

JDFX gets smart with Kontrol

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By Susanna Robinson

ZURICH - Foreign exchange trading company JDFX has capitalised on an increasing focus on risk management within financial markets by launching Kontrol, a system built to eliminate inefficiencies and dangers caused by calculating risk several times a day from multiple servers.

Kontrol, which will be beta-launched on November 15 after two years in development, fully automates the pricing, processing and risk management of FX transactions. The product is aimed at FX brokers, FX funds/funds of funds, managers, banks and financial institutions, or entities entering into foreign currency exchange transactions, and interfaces with MT4, FIX and JDFX's front-end trader, Institutional Trading Platform (ITP).

The product features built-in filtering algorithms, which filter spikes and off-market rates. Spreads and mark-ups are configurable, while custom feeders pipe directly into both MT4 and FIX servers.

Kontrol offers an automated dealing desk and confirms, rejects, or re-quotes trade requests in under 100 milliseconds. It automatically scores the source of the trade request and will re-quote trade requests that attempt to trade off market.

The system monitors risk using three tables: exposure to clients, exposure with the bank(s) and overall net exposure. The product facilitates real-time hedging of individual clients, groups, servers or entire aggregated currency exposures across all incoming streams using JDFX liquidity.

Trades and hedges are routed using the best-price aggregation of Tier I bank feeds, which include Deutsche Bank, Barclays Capital, Dresdner Bank, Bank of America and Morgan Stanley.

The launch of Kontrol follows the November 2007 rollout of JDFX's front-end trading platform, ITP.

A spokesperson at JDFX said a large FX hedge fund currently trading live on ITP has estimated its spread savings to be around \$250,000 a week, or approximately \$12 million per annum.