



## RIVAL RISK OPENS NEW FRONT FOR START-UP



Rival Systems has moved quickly in its first year of operation, accumulating prop trading clients for its trading and enterprise risk management systems, and extending its reach to more exchanges in the US and Europe.

The firm that emerged out of US prop firm Ronin Capital said its Rival Risk product, which came to market slightly after its execution system, has been designed to work equally well alongside or independently of Rival Trader.

Rob D'Arco, chief executive of Rival Systems, told FOW: "We launched Rival Trader and Rival API in September 2015 and followed up with the launch of Rival Risk in November that year. In our first year we've built a strong client base, most of which leverage our entire product suite but some clients use Rival Risk on its own."

Regardless of which front-end system or clearing broker you use, Rival Risk has been designed to work in any trading environment, according to D'Arco.

"Risk has proved particularly relevant for principal trading firms, allowing them to aggregate data across diverse trading desks and proprietary systems, and providing a consolidated view of the firm's risk exposure across its entire business."

The Rival chief said his Risk product has specialised algos that calculate real-time synthetic prices for assets not linked to a quoted market, allowing users to see accurate P&L across all assets without any manual intervention.

Risk is also a fully-hosted solution built on a custom HTML5 engine so it can be easily accessed from any Chrome browser or configured to run like a native desktop application.

D'Arco added: "In early 2017 we will release a new version of Risk designed specifically for mobile phones, which will allow executives to view their firm's real-time total risk exposure from anywhere at any time."

Strategically, Rival Risk creates an opportunity for the company to expand its offerings into other functional areas, including compliance

and back office, according to the chief executive.

"The combination of our centralised trades database and interoperable architecture allows us to quickly add new enterprise level services to meet our client's needs."

D'Arco did not offer any detail on what other functionalities are in the pipeline, but more products from Rival look likely in 2017.

The Chicago-based firm has so far achieved success with US prop firms such as Ronin Capital, the prop firm from which Rival emerged, and Chicago's Gator Trading, which signed for Risk in late September, but the risk system has the potential to open up new markets.

"In our first year we largely focused on principal trading firms with Rival Risk but we are starting to meet with hedge funds and asset managers, as well as commodity producers who hedge their physical inventory with futures and options," said D'Arco.

As well as expanding its client base – the firm also signed Bracken LLC in June to trade equity options on CBOE, and Budo Group in August for agricultural options – Rival has also been extending its product coverage.

It launched with CME and CBOE in September 2015, and followed these with Eurex in January, ICE in February and, most recently, Nasdaq Futures in October 2016.

D'Arco said: "Eurex was the third exchange we wrote to, helping launch our effort to build out a presence in Europe. We'll be adding support for



Rob D'Arco, chief executive of Rival Systems

additional European exchanges in 2017, and then focus on expansion into the Asian markets."

The tech firm also reduced in March its trading latency by a quarter by employing "software optimisation to achieve the reduction in median "tick-to-trade" latency for clients".

D'Arco concluded: "The priorities for Rival have been adding new features, expanding into new markets, and continuously working to maintain the highest level of performance."

After a strong first year, Rival looks well set for further growth in 2017. ■

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