Solutions' Market Risk Optimisation service enables traders to focus on their overall risk profile and communicate trading intentions in terms of risk, while we find the optimal trade configuration that puts them, and the rest of the multilateral network, into their desired risk position at the best price."

Esben Urbak
Head of Optimisation
Post Trade Solutions, LSEG

LSEG

Book a demo **or contact us
for more information.**

Email **contact_posttradesolutions@lseg.com**

lseg.com/en/post-trade/solutions

LSEG

Post Trade Solutions