

DISTRIBUTION OF STRUCTURED PRODUCTS BY PRIVATE BANKS

ENHANCE CUSTOMER SERVICE AND BUILD A BUSINESS THAT SCALES

LexiFi has developed an integrated solution for the distribution of structured products designed for advisory teams in private banks who are dissatisfied with both ad-hoc spreadsheets and purely descriptive database applications.

Unlike general-purpose pricing software, LexiFi's solution addresses the specific needs of private banks that wish to offer timely and relevant investments, provide sound advice throughout the life of each product and streamline operations.

Tackle the diversity of structured products

Create an authoritative and up-to-date source of structured investment product data.

Trade capture

Accurately record the terms and conditions of candidate transactions in graphical input screens laid out like term sheets. Users do not need to learn a script language: the most complex input is a formula. Interactive schedules and calculated fields accelerate manual data entry. Users may also choose to import product data from a Microsoft Excel file.

Comprehensive instrument coverage

LexiFi Apropos supports hundreds of structures out-of-the box, based on any type and combination of underlying assets. Users rapidly define new structures and benefit immediately from LexiFi Apropos' analytical and processing capabilities.

Central product database

Centralise terms and conditions, auxiliary data, documents, contract-specific pricing environments and pricing results for structured products in a single database.

Interactive displays give access to pertinent product, underlying, trade, position and risk information; and enable users to respond immediately to enquiries from relationship managers and clients.

The system's event processing capabilities ensure that product definitions are always up-to-date.

Deliver timely and relevant investment solutions

Identify opportune investment solutions with analytical tools that provide insight into the economics of proposed products, and control prices with state-of-the-art pricing models.



LexiFi's integrated application enables private banks to offer investment solutions adapted to each market environment, to provide sound advice throughout the life of each product and to streamline operations.

Offer opportune investment solutions based on rigorous product analyses.

Structuring

Quantify precisely the risks and rewards of both new and existing products with a collection of analytics:

- **Contract variations** – Calculate the impact on price of changes in contract parameters.
- **Solver** – Calculate contract parameters to match a user-entered price.
- **Market data sensitivity** – Calculate the impact on price of instantaneous changes in market data.
- **Monte Carlo simulation** – Explore the details of a Monte Carlo pricing result.
- **Greeks**.
- **Historical simulation** – Quantify the performance of a product as if it had been acquired in the past.
- **Forward-looking simulation** – Analyse the behaviour and value of a product along future market scenarios.
- **Historical value at risk**.

Pricing

Use LexiFi's state-of-the-art pricing models to value structured investment products. Key features include:

- **Calibration** – Transform observable market data into relevant model inputs with robust calibration algorithms.

- **Issuer credit spreads** – Discount cash flows with risky curves that reflect the credit risk of issuers.
- **Commercial margin** – Include a commercial margin, amortised over time, in calculated prices.
- **Market data adjustments** – Selectively adjust salient market data items to replicate counterparty prices.

Users may also leverage LexiFi's open pricing architecture to interface with in-house and third-party valuation libraries.

Market data

Access market data snapshots, historical time series and derived data such as yield curves and volatility surfaces from a central location to ensure consistent valuations and analyses across products and portfolios.

Term sheets

Create indicative and definitive term sheets in the format and language of your choice. The LexiFi solution simplifies the design and automates the production of high-quality, dynamic documents.

Custom transactional workflows

Use a secure, uninterrupted process to:

- automate the sourcing of products from investment banks;
- interact with relationship managers and clients to exchange proposals, request for quotes, quotes and orders.

Enhance after-sale service

Provide sound advice throughout the life of each product.

Ongoing valuations

Compare counterparty prices and in-house valuations, and receive alerts when the difference exceeds a user-defined threshold.

The system automates the ongoing valuation of derivatives thanks to a combination of pricing and operational management capabilities. Each product is related to one or more pricing environment(s). Users may store pricing results—calculated by the system and/or imported from an external source—and associated market data inputs.

Performance reporting

Measure the realised performance of existing products, provide qualitative and quantitative explanations, analyse potential performance and present the information in interactive screens and in high-quality performance reports.

- **Performance measurement** – Visualise the price history of products and underlyings, and calculate their respective performance over user-defined periods.
- **Qualitative explanation** – Precisely describe the economics of a product from inception to maturity and document the consequences of salient life cycle events.

- **Quantitative explanation** – Quantify the contribution of key factors to the change in value of a product between two dates.
- **Potential performance** – Define and apply future scenarios for underlyings, and measure their impact on potential product performance.

Portfolio analytics

Assess the value, performance and risks of client portfolios and recommend transactions.

Monitoring of barriers

Products with embedded conditions, such as continuous barriers, require special monitoring capabilities. The LexiFi solution measures the proximity of the event, generates alerts, diagnoses when a condition is met, records detailed information on the circumstances surrounding the event and details its consequences.

Streamline operations

Automate the processing of trades and the life cycle management of structured investment products.

Custom post-trade workflows

Implement workflows to: control product data and term sheets; process trades; synchronise relevant data with in-house systems; and interact with other stakeholders upon consummating a trade.

Client cash flows and positions

Use interactive displays to quickly find orders and trades and to calculate pertinent information such as past and future cash flows, and security positions.

Instant access to product, underlying, trade, position and risk information is a key service differentiator.

Event management

Detect and process life cycle events such as payments, fixings, option expiries, barrier crossings and equity corporate actions. Product definitions adapt automatically in response to such events.

The system automates the adjustment of derivative contracts following a corporate action: it supports both the ratio method and the package method and enables users to inspect the successive values of contract parameters (e.g., underlyings, levels, parities) and past fixings.

Product audit

Access accurate product records, from inception to maturity, inspect past events and audit cash flow calculations at all times.

Integrate and customise

Tailor your solution and enhance the coverage of in-house systems.

Integration APIs

Control the data entering and exiting the system through application programming interfaces (APIs) used, for example, to synchronise the system's reference data with external systems, to import market data, to export product and trade data, and to enforce trade validation rules that fit in with existing workflows.

Extension of the LexiFi solution

Use built-in extension tools to independently add financial instruments, pricing models, product and portfolio analytics, and processing capabilities.

Extension of in-house applications

Enhance the coverage of structured products in existing systems by accessing the LexiFi solution in server mode or by embedding LexiFi components in your in-house applications.

Professional services

LexiFi provides services to meet distinct client requirements in all phases of a software acquisition project, from evaluation to ongoing system operation.

Find out more

For more information about LexiFi's solution for the distribution of structured products by private banks, please visit www.lexifi.com/solution_private_banks.

Summary

LexiFi's integrated solution for the distribution of structured products is designed for advisory teams in private banks who are dissatisfied with both ad-hoc spreadsheets and purely descriptive database applications.

Unlike general-purpose pricing software, LexiFi's solution addresses the specific needs of private banks that wish to offer timely and relevant investments, provide sound advice throughout the life of each product and streamline operations.

Business challenges

- Offer investment solutions adapted to each market environment.
- Provide sound advice throughout the life of each product.
- Streamline operations for inherently diverse product offerings.

Key features

- **Structuring** – Quickly define new structures, without writing any code, and quantify precisely their risks and rewards.
- **Pricing** – Use state-of-the-art pricing models and relevant market data to value structured products.
- **Product database** – Create a central database of structured products.
- **Terms sheets** – Produce high-quality, dynamic term sheets in the format and language of your choice.
- **Custom transactional workflows** – Use a secure, uninterrupted process to automate the sourcing of products from investment banks and interact with relationship managers and clients to exchange proposals, request for quotes, quotes and orders.
- **Secondary market control** – Compare counterparty prices and in-house valuations, monitor barriers, measure realised product performance, provide qualitative and quantitative explanations, analyse potential performance and create high-quality reports.
- **Event management** – Detect and process product life cycle events, including equity corporate actions.
- **Integration and customisation** – Implement a solution tailored to your needs with relevant tools and techniques, and optional professional assistance from LexiFi.

Business benefits

- **Deliver timely and relevant investment solutions** based on rigorous analyses.
- **Enhance pre- and after-sale service** and gain investor confidence. LexiFi improves the skills, comfort level and advisory capacity of both product specialists and relationship managers by providing immediate access to relevant information throughout the life of each product.
- **Streamline operations**, free up human resources and limit errors by automating time-consuming and error-prone pre- and post-trade processes.

For more information

Visit us online at www.lexifi.com/solution_private_banks.

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