

HedgeLogic™ allows grain originators to automate several of the processes associated with commodity trading, *reducing the cost and risk* of back office operations and *eliminating the need for spreadsheets*.

A TRADE MANAGEMENT SYSTEM FOR THE GRAIN PROCUREMENT INDUSTRY

HedgeLogic Office Manager™ is a software solution that provides grain originators with two valuable services: *daily position reporting* and the *reduction of operational cost and risk inherent in cash and futures markets*.

Once a trade is recorded, HedgeLogic Office Manager™ generates the appropriate trade confirmations, daily mark to markets, premium and commission payments, settlements, and margin calls for each trade. The following pages detail an overview of key features.

The HedgeLogic™ Advantage:

- Reduces risk of fraud by providing separation of duties
- Tracks document flow for each trade
- Tracks exposure of each counterparty and the house
- Hedges physical grain purchases via GLOBEX
- Reduces risk of Excel spreadsheet errors
- Minimizes redundant entry of data
- Supports both look-alikes and complex instruments
- No requirement to use a specific upstream provider

PRIMARY GOAL:

Reduce operational costs and market risk of offering exchange traded and over-the-counter products to customers by automating time intensive and error prone activities

HedgeLogic™ Key Features:

Trade Types

Common and custom trade types can be supported. Phoenix Web Group has extensive history writing software to support structured products. We incorporated this experience into the design of HedgeLogic Office Manager™.

Trade Capture

The Trade Capture screen centralizes all the details of a trade including the primary economic terms, internal booking details, rolls, deliveries, offsets, and settlements. Every update to a trade is fully audited. Internally, we use an API (application programming interface) so we can support importing or exporting trades to/from another platform such as AGRIS.

Confirmations

When a trade is entered, amended, offset, rolled, delivered, or settled, a confirmation is generated. These confirmations are available to back office personnel on the Confirmations screen. Once a confirmation has been signed by a customer, a scanned copy of the confirmation can be uploaded back into the system. Alternatively, we provide support for digital signatures via Adobe EchoSign platform integration. Confirmations can be submitted directly to the counterparty via email for signature.

Portfolio Reconciliation

Back-to-back workflow

HedgeLogic Office Manager™ supports back-to-backing downstream and upstream trades through a linked trade IDs. The Back-to-Back Report shows any mismatched positions or offsets.

Daily Valuation

HedgeLogic Office Manager™ pulls daily settlements from CME. A daily mark to market report is provided and the values are used to update customer positions on a nightly basis. Structured products are deconstructed into their futures and option equivalents in order to be valued before being aggregated back into a final trade valuation. An option curve is constructed to price options that are not equivalent to an exchange listed option. We support the Black 76 and Barone-Adesi Whaley option pricing models.

System Integrations

HedgeLogic Office Manager™ has been designed to be extensible and integrate well with other risk management systems. It can support custom integrations for features such as General Ledger Accounting and Dodd-Frank/EMIR swap data repository submission.

Counterparty Statements

Cash Flows

All trades must be assigned to a counterparty or house account. HedgeLogic Office Manager™ tracks deposits and withdrawals and automatically posts premium and commission payments, as well as financially settled settlements.

Daily Account Snapshot

A daily account snapshot is recorded for reconciliation against an outside accounting platform. We can provide assistance in automating this reconciliation process.

Margin Calls

Each trade type and commodity can be assigned an initial and maintenance margin requirement. HedgeLogic Office Manager™ tracks the margin available to each trading account and generates a daily report of margin calls.

Other Reports

Trades by expiration

This report sorts all trades by nearest expiration date. Trades expiring within a set timeframe are highlighted.

Margin calls

This report details current and overdue margin calls.

Daily Broker Recap

This report breaks down each day's counterparty and broker level activity including new trades, amendments, settlements, current open positions, account deposits/withdrawals, premiums, commission payments, and margin calls.

Permissions Model

HedgeLogic Office Manager™ has a flexible permissions model. Broker and trade desk functionality can be configured separately or open to all users.

Brokers and Accounts

With Shared Accounts enabled, all accounts and trading activity is visible to all users. When Shared Accounts are disabled, accounts are assigned to brokers or groups of brokers. Brokers are able to create their own groups to allow other brokers to enter trades on their behalf. A common use case would be while a broker is on vacation. The groups can also be used to share an account with all brokers originating to the same location.