

PRM signs Connamara Systems ahead of expansion

Prescient Ridge Management (PRM) has retained Connamara Systems to help enable its move into trading new markets, **writes Nicola Tavendale.**

The managed futures fund specialises in short-term automated trading strategies, an approach which Connamara's founder Jim Downs told FOWi will likely become the enduring industry approach to automated trading.

Connamara will be designing and implementing an updated trading infrastructure for PRM, facilitating the fund's development plans.

Strategy development

"I realised that a large part of our brain-power was devoted to upgrades to exchange and upgrades to connectivity, which we could outsource to direct our resources more towards strategy development," said PRM's president, Alan Swimmer.

"This will enable us to develop a scalable solution which will allow us

to manage additional capacity in our current strategy and add additional strategies in other asset classes."

The firm has been operating for 6½ years, with Swimmer joining the firm on 1 October.

Changing approach

Currently trading equity indexes, fixed income, currencies and commodities, Swimmer said his main objective with the firm is to develop additional strategies and silos for other product offerings.

Around 80% of PRM's trades are of less than one day duration using a non-correlated strategy.

Downs explained this approach differs to the trend seen in the derivatives markets a few years ago, where more latency-sensitive strategies were in operation and the requirement was for high-frequency trading solutions.

Productivity gain

"I'm getting a new class of client com-

ing to me," he added.

"If one type of strategy works well in one asset class, they would like to be able to take that strategy and automatically send orders into the market place.

"This way you can spread the strategy across multiple asset classes and markets.

"And you can do this without increasing your headcount of traders, which is a big productivity gain."

Regulation tax

According to Downs, Connamara has an edge over other vendors in its ability to offer either a typical monthly license fee or the option of a one off fee, including the source code.

"We feel the changes in the industry before others do," he said.

"I've been expecting more regulatory based requests since Dodd-Frank came in but I haven't seen as much interest in regulatory software as I had expected.

"Regulations are really a form of tax and you don't want to pay until the rules are more certain."

He expects there will be more regulatory type projects coming to the fore in 2013, with certainty in the market picking up post-US election and once the final form of regulation is known.

Barrier for entry

Latency sensitive or high-frequency trading strategies are unlikely to continue to be as big news as everyone is expecting, Downs adds.

"What I'm hearing is firms wanting to scale non-latency sensitive strategies across asset classes," he said.

"The barrier for entry for high frequency traders is so high that it would be difficult for a new firm to enter this market.

"I don't believe latency sensitive or high-frequency trading strategies will continue to be as big news as in the past - other than for media hype."

Omgeo connects Chilean brokers to central depository

Omgeo has added three Chilean brokers to its trade matching service, offering them connectivity to the Chilean central depository Depósito Central de Valores (DCV).

LarrainVial, Celfin Capital and IM Trust will now be live on the joint trade matching service.

Omgeo CTM is an automated solution for the central matching of cross-border and domestic equity, fixed income, exchange traded derivative and contract for difference trades.

According to the firm it enables market participants to leverage real-time central matching capabilities that provide full transparency of trade status to both parties.

Tim Keady, managing director of sales and solution delivery at Omgeo, said: "Led by LarrainVial, Celfin Capital and IM Trust, accessing central matching via the DCV will enable market participants to achieve increased levels of STP while reducing settlement risk."

The direct link from DCV to Omgeo will allow reportedly allow brokers to automate the trade lifecycle.

Fernando Yañez, CEO of DCV, said: "We are offering this joint solution to enable Chilean market participants to realise a more prominent global role through increased automation and seamless cross-border communication." 