EGAR Limits Manager

enterprise-wide real-time limits and risk control

OVERVIEW

EGAR Limits Manager is a state of the art system for the management of market and credit risk limits across many trading desks and instruments in real-time. The flexibility and highly configurable technology of the system enables an institution to establish any necessary business process of limits control required.

EGAR Limits Manager also serves as a consolidated repository of all information necessary for risk evaluation, supporting the on-the-fly control of all limits. It supports all types of trading transactions, including investment and credit operations, as well as the real-time processing of information on security agreements, account balances, counterparts and market instruments, and the analysis of historical data (history of transactions and market changes).

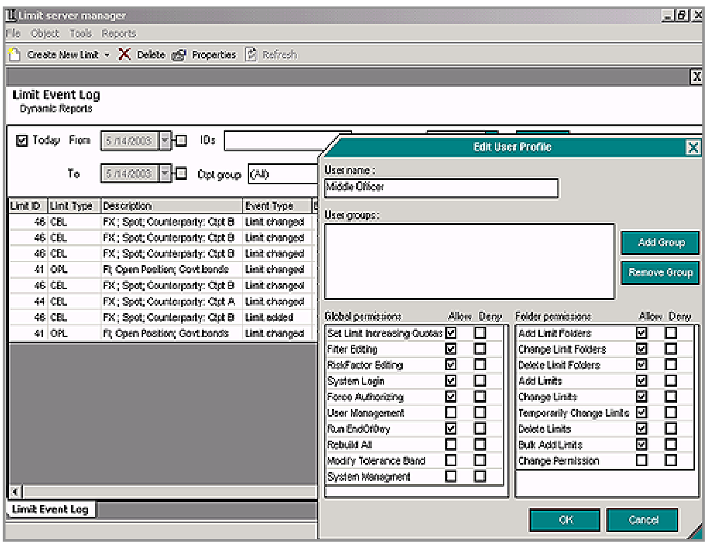
EGAR Limits Manager is based on our proprietary ETX middleware technology, which allows it to maintain a powerful distributed scalable computation engine and simultaneously exchange information in real-time with any systems used by the institution. Thus it is truly an enterprise-wise system and totally agnostic to the trading systems used. It will seamlessly integrate to provide limits management for transactions coming from multiple trading systems and departments.

The system supports evaluation of all different products and markets, enabling control of the overall risk of deals with each counterpart or risks associated with each type of credit relation with a counterpart (like security and collateral agreements and margin trading). The methods of risk calculations are based on state-of-the-art methodology, including the use of different VaR approaches. The estimation of credit risk incorporates various versions of Credit Equivalent Exposure calculation.

LIMITS MANAGER AS A CONSOLIDATED INFORMATION REPOSITORY

One of the system's advantages is its capability to consolidate and use any information that might influence risks: counterpart setup, issuers and instruments, market quotes, account balances, risk factors, statuses of obligation fulfillment etc.

Limits Manager can be integrated with any systems to import/export information on transactions, statuses of transaction processing, collateral, accounts, etc. The technology of the system enables it to easily establish an interface with other systems.



The system consolidates information to include:

- Current and historical bank transactions
- Transaction processing statuses
- Nettings
- Transaction completion
- Customers, counterparts, instruments
- Limits, credit lines
- Customer account balances, collateral
- Market data from various sources
- Historical market data

All this information is required to control limits and transactions and can be used to build on-screen dynamic or static managerial reports.

EGAR technology

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REAL-TIME LIMITS CONTROL

EGAR Limits Manager incorporates the unique system of limits assignment, allowing creation of a variety of limits, which can be assigned to any portfolio and/or counterpart hierarchies. In particular, limits can be assigned to:

- An individual or group of counterparts
- An issuer - this controls the credit risk of direct transactions with the given counterpart, as well as the credit risk that arises from positions in assets issued by the counterpart
- Traders, desks, profit centers, trade floors
- Individual instruments or instrument groups
- Margin operations

EGAR Limits Manager provides monitoring and control of both market and credit risk.

Credit risk limits:
- Overall limit on counterpart – different types of credit relationships taken into account (clean credit lines, securitized and margin)
- Limit on daily delivery
- Limit on credit products

Market risk limits:
- Limits on the open position for any market or product
- Diversification limit
- Stop-Loss limit
- Liquidity limit

Commonly accepted methods are used for valuation of limit values:
- Credit Equivalent Exposure valuation
- Different VaR methodologies.

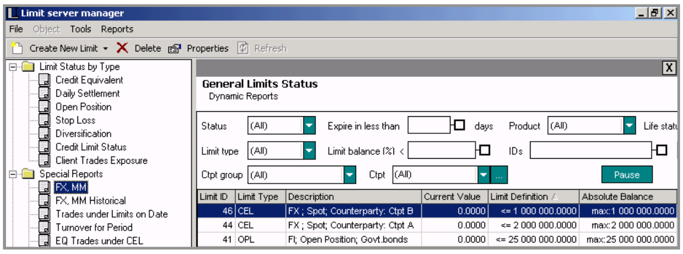
Limit control runs in real-time. If any limit is exceeded, the system sends a notification to the specified users.

Another Limits Manager's advantage is the possibility to control limits by using calculated values from external systems. It is also possible to plug-in the customer's own algorithms, to use risk factors and correlations defined in other systems, and to choose different variants of algorithms. These features enable you to implement and set up your own unique procedures of limits control.

Limits Manager contains a flexible system of real-time reporting, creating a powerful risk monitoring tool. It also boasts numerous historical reports that can be used to run historical analysis.

THE BUSINESS PROCESS OF LIMITS CONTROL

The flexibility of EGAR Limits Manager allows an institution to organize the business process of limits monitoring and control in any way desired, utilizing the following features:



- The capability to set up different modes of limit excess processing, depending on the institutions business process
- The business logic of transaction authorization can be set up by the user for each type of transaction
- The capability to block requests and deals in case of limit excess
- User rights control for all transactions
- Online audit of all transactions

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