

White Papers

Since its foundation the company has managed to accumulate an impressive list of clients using BoundaryRider including; National Australia Bank Limited, ANZ Investment Bank Limited, AMP Australia Limited, and Barra Inc.

Case Study

A large bank has a small number of highly valuable counterparties who are resource producers. These counterparties while marginal credits by bank standards are nonetheless highly profitable. They are constantly resetting hedges and using highly leveraged products to manage their exposures to volatile asset and currency prices.

The bank used a spreadsheet based Monte Carlo system to perform credit assessment on new deals. Unfortunately, this approach ignored the fact the new trades were linked by documentation and did not account for the portfolio effect of the simultaneous closing out the related hedge positions.

Moreover, in spite of the fact that these counterparties were domiciled in one jurisdiction they had large portfolios consisting of both vanilla and complex transactions. In many instances their portfolios were well hedged with close-out netting arrangements that reduced their actual portfolio exposure to less than 30% of the aggregate measures they were using.

The problem resulted in missed trading opportunities. Moreover they were often rejecting trades with the counterparty that would, in fact, reduce the exposure and improve returns on capital. Before BoundaryRider they had no means to measure or assess credit accurately in a timely fashion.