



Option Analytics 8.1

Increasing efficiency in the handling of exotic options

Allegro's Option Analytics 8.1 component provides position visibility into exotic option trade types with the addition of valuation models to the native Allegro valuation engine, and associated trade capture functionality. Through integration with Allegro's Trade Execution 8.1, Option Analytics 8.1 reduces the time and manual effort around complex trade entry with the ability for individual users to customize the capture of option positions. It provides increased efficiency with minimal required field inputs, advanced templates, trader defaults, and pre-population of data for recurring trade types.

This component introduces 5 new exotic option models that were developed in collaboration with the industry's leading authorities in energy option valuation. These include swing option, swing spread option, option on strip of spread options, differential swaption, and take-or-pay trade types. Upon request, white papers are available describing each of these models and their derivations.

Option Analytics 8.1 also has the ability to add an embedded option to a physical position, and to value transport and transmission positions as options. These models have been implemented across the trade lifecycle, including trade capture, position valuation, option exercise, and settlement functions. Allegro's existing option models, such as Black, Black-Scholes, Turnbull-Wakeman, and spread option models, have been enhanced with increased flexibility and configurability at trade entry. Users now have the ability to choose a position's valuation model and exercise instrument trade by trade, offering great flexibility at trade entry.

Features	Benefits
Addition of 5 exotic option models to the Allegro valuation engine	Eliminates the costs associated with licensing and integrating with third party valuation tools
Ability to model embedded options and value transportation and transmission positions as options	Accurate valuation of positions with embedded optionality facilitates better strategic decision making and insight into position economics
Enhanced flexibility and configurability at the trade level	End users can select the applicable option model and exercise instrument at the individual trade level
Integration of new option models with Trade Execution 8.1	Addition of the trade parameters needed to capture the newly implemented exotic trade types. Rapid and accurate trade entry even for complex trade types via trade templates and trader defaults
Partial position exercise with respect to quantity and time	Ability to exercise partial quantities and time units down to the lowest level of detail specified on the trade
Ability to choose the discount type, forward type, and volatility type at the trade level	Configurability of the way valuation interprets interest rates, forward curves, and volatilities at the trade level, where applicable

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