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UAT Launches Web-based Recapture System

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iPerX™
Performance Execution

Denver-based UAT Inc. has launched a new algorithm, dubbed iPerX, designed to help fund managers automate their trading systems while improving recapture rates and lowering commission costs. UAT president Tom Warren tells Buy-Side Technology that a “mid-sized variable annuity firm” is beta-testing the system.

He says the one-year beta trial has yielded savings of more than 60 percent on commissions when the variable-annuity firm ran trades through the system. The firm also saw a price improvement on 20 percent of trades that went through the iPerX engine.

UAT’s system provides real-time, web-based control over a firm’s brokerage processes. Additionally, clients can add on top of that a reporting module that delivers web-based governance and reporting information. Finally, customers can add on a supervision module for real-time supervision and pre-trade compliance through an ASP format.

“The goal is to lower brokerage costs, to deliver transparency and control, and to generate potential revenue that can be used as an expense offset for the plans or the funds that use this; and we do that through commission recapture,” Warren says. “We view this as a breakthrough for the commission-recapture industry.”

UAT’s sweet spot is the sub-advised space, or entities that create/distribute financial products but which don’t primarily manage the money themselves. Warren says his company is marketing the product to larger buy-side firms such as Vanguard, Axa, Nationwide, MetLife, ING and Prudential, as well as to defined-benefit funds, of which there are about 784, according to Warren, and that have \$1 billion or more and “that have the scale to implement iPerX to enhance their recapture plans.”

iPerX is designed to capitalize on the “latest and greatest” in cloud computing to create an engine that is integrated into a money manager’s order management system (OMS) and automates the recapture business for the user. Qualifying trades are then automatically captured by the manager’s OMS and routed to the iPerX algo, which is a “very simple rules-based engine,” Warren says.



Tom Warren, president, UAT

Once the trade hits the engine the algo decides in milliseconds whether or not the trade is high-touch or low-touch.

If it’s a high-touch trade, it automatically gets routed back to the money manager for execution. If the trade is low-touch, it’s automatically routed out to a predetermined execution source specifically to generate more revenue for the plan and lower the cost for the shareholders, Warren says.

“In this market environment you have to do everything you can to lower costs for your shareholders,” he says.

If the clients wish, they can also run it through a compliance module, which will add a couple more milliseconds to determine whether it meets the firm’s pre-trade compliance standards. All rules-based decisions are customizable.

Warren says the system can potentially help a firm improve its recapture rates by threefold and double recapture savings. The system has four patents and UAT is waiting on a patent number for a fifth innovation.