COMIT

Quantax® News

Issue 12 April 2008

Welcome!

With the takeover of our service and operations partner talkfinance ltd., it has been an exciting time for the Quantax team. Apart from the integration, we have worked on a major Service Pack and brought the first Avaloq / Quantax customer live.

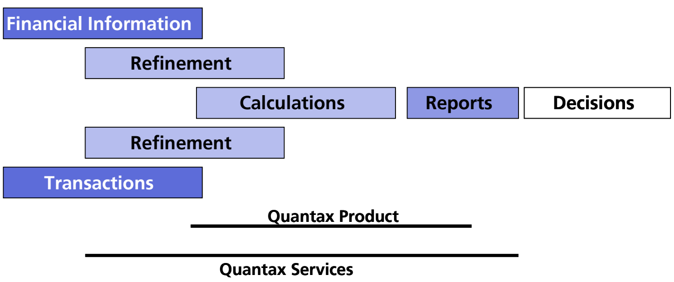
Read about all this in this issue, which concludes for the first time with a literature tip about a veritable thriller.

News

Over the Easter weekend, St. Galler Kantonalbank went live with Avaloq and Quantax. It is the first bank using Quantax as an add-on to Avaloq. Already some time ago, Raiffeisen Bausparkasse Vienna went live with Quantax.

Integration of talkfinance

After the acquisition of talkfinance ltd. by COMIT, the integration of proceeds as planned. The operations and support offices will be moved into Pflanzschulstrasse in April. The whole Quantax service chain is then provided by an integrated team at a single location:

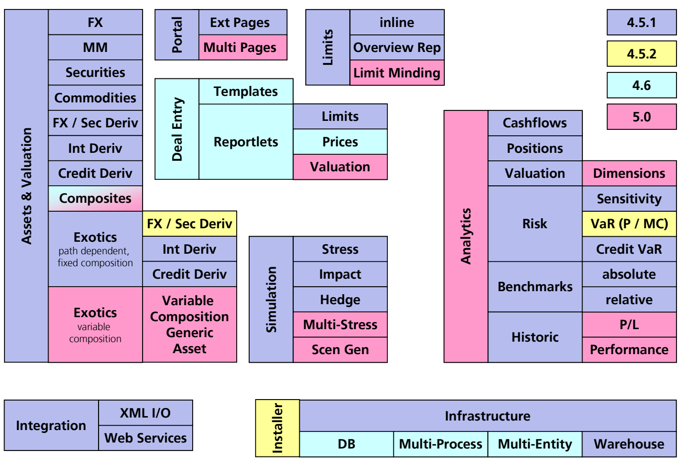


The Helpdesk is already reachable by phone +41 (44) 298 92 29 and by E-Mail as quantax.helpdesk@comit.ch. As of summer 2008, the Helpdesk will handle both outsourced and inhouse clients of Quantax.

Quantax Roadmap

An updated Development Roadmap document will be available shortly to clients and prospects. It covers the releases to be delivered in the coming two years.

The Roadmap shows the Quantax features to be enhanced over the next releases, with release 4.5.1 described in this issue as the baseline. The following figure gives a board overview of the areas undergoing enhancements:



Quantax Release 4.5.1

Quantax 4.5.1 is a Service Pack with considerable new functionality. It completes the transition to the new interest model with estimated future cashflows. It contains about 70 changes and fixes. Quantax 4.5.1 will be available in April 2008.

Instruments and Deal Capture

Interest-bearing Instruments

Interest-bearing instruments with payment periods now support an explicit flag for each period, indicating that a payment is made for this period. This affects instruments that are imported or submitted with existing fixings.

The coupon shown in Issue Position and Transaction Report now includes the interest spread. The interest spread itself can be obtained in the Transaction Report in the `ispread` element.

Callable and Convertible Floating Rate Bonds

Callable and Convertible Floating Rate Bonds will now be valued using their projected interest payments.

Call money: Several events per date in import

Import now allows multiple events per date. Multiple events on a single date are combined as follows:

- Payment amounts are added
- Payment flags are or'ed
- The last interest coupon prevails

Analytics and Reporting

Extensions to existing Report Functions

Cash Move Report

The Cash Move report now includes book and category as additional output columns.

Limit Definition

It is now possible to define a limit so that the limit is a minimal value for the exposure. This is useful for P/L, which must be greater than the limit. This is more flexible than using the loss exposure value, which is only available in P/L-Analysis.

Limit Report

There is now an optional selection of limit sets in the limit report. The limits of those limits sets that are not referenced by any of the selected underlying reports are shown in as a third section in the limit report. If no underlying report is selected, this is a quick summary of the limits in the selected limit sets. The limits are sorted according to counterparty descriptor (which is the most common criterion).

Limit category attribute names may be optionally enhanced with their descriptors.

Portfolio @ a Glance

If the Today date of the report is earlier than the Quantax date, no current valuation is performed. The EOD valuation at the report date (or the latest EOD valuation earlier than that) is used instead. This allows much faster processing of reports, with reference to the portfolio as it was at the date of the report.

Output lines for instruments that were terminated before the first begin date of any report columns are suppressed, even if the *include terminated* parameter is set. Profits carried over from such instruments is still included in the totals.

Classic Credit Risk Analysis

A new parameter `conservative add-on` causes the credit exposure to be defined as `max(0,pv) + addon` instead of `max(0,pv+addon)`.

The new dimension attribute `otc trx nr` details the OTC transactions and hence prevents their netting.

Transaction Report

The new elements `posRF` and `posRF_repCcy` contain the open position corresponding to the main Risk Factor (`mainRF`) (ccy1 for FX), in number of issue or units of ccy. For CapFloors, this corresponds to the quantity * number of open Caplets.

The type of the main Risk Factor has been added as `rftype`, to ease post-processing based on it.

The element `_rtssort` can be used to sort a transaction report in reverse order of the transaction updates. This element will only be available in the 4.5 series, and will be replaced by a more general mechanism in 4.6.

FiRE Interface

The figures for IRS are now based on equivalent bonds, i.e., with an assumed exchange of principal. In 4.5.0, they were based on the actual IRS leg structure, due to the new floating interest structure introduced in 4.5.

Equities are considered as *listed* also if they contain a non-empty `Market` SID.

Static Data and Rates

Ccy for Country

Country has now two more attributes, ccy and varccy. Both are defaulted on initialization to a ccy whose first two letters of its ISO code correspond to the country name. The varccy is used by the Risk Metrics dataset to encode EUR-legacy country names. Setting these attributes is only required where there is more than one ccy per country, or where non-ISO ccy codes are used (e.g., AUG for gold), or where the currency code does not correspond to the country name at all (e.g., Franc CFA).

User Interface

The user's language is now obtained from the browser setting, and affects the formatting of dates and numbers.

Integration

Import Sequence timestamp

In order to check messages that arrive in another sequence than they were generated in, an optional sequence timestamp may be used.

Locking of Interfaces

There is a configuration flag `lockOnStartup` for each interface, which designates the locking status of this interface when Quantax is started.

New RiskMetrics DataMetrics code format supported

Quantax now supports the new DataMetrics codes, alongside with the classic RiskMetrics code format. The new format also recognizes yield curves for precious metals.

Technical

Windows Services

Quantax can now run as a set of Windows processes. See Configuration→Windows Services in the Quantax Help for details.

Windows 64 bit Editions

The Microsoft Windows Server 2003 x64 Editions are now supported. This version of Windows increases the address space from 3 GB to 4 GB and is recommended for large instances of Quantax.

SecurePass

SecurePass will now use the OS account under which the Quantax Server and the SecurePass clients (QTS, QIRF) run as identification, instead of the server MAC address used previously. The Windows account SID is used as a globally unique identifier.

This change makes SecurePass more resilient and useable in clustered server environments.

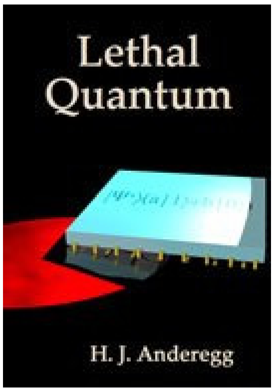
Special EOD Revaluation parameters for performance-only systems

The new qconfig parameter `EODValuationParams` may contain special valuation parameters for the EOD revaluation. It is useful to speed up revaluation if the system is used exclusively for performance calculations.

A Thriller by HJ Anderegg

Hansjörg Anderegg, well-known as the original author of Quantax and now retired (see Quantax News 11), published a thriller, both in English entitled **Lethal Quantum** and German with the title **Der verschränkte Tod**.

From the cover:



> A team of top-notch physicists, mathematicians and engineers sets out to build the ultimate calculation engine, a quantum computer. However, what starts as a series of rather esoteric experiments in quantum physics soon develops into a terrifying threat for the team and escalates rapidly to a conflict of global proportions, challenging the world's mightiest powers.

A Review by Mark Hooper:

> This story is excellent! It really is terrific stuff. Hansjörg really knows what he's talking about in this first-class techno-thriller. Everything works well; it is extremely well put together. The whole idea is excellent and brilliantly thought out. The characters are great and all with their own individuality, and the descriptive is first-rate. I really can't praise it enough.

The books are available as downloads, soft or hard cover editions from www.lulu.com and www.amazon.com; for further information, please refer to www.hjanderegg.ch.

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