

Best Sell-Side Credit Risk Product

Numerix

Since the financial crisis, counterparty risk has earned its place as arguably the most important exposure to manage accurately on an ongoing basis. The fallout from the crisis has meant a greater focus on counterparty risk, either because of new regulatory demands or the fear of being exposed to the next high-profile default or bankruptcy. Numerix, with its Numerix CVA (Credit Value Adjustment) solution, has addressed this need, and has duly been adjudged winner of this year's best sell-side credit risk product category.

"The market has responded to these changes by creating a new definition of what counterparty risk is, how one manages that, and regulators—between Basel and Dodd-Frank—have emphasized counterparty risk measurement," says Satyam Kancharla, chief strategy officer at Numerix. "In terms of how the process happens, front and middle offices are coming together. Credit value adjustment, debit value adjustment (DVA) and funding value adjustment (FVA) are risk measures, but they're also pricing measures used in the front office, which is particularly complex. Numerix CVA brings together disciplines, methods and technologies from both the front and middle offices. Tied in is collateral management—the best weapon institutions have against counterparty risk, but it is not a silver bullet as it doesn't account for open risks like close-out or wrong-way risk, and, of course, increased collateralization also brings in liquidity risk. This is what we've responded to."

Numerix CVA was also built to be flexible. Its server can support any type of trade without the user having to change the system or deploy a new version or code, according to Kancharla. As a result, the system connects to the quantitative groups among Numerix's customers as well as the business, where quants can create new analytics for their enterprise infrastructure within hours or days.

In late May, the company added a new advanced risk scenario framework to the platform that provides a scripting tool supporting stress-tests and scenario analysis. Numerix has also recently introduced support for funding value adjustment (FVA) calculations.

"By adapting a data-driven approach, we can empower our users to come to market with these kinds of test routines within two to three days—for both coding and testing," says James Jockle, Numerix's chief marketing officer.

—AM



Victor Anderson, Jim Jockle and Tommy John

NUMERIX REACTION

"Numerix is honored to be the recipient of not one, but two awards in the inaugural Sell-Side Technology Awards—for best credit risk solution and best overall sell-side product for the year. Globally recognized for its enterprise-wide counterparty credit risk management and robust approach to real-time CVA calculation, Numerix prides itself on its ability to anticipate market needs and drive innovation for OTC derivatives risk management and pricing analytics. Underpinned by the industry's most comprehensive library of market-standard models, the Numerix CrossAsset analytics platform offers a single analytics stack of scalable technology solutions for real-time derivatives valuation, risk and pricing analysis—and the transparency and flexibility to achieve performance through our server-based calculation engine, Numerix CrossAsset Server."

**—Steven O'Hanlon, CEO and President,
Numerix**

Valuation

Counterparty Credit Risk

Risk

The best trading decisions require the best analytics.

**Sell-Side
Technology** Awards
waterstechnology 2013

Best Overall Sell-Side Product of the Year
Winner
Numerix

**Sell-Side
Technology** Awards
waterstechnology 2013

Best Sell-Side Credit Risk Product
Winner
Numerix

Numerix CVA leverages its industry-leading CrossAsset analytics platform to deliver a highly flexible, transparent solution to calculate, analyze and limit exposures across business units and optimize capital allocation reduction for Basel III compliance. A key differential for Numerix is its ability to support any instrument type within its Credit Valuation Adjustment (CVA) framework; calculations for PFE, FVA and DVA from both a trade and portfolio level are also possible with full incorporation of multi-curve modeling.

The learn why Numerix was named Sell Side Technology "Best Sell-Side Credit Risk Product" and "Best Overall Sell-Side Product of the Year" visit www.nx.numerix.com/Numerix-Best-Counterparty-Risk-Analytics.html


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Taking Analytics Further