



Risk

Markets Technology

Awards 2021

Winner

Risk.net



**Central counterparty
clearing support
product of the year**



Nasdaq

Central counterparty clearing support product of the year

Through the Nasdaq Financial Framework (NFF) for central counterparties (CCPs), Nasdaq combines multi-asset and real-time clearing, settlement and risk management technology.

NFF enables CCPs to handle the full range of post-trade functions – clearing, settlement and depository, including risk and collateral management – for securities, exchange-traded derivatives and over-the-counter (OTC) derivatives across equities, fixed income, currencies and commodities.

Robust real-time risk capabilities are adaptable to the specific needs of different CCPs, assets classes and clearing members, and continuously recalculate risks in response to position, price and reference data changes. The framework handles registration, matching, affirmation, confirmation, pre-novation checks and position-keeping of complex and non-complex OTC contracts. It supports both traditional margin calculations and advanced risk analytics, as well as backtesting.

The NFF's single high-speed messaging infrastructure, operations and resiliency layer acts as an operational hub, unifying business functionality across the trade lifecycle. Its open and flexible framework allows CCPs to integrate proprietary or third-party functionality, such as risk models. Its single operational core allows its users – CCPs, central securities depositories and marketplaces – to integrate easily with each other and with third-party solutions.

The NFF has a microservices architecture within which robust blocks of business functionality are built with clearly defined application programming interfaces, decoupling them from the operational centre. This makes it easy to add, remove, replace, upgrade and quickly test functionality or new applications. CCPs can scale performance by adding compute engines for demanding markets. NFF is also cloud-ready, and supports distributed ledger technology where this could bring efficiencies in the post-trade lifecycle – Nasdaq has already developed a hosted external e-voting service based on the technology.



Magnus Haglind

Over the past year, Nasdaq has implemented flexible configuration and visualisation of initial margin method parameters for its CCP solution. Also now included is flexible cross-asset offset allowing for better collateralisation optimisation, irrespective of whether all assets are cleared in one or multiple clearing houses.

Nasdaq provides solutions to 21 CCPs worldwide, as well as operating a multi-jurisdictional CCP in the Nordics and exchanges in the Nordics and the US. The clearing house of the Saudi Stock Exchange, Tadawul, recently went live running on

Nasdaq technology, as did Dubai Clear, which runs on Nasdaq's packaged CCP clearing system for cash equities. In addition, the company announced it will deliver clearing solutions to the Dubai Gold & Commodities Exchange via the Nasdaq Financial Framework.

Judges said:

- “Nasdaq provides comprehensive functionality for CCP clearing. It has re-engineered its technology to take advantage of newer technologies, such as microservices, cloud and blockchain.”
- “The company offers extensive coverage and support. Impressive overall.”
- “Significant market share and clear positioning.”

Magnus Haglind, senior vice-president and head of product management, Nasdaq Market Technology, says:

“Nasdaq continuously strives to be the most reliable technology partner to CCPs across the world. We bring together ingenuity, integrity and insights to develop technology solutions that help safeguard marketplaces. Together with our clients, Nasdaq's team has evolved its CCP solutions by creating new capabilities, giving us a feature-rich and functionally robust technology offering that combines multi-asset and real-time clearing, settlement and risk management technology. Our global team looks forward to our continued journey bringing resilient and reliable technology solutions to the capital markets.” ■