

# BGC Brokers' Capitalab Extends its Portfolio Compression Service to FX Derivatives and Interest Rate Caps and Floors; Reaches \$3.5 trillion in Interest Rate Swaptions

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LONDON, Nov. 22, 2016 /PRNewswire/ -- BGC Brokers L.P.'s ("BGC Brokers") Capitalab, an entity within BGC Partners, Inc. group (NASDAQ: **BGCP**), today announced that it has successfully launched its multilateral portfolio compression service for FX Options as well as for Interest Rate Caps and Floors.

Since June 2016, five FX Options compression runs have been executed, in USDJPY and EURUSD, with the participation of respectively five and seven major FX Option dealers. In the last three Interest Rate Options compression runs organised by Capitalab, a division of BGC Brokers L.P., participants have also included Caps and Floors, together with Swaptions. Combining products in the same compression cycle is proving to have a positive impact on efficiency. Caps and Floors – options on Libor and Euribor forward rates - are known to be capital intensive, because of their large notionals.

Capitalab brings to market cutting-edge portfolio compression services and is the first provider of multilateral portfolio compression for options. Capitalab's compression services are designed to allow participants to reduce their derivatives exposures, while maintaining neutral portfolio risk, and to enable banks to make significant savings in capital and initial margin by reducing the outstanding gross notional of derivatives portfolios while optimizing the counterparty exposures. Compression services provided by Capitalab are highly customisable and accommodate many constraints and models used by options traders. Capitalab's compression services utilise a state of the art proprietary internal risk and valuation engine.

"With these milestones, we continue to empower clients with innovative services across a number of critical derivatives products, now including OTC FX Options and Interest Rate Caps and Floors," said **Gavin Jackson**, Co-Founder of Capitalab. "Our compression services enable clients to navigate the complexities of an evolving derivatives marketplace in a seamless and effective manner, by preserving both capital and liquidity and minimising

operational risk in this heightened regulatory environment," added **David Bachelier**, Co-Founder of Capitalab.

"These product-specific launches follow fast on the heels of Capitalab's success in Interest Rate Swaptions, where it has to-date compressed close to USD3.5 trillion of gross notional. It has also seen very solid growth in the number of participants, approaching 25 institutions in total, which accounts for more than 80% of the interbank volume traded in the OTC market," said **Philip Norton**, Global Head of e-Commerce, BGC Brokers L.P.

In recognition of its innovations and market leadership, industry publication *GlobalCapital* has named Capitalab, a division of BGC Brokers L.P., the "Compression/Compaction Service of the Year" in this year's Global Derivatives Awards, following the service's very first year of operation.

### **About Capitalab**

Capitalab, a division of BGC Brokers L.P., provides compression services that are designed to bring greater capital and operational efficiency to the global derivatives market. It assists clients in managing the growing cost of holding derivatives, while helping them to meet their regulatory mandates. Through the Swaptioniser® service for portfolio compression of Interest Rate Swaptions, Caps and Floors and FX Options, Capitalab looks to simplify the complexities of managing large quantities of derivatives to promote sustainable growth and lower systemic risk and to improve resiliency in the industry.

Capitalab is led by a team of former traders and quants from sell-side institutions, Olivier Alvarez, David Bachelier and Gavin Jackson, who together combine more than 30 years of experience in interest rates options trading and quantitative research. BGC Brokers L.P. is regulated by the UK Financial Conduct Authority and is based in London.

### **About BGC Partners, Inc.**

BGC Partners is a leading global brokerage company servicing the financial and real estate markets. BGC owns GFI Group Inc., a leading intermediary and provider of trading technologies and support services to the global OTC and listed markets. The Company's Financial Services offerings include fixed income securities, interest rate swaps, foreign exchange, equities, equity derivatives, credit derivatives, commodities, futures, and structured products. BGC provides a wide range of services, including trade execution, broker-dealer services, clearing, trade compression, post trade, information, and other services to a broad range of financial and non-financial institutions. Through brands including FENICS, BGC Trader, Capitalab, and BGC Market Data, BGC offers financial

technology solutions, market data, and analytics related to numerous financial instruments and markets.

Real Estate Services are offered through brands including Newmark Grubb Knight Frank, Newmark Cornish & Carey, ARA, Computerized Facility Integration, Landauer Valuation & Advisory, and Excess Space. Under these names, the Company provides a wide range of commercial real estate services, including leasing and corporate advisory, investment sales and financial services, consulting, project and development management, and property and facilities management.

BGC's customers include many of the world's largest banks, broker-dealers, investment banks, trading firms, hedge funds, governments, corporations, property owners, real estate developers, and investment firms. BGC's common stock trades on the NASDAQ Global Select Market under the ticker symbol (NASDAQ: BGCP). BGC also has an outstanding bond issuance of Senior Notes due June 15, 2042, which trade on the New York Stock Exchange under the symbol (NYSE: BGCA). BGC Partners is led by Chairman and Chief Executive Officer Howard W. Lutnick. For more information, please visit <http://www.bgcpartners.com>. You can also follow the Company at <https://twitter.com/bgcpartners> and/or <https://www.linkedin.com/company/bgc-partners>.

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### **Discussion of Forward-Looking Statements about BGC Partners**

Statements in this document regarding BGC's businesses that are not historical facts are "forward-looking statements" that involve risks and uncertainties. Except as required by law, BGC undertakes no obligation to release any revisions to any forward-looking statements. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see BGC's Securities and Exchange Commission filings, including, but not limited to, the risk factors set forth in its public filings, including the most recent Form 10-K and any updates to such risk factors contained in subsequent Forms 10-Q or Forms 8-K.



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