

## **LEADING GLOBAL BANKS CUT COUNTERPARTY RISK AS ACADIASOFT AND QUANTILE PILOT RISK OPTIMISATION SERVICE**

February 9, 2017 (London and New York); Following the announcement of their partnership in November 2016, [Quantile Technologies Limited](#) and [AcadiaSoft Inc.](#) have successfully completed their first large-scale risk reduction pilot exercises.

Participants, including Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, J.P. Morgan, Nomura, Royal Bank of Scotland, Standard Chartered, and UBS achieved material reductions in initial margin requirements as a result of the exercises, scheduled over recent weeks. By leveraging the existing AcadiaSoft infrastructure and standardized data set, users were able to optimise their portfolios without needing to provide additional data.

The initial margin requirements for banks trading OTC derivatives are determined via the AcadiaSoft Hub using the ISDA SIMM model. The integration of Quantile's risk optimisation technology into the Hub reduces risks between market participants by delivering optimised portfolio rebalancing strategies as an integral part of the margin process. The result is more efficient capital management and optimised initial margin requirements.

"Quantile's platform delivers both counterparty risk reduction and the release of valuable bank economic resources" said Stephen O'Connor, Chairman of Quantile. "Lower resource consumption at banks reduces costs for end users and improves market liquidity. The combination of AcadiaSoft's market-leading margin infrastructure and Quantile's advanced optimisation technology has created a powerful platform that will deliver much-needed efficiencies to the market."

"Launching optimisation as an integral part of the [AcadiaSoft Hub](#) allows our clients to operate under the new margin regulations in the most operationally and capital efficient way possible," said Chris Walsh, CEO of AcadiaSoft. "Exposures can now be optimised as a seamless, systemic part of the margin infrastructure fundamentally improving how risk is managed across the industry. The recent pilots were an important step and we look forward to scaling up activities over the coming weeks and months"

### **ABOUT ACADIASOFT**

AcadiaSoft, Inc. is a financial industry collaborative that is uniquely focused on delivering margin automation and standards for counterparties engaged in collateral management. AcadiaSoft operates the AcadiaSoft Hub, an open access platform that allows market participants to communicate vital information on exposures, commitments and adjustments between counterparties in a complete, verifiable and secure manner.

Owned and backed by the investment of 16 major industry participants and infrastructures, the AcadiaSoft community has grown to over 250 member firms exchanging approximately \$200B of collateral on daily basis. AcadiaSoft is headquartered outside of Boston in Norwell, MA and has offices in London, Tokyo and New York. For more information, see [www.acadiasoft.com](http://www.acadiasoft.com)

### **ABOUT QUANTILE**

Quantile's optimisation technology delivers strategies that reduce counterparty risk between market participants, making the financial system safer, improving the efficiency and liquidity of markets and improving returns for our clients. Formed in 2015 by a team of experienced derivatives professionals with backgrounds in trading, quantitative analysis and front office technology, Quantile is based in London and

serves the global community of derivatives users. Quantile is powered by Kx Systems. For more information, see [www.quantiletechnologies.com](http://www.quantiletechnologies.com)

## ABOUT THE SERVICE

The AcadiaSoft Quantile Optimisation Service is designed to reduce risk between parties by arranging hedge transactions (new trades or unwinds of existing positions) which serve to make potential exposures less volatile.

First order counterparty risk arising from OTC trading between major financial institutions is mitigated by collateral in the form of daily variation margin. But variation margin does not cover all the risk, since market movements can lead to uncollateralised exposures – those exposures being a function of the net market risk position of the portfolio of transactions between two parties.

The global regulatory framework addresses such risks with capital measures and the recently introduced initial margin rules. Concentrations of counterparty risk can consume significant initial margin and capital resources at banks. Risk reduction achieved by the AcadiaSoft Quantile Optimisation Service serves to mitigate those concentrations and generate commensurate margin reduction which in turn reduces costs for end users and increases market liquidity.

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