

QRMO & Omgeo

Supporting Asian Hedge Funds.



As an outsourcer to the Asia hedge fund industry, Quality Risk Management and Operations (QRMO) provides funds with a robust and efficient post-trade environment, strengthened by the company’s adoption of Omgeo Central Trade ManagerSM (Omgeo CTM).

Albert Chiu, President and Founder of QRMO, discusses the role of the hedge fund outsourcer and how adopting Omgeo CTM has benefitted the company.

Firm believers in keeping middle and back office processes separate from fund administration, Hong Kong-based firm QRMO enables hedge funds to outsource their operational functions in order to concentrate on the core responsibility of managing investors’ funds. Established in 2006, the firm currently supports Hong Kong and Singapore funds with cumulative assets of around USD 1.5 billion. Their clients range in size from relatively small funds managing only USD 5 million to those with assets of up to USD 300 million.

QRMO currently has 30 funds on its books and handles up to 400 trades a day, predominantly in Hong Kong equities. The company also manages trades throughout Asia Pacific, particularly in Australia, India, Singapore, Philippines and Indonesia. With the strong growth currently being experienced in the Asia region, the flight of investment funds out of Europe and North America to Asia and the rise of China’s position in the global economy, QRMO sees further opportunities for growth. The company expects prospects for Asian hedge funds to improve as investors such as pensions, endowments, family offices and fund of hedge funds look to increase their allocations to the region.

Growth Brings New Change

With the QRMO’s expansion came new challenges as trade volumes escalated. In 2010 QRMO turned to Omgeo to automate the processing of their post-trade equity and fixed income trades.

“Omgeo has helped us to streamline our post-trade environment and mitigate operational risk, thereby improving the service we offer to our clients.”

Albert Chiu, President and Founder, QRMO

Prior to the adoption of Omgeo CTM, bringing new clients on board had proven to be a time consuming process for the firm, involving a great deal of book-building for each new account. In addition, processing clients’ trades was labour-intensive. Files in disparate formats from different clients and brokers had to be exchanged by email or fax before trades could be entered into QRMO’s existing systems. This resulted in staff working long hours to process trades and left the company exposed to the risk of manual errors.

www.omgeo.com

- ALERT
- Benchmarks
- Central Trade Manager**
- Connect
- CrossCheck
- OASYS
- OASYS Global
- OASYS-TradeMatch
- ProtoColl
- TradeHub
- TradeSuite



In order to gear up for further growth of their business, and to address their concerns about operational risk, QRMO began to look for more effective ways of managing their clients' trades.

“To QRMO, operational risk is defined as any risk where there’s no reward, only downside.”

Albert Chiu, President and Founder, QRMO

The Importance of Being Automated

For a company whose business model is built on offering reliable support services, the mitigation of any potential areas of operational risk is paramount. For QRMO, Omgeo’s proven track record in post-trade efficiency offered the prospect of a fully automated environment that would enable growth while minimising risk in the post-trade process. Integrating Omgeo CTM with the company’s existing technology infrastructure was a straight forward process that took only two months to complete.

Since adopting Omgeo CTM, QRMO has experienced a significant improvement in efficiency. The time it takes to process trades has been dramatically reduced as there is no longer any need to physically review every trade.

With a robust infrastructure in place, QRMO can now offer hedge funds a more effective solution for achieving operational stability and security. The company has also been able to scale up their business without the need to take on more staff.

“We used to do things either manually or using Excel-enabled macros and programmes, which sometimes resulted in printing files and ‘eyeballing’ them to make sure the trade details matched. This is neither ideal nor best practice. Now we upload the files into Omgeo CTM, come back in ten minutes and the matching process is complete.”

Albert Chiu, President and Founder QRMO

Outside the Comfort Zone

QRMO notes that it has recently seen a lot of new hedge fund managers going out on their own after a successful career in trading or investment banking. No longer able to rely on the support of a bank’s existing infrastructure, to which they had become accustomed, fund managers are experiencing the potential hazards of operational risk first-hand.

With hedge funds in the media and regulatory spotlight following some high-profile fund failures, the need for these fledgling funds to demonstrate sound operational practices to both investors and regulators is critical.

“Investors are beginning to realize that the days of deploying spreadsheets and emails to manage trade information are over. Post global financial crisis there is an increased focus on independent regulation and hedge funds need to adapt to meet the challenges of this changing environment.”

Albert Chiu, President and Founder QRMO

Adopting an automated post-trade solution enables hedge funds to address these new challenges. Reducing manual processes means peace of mind for fund managers and their end clients.

QRMO is now able to offer Asia based hedge funds a reliable, independent and effective alternative to the ‘do it yourself’ approach, supported by the adoption of Omgeo CTM.

About QRMO

QRMO provides its hedge fund clients, which broadly range in strategy complexity, asset size and stage of development, the flexibility to outsource all or some of their risk management, middle-office and back-office operations. QRMO's services are independent and transparent, thus providing its clients' investors with an added degree of confidence in knowing that the risks and operations associated with their invested capital are properly understood and expertly handled both internally by the fund managers and externally by QRMO on a day-to-day basis. QRMO risk professionals and operations personnel become a highly integrated part of their clients' daily workflows, which, in turn, greatly enhances operational efficiencies, allows for rapid scalability, reduces costs and enables clients to focus more on what they do best – generating maximum returns for their shareholders.

About Omgeo

At Omgeo, we are the operations experts, automating trade lifecycle events between investment managers, broker/dealers and custodian banks. We enable 6,000 clients and 80 technology partners in 46 countries around the world to seamlessly connect and interoperate. By automating and streamlining post-trade operations, we enable clients to accelerate the clearing and settlement of trades, and better manage and reduce their counterparty and credit risk. Our strength lies with our global community and our ability to adapt our solutions to enable clients to realize clear returns on their investment strategies, while responding to changing market and regulatory conditions. Across borders, asset classes, and trade lifecycles, Omgeo is the global standard for operational efficiency across the investment industry. Formed in 2001, Omgeo is jointly owned by the DTCC and Thomson Reuters. For more information, please visit www.omgeo.com.

Copyright © 2011 Omgeo LLC. All rights reserved. All Omgeo service names appearing herein are either registered trademarks or service marks of Omgeo LLC in the United States and elsewhere. Several Omgeo services are regulated by the U.S. Securities and Exchange Commission. For more information, please visit www.omgeo.com/regulation. RL 04/2011

Americas

Omgeo LLC
22 Thomson Place
Boston, MA 02210
tel +1 866 49 OMGEO
askomgeoamericas@omgeo.com

Europe

Omgeo Ltd
Aldgate House
33 Aldgate High Street
London EC3N 1DL
tel +44 20 7369 7777
askomgeoeurope@omgeo.com

Asia

Omgeo Pte Ltd
18 Science Park Drive
Singapore 118229
tel +65 6775 5088
askomgeoasia@omgeo.com

Japan

Omgeo K.K.
Palaceside Building
1-1-1, Hitotsubashi, Chiyoda-ku
Tokyo 100-0003
tel + 813 5218 6621
askomgeojapan@omgeo.com

Omgeo. All together now.®

A DTCC | Thomson Reuters Company

