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The Asia Capital Market Awards 2018

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EXCHANGES AND CCPs

Exchange of the Year: HKEx

HKEx has recorded a stellar performance during the judging period posting record revenues in H1 2018, 32% higher than in the previous year. The exchange has innovated and secured notable wins across all its market segments from the launch of Bond Connect to the record number of listings on its cash market. It has launched several new derivatives contracts including Iron Ore Futures and the world's first CNH/USD dual currency Gold Futures contract. In addition, it has innovated with the launch of stock options in the after-hours trading session. The exchange's innovations in previous years continue to bear fruit with record highs in Stock Options and USD/CNH Futures and benefitting from the expansion of quotas in its Stock Connect programme after which activity continued to grow. The exchange also achieved the most significant amendments to its listing rules in its history designed to encourage more early stage companies to the market while protecting investors. One judge said: "HKEx has reaped the rewards from its well-designed strategy to provide international access to China's markets. But it is also forging new paths with the listing rules changed and the focus on biotech listings. Far from playing second fiddle to China, HKEx continues to justify Hong Kong's position as a global market in its own right."

Emerging market exchange of the year: DCE

The opening up of China's derivatives markets is being driven forward by the work and innovation of the Dalian Commodity Exchange. During the judging period, the exchange opened up its iron ore futures contract to international trading in what one judge said was "among the most significant developments in Asia's derivatives market for years". The exchange has also been growing volumes in its soybean meal options contract and is preparing for the launch of corn options. In addition, it has opened up a representative office in Singapore and become a licenced Automated Trading Service in Hong Kong to enable offshore direct trading in iron ore futures. "Dalian is at the cutting edge of the internationalisation of China's markets," said one judge.

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Exchange of the Year, Equities: HKEx

HKEx had a record year for listings in 2017 with 174 new companies coming to the market. In addition, trading volumes boomed during the judging period rising to an average daily trading volume of HK$146.1bn in the first quarter of the year, an increase of 97% on the same quarter the previous year.

Volumes on Stock Connect also continued to rise substantially as quotas were increased by the CSRC reflecting the increased confidence in the platform on the Mainland. However, the judges highlighted the hard-fought changes to the listing rules that were finalised in May this year as the main accolade of the exchange during the judging period.

The rule changes are designed to attract early stage biotech companies and other tech companies to the market and "go a long way to re-establishing Hong Kong's advantage in Asia's cash market" according to one judge.

Exchange of the Year, Derivatives: SGX

SGX may be at the centre of a dispute with the Indian exchanges over the use of data from the Nifty benchmark but judges hailed its launch of 50 single stock futures on Indian contracts as a key reason behind their decision to award it Exchange of the Year for derivatives. The contracts have traded over $1bn in notional in the six months since their launch.

The exchange continues to be the leading venue of USD/CNH futures with average daily volumes surging to $2.1bn in June. In addition, the exchange developed FlexC FX futures to provide an on-exchange alternative to the over-the-counter markets and further futurised the OTC market being the first exchange to launch Net Total Return futures in Asia.

Its commodity derivatives markets also continue to grow with strong performances across its "virtual steel mill" project.

Best new derivatives contract:
INE Crude Oil

"Hands down the best new derivatives contract launched in Asia if not the world this year," said one judge of the International Energy Exchange's crude oil contract, which was launched in March. The debut of the Chinese-yuan denominated oil futures marked the culmination of years of development by the Shanghai Futures Exchange for its subsidiary market, which was founded to trade the contract. The contracts are designed to build a locally relevant benchmark for oil and required the construction of a trading system that would allow multi-currency marketing and direct involvement from international traders. "The contract is not perfect and there are still a couple of issues to iron out but you can't deny the importance of this contract and the extensive work of the INE in developing the contract in the face of huge complexities has to be recognised," said one judge.

International Exchange of the Year:
CME Group

"CME's presence in Asia demonstrates its commitment to the regional market but what distinguishes it from its peers over here is that it is always looking for the next local contract. While other exchanges seek to grow participation in their existing contracts in Asia, CME also seeks to launch contracts that are designed for Asia," said one judge perfectly encapsulating why CME continues to dominate this award category. During the judging period, the exchange has opened another new office in APAC bringing the total number of local hubs to seven. In addition, it has done deals with Taifex and JPX to launch new contracts and further internationalise their markets. The exchange continues to be the "go to" market to react to global events in Asian trading hours seeing over 11 million futures contracts trading on Globex during Asian hours on February 7.

Clearing house of the Year:
LCH

The most significant regional launch for LCH during the judging period was the May 2018 launch of non-deliverable interest rate swaps allowing market participants to clear the instruments denominated in Chinese Yuan, Korean Won and Indian Rupee. This was the first time SwapClear had cleared derivatives in these currencies and the contracts were launched in response to regional demand. In the first month of launch over 30 market participants cleared $138bn in notional of non-deliverable interest rate swaps (IRS). The central counterparty (CCP) continues to add new clients from Asia and in Q1 2018 25 new clients started clearing IRS across the region driving volumes to an increase of 172% year-on-year from APAC clients. It also saw strong regional growth in its ForexClear offering with APAC currency clearing volumes up 126% from May 2017 to May 2018. "LCH is clearly the dominant player but it continues to innovate and justify its position in the market, no one is coming close to them currently," said one judge.

Index provider of the Year:
MSCI

MSCI's decision in June 2017 to include Chinese stocks in its closely-followed emerging markets index was to some in the market long overdue. The move fired the starting pistol on a hugely complex process of embedding the stocks into its benchmark in one of the most significant benchmark rebalances in history. Judges decided to award MSCI as Index provider of the year in recognition of the work the MSCI team put in to the successful integration of the first phase of including part of the Chinese A-share index into the benchmark. "This was a hugely complex process and one that posed a number of risks to our positions but the MSCI team was open in explaining what they were doing and how they were doing it and maintained our confidence throughout the process," said one judge.

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TECHNOLOGY

Equity trading system of the Year: Tora

Tora prides itself on developing all its technology in-house with one development team building products that are integrated from the outset. The firm believes this sets it apart from rivals which deliver separate products stitched together from different acquisitions and builds. It says this enables it to implement its order and execution management system faster than any comparable solution in the market. Clients like its transparency on pricing with all buy-side clients being given full visibility on the total cost of ownership of the product including the costs borne by its sell-side providers. It has continued to win new clients in Asia and developed several new initiatives including the first AI-based quantitative execution selection optimiser and the launch of an AI-driven pre-trade best execution analytics tool. One judge said: "Tora clearly demonstrates a detailed understanding of the needs and requirements of money managers and consistently develops new services to meet them."

Fixed income trading system of the Year: AxeTrading

AxeTrading has been growing fast in its launch market in Europe for the past decade but during the judging period has expanded into Asia Pacific with the opening on an office in Sydney and Singapore to further expand its fast growing regional client base. AxeTrading's platform provides connectivity to trading venues, offers trader toolkits and data management protocols to harvest intelligence from across multiple workflow streams providing users with a truer picture of liquidity in the fixed income market. During the judging period the firms signed up a leading Singaporean bank and in April 2018 we announced a global partnership with BGC Partners to provide the global technology for their agency desks worldwide.

Derivatives trading system of the Year: Fidessa

Fidessa has continued to invest in its market leading platform and grow its presence in the Asia market during the judging period. New client wins across the region show that its derivatives platform is not just for the tier one banks as it seeks to further diversify its client base geographically and among company types. New enhancements to the platform include the synthetic strategy trader designed to simplify the complex process of cross market spreads. The firms also worked closely with the INE in the run-up to the launch of the crude oil contract in Shanghai. ION is in the process of acquiring Fidessa bringing this market leading derivatives trading system and talented workforce into its fold.

Multi-asset trading system of the Year: Charles River Development

The Charles River Investment Management Solution provides a multi-asset Order and Execution Management System delivered via Software as a Service integrated with data, FIX connectivity and trade analytic capabilities all within a single platform. Traders can manage trade execution strategies, streamline complex work flows, find liquidity, execute trades across all asset classes and currencies, and ensure compliance from one blotter. Using the software, clients can eliminate the multiple interfaces, fragmented workflows and order staging problems inherent with separate order and execution management platforms. Judges highlighted new initiatives such as the new fixed income workstation and the integration with OTAS analytics. "Many firms claim to have multi-asset solutions but this product is truly multi-asset and allows traders to manage across a wide range of liquidity and instruments from a single platform," said one judge.

Best new product, Post trade: SmartStream

As regulators ask not only for additional reconciliations but evidence that systems are in place to provide robust controls and high-quality data, pressure is growing on firms, many of which still use spreadsheets. To respond to this, SmartStream developed the latest version of its TLM Reconciliations Premium giving the user independence and operational flexibility. The third major release of its TLM Recon-

MSCI: a benchmark overhaul bringing the world to China

Pulling off one of the most significant benchmark rebalances in history wasn't easy. For several years global index provider MSCI sought to include China A-shares on its emerging market index in vain. But as China made efforts to liberalise, the MSCI made a move said to be a pivotal point for the emerging markets asset class.

A rocky road to inclusion

After three failed attempts since 2014, MSCI granted approval in July 2017 for A-shares to finally join its $1.9 trillion emerging markets index.

China stocks were already included via B-shares that are traded in foreign currency and are open to foreign investors.

However on May 31, MSCI was able to add 226 China large-cap A-shares - listed on the Shanghai and Shenzhen stock exchanges and quoted in renminbi. This gave investors the opportunity to invest on a meaningful scale for the first time.

"As we started to embark on the process we had a number of discussions with regulators as well as global investors, who pointed to the lack of transparency of the quota system and capital mobility restrictions as major concerns," Jack Lin, head of APAC client coverage at the global index provider, says.

During discussions which spanned over five years, MSCI worked with the authorities to resolve issues around capital gains tax and other limits placed on foreign capital coming in and out of China.

Qualified investor schemes, which were introduced by China as a way to cautiously open its domestic market, had failed to provide the minimum level of market access that international institutional investors were familiar with.

Another stalling point related to the downturn in 2015 when a large number of stocks were suspended from trading, raising questions from foreign investors about why.

"The issues were not going to be resolved overnight but the communication seems to be there and authorities are continuing to liberalise and welcome foreign capital," Lin says.

"So far we are quite happy with the process but it is a continuous dialogue with the relevant authorities and the impact on the policy changes are gradual," he adds.

Timing also played a part. Global investors did not share the same enthusiasm when MSCI proposed to add China A-shares to its mainstream indexes five years ago.

The MSCI China Index already represented the largest country by market cap in the MSCI Emerging Markets Index. However, foreign investors were unfamiliar with it because they were unable to access it.

One of the big developments on the Chinese side came in December 2016 when the Shanghai-Hong Kong stock connect program was expanded to include Shenzhen-traded shares. At last international investors were given the accessibility they were seeking.

The journey ahead

According to Lin, the inclusion of A-shares was an important development to coincide with liberalisation efforts.

Since MSCI announced that it would include China A-shares in its key indexes, the amount of Special Segregated Accounts – a proxy of international investors' readiness to trade A-shares - soared from 1,700 at the beginning of Stock Connect to more than 6,300 today.

According to MSCI, more than 1,800 China A-shares, including those being added to the MSCI Emerging Markets Index, are held by Stock Connect investors - which is fast establishing itself as the primary channel to access A-shares.

"International investors can now contribute to the growing Chinese market, which is one that offers great diversification in terms of asset classes compared to other markets," Lin says.

"We think that the inclusion process will continue and over time the weight of the inclusion in A-shares will increase," he adds.

With 5% inclusion, China A-shares currently comprise less than 1% of the MSCI Emerging Markets index. Since MSCI announced it would include A-shares, the Northbound Connect AUM rose significantly. Some $46 billion of foreign capital inflows were registered between June 2017 and September 2018, but Lin says there is potential for a significant increase.

"Chinese stocks listed in mainland as well as Hong Kong and other parts of the world could comprise more than 40% of the MSCI Emerging Markets Index, so this is a very important development that affects capital flows in a very significant way," he explains.

"The long-term implications are great both for China as well as global investors." ■

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ciliations Premium solution came with the flagship new feature, TLM View, which provides a flexible, user driven approach to analytics, with no reliance on IT support, allowing access to the full range of real-time and historic data in the reconciliation repository. Another key element of the latest release is TLM SmartRecs, SmartStream's rapid onboarding and automated match rule creation solution – which now has further features, including data transformation functions and enhanced analysis of incoming data.

Best new product, Risk management: Technancial

JANUS Risk Manager is Technancial's multi-asset, multi-currency and multi-market real-time risk management, transaction monitoring and surveillance system, with a flexible rules-based validation system supporting FX, government bonds and exchange traded financial instruments in one single application. During the judging period, JRM was successfully deployed with two major Asian brokerage houses, with different objectives, using the identical product out of the box. One judge said: "This system is really focused on what is today the main concern of the industry: trade monitoring, compliance and trade surveillance. This tool brings a missing piece from front to back, especially in the space of SDMA flow that has always been a challenge to monitor due to the high frequency of trading and the little (to no) access from brokers to these infrastructures."

Best new product, Trading and execution: Qbitia

Qbitia's Qcaid is an innovative algorithmic trading platform developed to enable institutional financial investors to manage their entire workflow. Its user-friendly desktop application allows users not only to automate their trading strategies, but also to design them simply by dragging and dropping elements onto a canvas, simultaneously analyse hundreds of them and, finally, execute in live simulation or in the real market. Qcaid's customisable interface makes this process very intuitive just by "clicking" and without requiring any programming knowledge. Pairs trading, scalping, market-making strategies or spreader execution can be easily developed, as well as strategies with multiple assets and time frames. "This is a very nice software kit which makes algorithmic trading available to a wider audience without requirement for coding skills," said one judge.

Best new product, Market surveillance: Trading Technologies

Trading Technologies has long been a market leading in the front end providing connectivity and functionality for traders across the world. However, in October 2017 it made a significant strategic move in the acquisition of Neurensic, an AI regtech start-up focused on trading, compliance surveillance and banking. Following the acquisition, the Chicago-based tech firm launched TT Score, a cutting-edge trade surveillance and compliance product that combines Neurensic's machine learning technology with high-speed, big data processing power to provide trading managers with a comprehensive assessment of compliance risk. The software is the industry's first parameter-free trade surveillance solution and learns from instances of market abuse over time. The launch of TT Score provides firms that lack the resources to host proprietary trading surveillance systems with access to AI technology for cutting edge compliance surveillance. The software is now fully integrated with the TT trading platform.

Best new product, Reporting: SmartStream

SmartStream and RegTek.Solutions have joined forces to offer independent, turnkey reconciliation solutions for global regulatory reporting. Reconcile.Trade, which was launched at the end of last year, is a managed service that provides independent, turnkey reconciliations that directly address regulators' demands for the proactive oversight of trade and transaction reporting. Reconcile.Trade combines market-leading reconciliation software with trusted expertise to provide firms with out-of-the-box regulatory intelligent reconciliations. The joint service combines RegTek.Solutions' specialised trade and transaction reporting software, and market experience with SmartStream's leading reconciliations platform, to offer comprehensive, 'regulation-aware' reconciliations that are pre-integrated with leading trade repositories, approved reporting mechanisms and national competent authorities.

AxeTrading capitalising on Asian expansion

Since its foundation in 2009 AxeTrading has been a pioneer during the adoption of electronic trading in fixed income. Having established a strong presence in the European market, AxeTrading is now growing its client base across Asia and the rest of the world, helping its clients to overcome the inherent fragmentation in the fixed income market.

AxeTrading, a London-headquartered fixed income trading technology firm, focuses on providing clients with pricing, execution and data workflow tools.

It provides connectivity to trading venues as well as offering data aggregation tools to give clients a single view of liquidity across both voice and electronic markets enabling them to make better informed trading decisions.

Asia expansion

Over the past 12 months, AxeTrading has opened offices in Sydney and Singapore to continue to grow its client base in the region and capitalise on increased interest in electronic trading and its product suite.

Dinos Daborn, director and co-founder of AxeTrading, sees huge potential for tools that facilitate electronic trading across Asia.

"Fixed income Etrading is behind the curve in Asia but the market structure is changing rapidly and there is widespread appetite to adopt electronic trading and a growing understanding of the efficiencies it brings," he says.

Daborn says that the profile of markets across Asia make them well suited to the liquidity discovery tools offered by AxeTrading.

"There isn't one dominant market in the region, it is all very regional, and that fragmentation leads to the necessity to have technology to aggregate data and be more efficient."

"As the Asian local bond markets go through a maturing phase, we have seen a need for our clients to look to market themselves internationally. AxeTrading has a number of solutions to help", adds Kem Husain, Head of Asia Pacific Sales of AxeTrading.

"Another thing we see in Asia is the ambition of local exchanges. They are looking to grow their fixed income presence and have a greater dominance in their market than you see from exchanges in Europe."

Overcoming fragmentation

But while the local exchanges are seeking to centralise liquidity in local markets on their platforms, this does little to overcome the inherent fragmentation of numerous small markets.

Private banks and high-net worth individuals active in the bond market in Asia are trading across multiple currencies in multiple jurisdictions and need the ability to centralise and aggregate trading flow and market data to make better trading decisions.

Daborn says there has been a lot of interest in the firm's ability to work with local financial institutions to white-label its technology and provide their clients with access to international bond markets through the financial institutions' websites.

"A lot of private banks and high-net worth individuals do not have access to fixed income trading platforms like Bloomberg and MarketAxess so AxeTrading's technology allows financial institutions to leverage their existing infrastructure and offer clients a broader access," he says.

"Local banks really understand the local market so are well positioned to take the market forward. We are seeing more and more interest from financial institutions across Asia and I expect that trend to continue."

China's opening

Daborn is bullish about the continued development of Etrading in fixed income across Asia. He points to initiatives such as the continuing development of HKEx's fixed income platform Bond Connect as central to the evolution of the market.

Bond Connect, which connects the Chinese market with the international market in Hong Kong, opened last year and currently allows Northbound trading so international investors can invest in Chinese bond markets.

It is widely expected that the Southbound route will open up in the next 12-18 months, which will facilitate onshore Chinese investment in international bond markets. Daborn says that this will be "the major development in Asia's fixed income market," when it happens.

Global ambitions

Elsewhere, AxeTrading continues to go from strength-to-strength with continued growth in the US, where the firm is looking to open up an office, and across Europe.

Daborn says that interest in Europe is continuing to be driven by MiFID II, where the long-term impact of the market is beginning to become apparent.

"One of the main developments has been the vast amount of data that is beginning to come out. How you use that data is a key driver of change in Europe and a key opportunity for us to partner with third party data analytics to provide tools that use the data to drive trading decisions," he says. ■

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BANKS, BROKERS AND BUYSIDE

Non-bank Broker of the Year: Straits Financial

Having previously won Commodity Broker of the Year, Straits Financial Group returns to pick up the award for Non-bank FCM of the Year as it continues to demonstrate its readiness and ambition to explore new frontiers in developing markets and broadening its suite of products and services. During the year, the firm cleared the first trade on the INE market in Shanghai having worked quickly to establish connectivity on day one. The firms was also there on day one for the launch of international access to Dalian Commodity Exchange's iron ore futures contract and Singapore's new Apex Exchange. "Straits has been known to be an innovator amongst their peers and aggressively strives to seek efficiency and value for their clients. As a firm, they take the necessary "hard" steps to ensure that they can provide access to many markets and products for their clients," said one judge.

Bank or broker of the Year, Derivatives: Citi

Citi returns to pick up the Bank of the Year for an impressive fifth time after another year of growth, innovation and investment in the Asian market. Its futures, clearing and collateral revenue in APAC is up 40% this year having won mandates from 11 top-tier clients in the region. The bank has also innovated to meet the demands of clients in a fast-changing market including granting onshore access to India's futures markets in response to the move to discontinue offshore licensing of India's benchmarks. Its OTC clearing business continues to lead the field in Japan and was the first to clear five of the six major Asian rates contracts cleared by CME and LCH. The firm also helped clients meet regulatory reporting requirements being the only APAC clearing provider that could offer ASIC and MAS delegated reporting services.

Bank or broker of the Year, Equities: Societe Generale

Societe Generale takes home the Bank of the Year award in the equity segment after it impressed judges with the range of tools it can offer clients to evaluate and monitor their portfolios and its strong position in structured products. The bank has invested heavily in its technology offering and offers a range of impressive functions in its SG Markets platform. These include the Vol Hub, an interactive tool providing data charts and reports to analyse worldwide equity and equity derivatives products and YouTrack, a web platform that enables investors to manage discretionary strategies. Judges also highlighted Societe Generale's work in equity and fund-linked structured products where it recorded growth of over 75% during the year trading over 24,000 instruments.

Bank or broker of the Year, Commodities: ADMIS

ADM Investor Services Singapore recorded impressive growth during the judging period with its customer base growing by 60%, profits by 40% and AUM by 101% as it continues to bring on new clients across the region. The firm is well positioned in the Chinese market where it has onboarded several new end user clients and has diversified away from its core base trading in mainly oil products into agriculture, freight and petrochemicals. It has innovated with the launch of Tripartite Agreements to mitigate rules preventing margin financing and become an approved Overseas Intermediary on the Dalian Commodity Exchange. One judge praised the company as a "strong multi-product, multi-market firm expanding its Asia presence with a good team on the ground and willing to look hard for solutions to client's needs."

Emerging market non-bank FCM of the Year: Yuanta

Yuanta Futures was the first futures company listed on the Taiwan GreTai Securities Market in 2007. Since then, it has led the way in the Taiwanese futures market achieving strong financial performances year after year. Yuanta Futures has acquired 12 Exchange memberships from the world's most recognized Exchanges. The firm offers a 24-hour global trading platform, consumer services, and in-depth research. "Yuanta is well known to be the leading securities and futures broker in Taiwan. Over the years and in particular, during the period in question, they have continued to solidify their position as the top broker for both retail and institutional investors," said one judge. > page 86

Innovation and local reach drive Standard Chartered's client clearing service

Client clearing in Asia is gathering steam as mandates come into force across the region and the globalisation of the OTC market reform pulls in an increasing pool of market participants. Standard Chartered has combined its pedigree and deep history in the Asian market with its status as a major international bank to develop a client clearing offering well suited for the fast growing Asian investment market.

Standard Chartered is a relative newcomer to the world of OTC clearing having built the offering out following the hiring of Luke Brereton and Andrew Sterry as co-heads of the Prime Services business.

"We built our clearing platform after many others in the industry, and had the advantage of developing based on a known regulatory landscape and utilising technology providers that had already developed expertise and experience in the market," says Sterry.

"We have evolved our technology platform in a way that everything we build is complementary and developed with the foresight of what is coming next and how it adds value to what we currently do."

That philosophy has enabled Standard Chartered to build a market leading client clearing offering in Asia with key innovations around its approach to risk management, pricing structures, offsetting cleared and uncleared exposures and dynamic allocation functionality across SEFs and MTFs.

Evolving with the market

The bank has evolved its clearing offering with its client base working with clients to develop their understanding of the clearing model and the cost and pricing implications of its adoption.

They have done so against a changing regulatory environment across Asia as various jurisdictions introduce OTC clearing mandates at different speeds and with different scopes.

"Asian regulators have learnt from the experiences in the US and Europe with their introduction of clearing mandates," says Brereton. "They have taken the right approach and not used a sledgehammer when a more delicate operation is required.

"The majority of swaps trading activity originates from the US and Europe so there are clearly different approaches required for regulators in Asian markets."

One challenge for clients in Asia and other emerging market economies has been the difference in their demand for clearing and the provision of clearing services by CCPs and clearing members.

"If you are a bank in Asia you might look at your portfolio and calculate that if you clear a large portion of your derivatives book you will get favourable capital treatment" says Brereton.

"But if the derivatives that you are most active in are not supported by a CCP, you will not be able to clear them. A lot of banks would like to take advantage of the benefits that come with clearing but they are not able to clear a vast majority of their portfolio."

He cites a number of instruments that are currently not capable of being cleared such as cross currency swaps, certain local swaption products and several Asian currencies.

This has resulted in the bifurcation of portfolios between cleared and non-cleared and the associated increase in costs.

To mitigate this, Standard Chartered has developed a technology-driven approach to risk management that enables these positions to be margined on a net-risk basis, significantly increasing capital efficiencies and minimising the margin required.

"The fact that some products are required to be centrally cleared and others aren't is ideal for us and many of our clients," says Brereton.

He cites the example of providing FX prime brokerage to clients trading NDFs. When the client gives them up to the bank, Standard Chartered clears the dealer leg thus consolidating the dealer facing trades with the CCP reducing the total cost of ownership.

"That hybrid model is a real benefit as the client can gain efficiencies from clearing even if they are not clearing themselves. "

Pricing the offering

Another area of innovation has been in how Standard Chartered has priced its client clearing offering. The pressures on banks in the business following the introduction of Basel III-inspired capital charges and leverage and liquidity coverage requirements has been well documented.

Standard Chartered turned them into a selling point by incorporating the calculations into their pricing model and providing clients with a scientific and entirely transparent means of charging directly against the balance sheet usage required to fund a trade.

Brereton describes this approach, in which the client has complete visibility over the cost of their portfolios to the bank, as a "no brainer".

"Clients really like the transparency and it helps them to know the cost of clearing and plan how they trade and execute," he says. "We are running our service in a way that reduces our costs and subsequently the cost to the client." ■

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"They are also the leading Taiwan broker to provide their Taiwanese based clients the best access to international exchanges. They continue to invest in and train their people to ensure that their clients get the best service in the industry."

Client clearing provider of the Year: Standard Chartered

While some of its peers may have larger books in the client clearing market in Asia, judges were impressed by the innovation and breadth of coverage across Asia boasted by Standard Chartered. In addition, judges praised the investment the bank has made in fully understanding the cost of capital across the clearing cycle. At a time when firms across the industry are under intense cost pressure, transparency in pricing is essential in helping clients understand how their portfolios and trades impact the balance sheet of their clearing providers. To facilitate this, Standard Chartered introduced a fee structure based on actual capital usage and opposed to the common ballpark measure used by other providers. Standard Chartered has built a platform that will stand the test of time providing clients with fast pre-deal checks, integrated collateral management and a host of other features. The bank is also able to bring together cleared and non-cleared products margining the two on a net risk basis, bringing down client margin requirements by up to 45%.

Chinese FCM of the Year: Xinhu Futures

"Xinhu has accomplished a difficult mission and become one of the first Chinese FCMs who have successfully implemented 'Insurance + Futures programme," said one judge. "Its scale of regional coverage and that many farmers are being educated by Xinhu to use futures for hedging is impressive. Xinhu is an excellent example of how financial institutions serve can serve customers and the real economy." The Insurance + Futures program uses futures and options to hedge the price risk of agricultural products for agricultural enterprises and farmers. Xinhu's risk management subsidiary then cooperates with its insurance company to create the innovative financial products. In addition during the judging period, Xinhu Futures cooperated with China Minsheng bank and provided customized soybeans over-the-counter options to Beixing Farm State Food Cooperative of Qitaihe City in Heilongjiang Province. More than 40 local farmers used these soybeans over-the-counter options contracts to hedge price risks.

ETF/Passive fund manager of the Year: CSOP Asset Management

It's been a busy year for Hong Kong headquartered CSOP Asset Management as it continues to grow its dominant position in the Asia-referencing structured products market. The firm manages the most successful leveraged and inverse ETPs in Hong Kong dominating the HK L&I market with a more than 50% markets share. CSOP's HSE Inverse product recorded the largest inflows among all ETFs in Hong Kong during the sharp market moves at the beginning of 2018. Its new China themed smart beta ETF, which tracks the best quality A-shares stocks was launched in 2016 and in 2017 delivered a performance of 55% outpacing all Greater China themed mutual funds. The asset manager has recently launched the first HK$ Money Market fund ETF, the first money market fund that enables secondary market trading. The firm has also been proactively working with policy makers from Hong Kong and China to develop an ETF Connect programme between Hong Kong and the mainland.

Market maker of the Year: Flow Traders

Flow Traders takes home the Market Maker of the Year award for a second year running following another period of growth and investment. One judge said: "Their dominant position in ETF market making speaks for itself but through their education and outreach they are pioneering the development of the market as well as providing tight pricing. Overall they are central to the development of the ETF market in Asia and doing a great job!" During the year, the company has opened a trading office in Hong Kong, has been the first and one of the most active participants in the newly created JPX ETF market making program. It also became one of the largest official market makers on SEHK listed ETFs, kept its position as No1 market maker on SGX listed ETFs by number of ETFs covered and started providing liquidity on the SGX listed DLC-instruments, to mention a few of the firm's achievements during the year. ■