

New brokerage Traccr unveils CDS trading simulator

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New retail brokerage Traccr has launched a proprietary credit default swap simulator to allow professional traders to learn and understand the mechanics of CDS trading.

The tool allows securities professionals to practice trading before entering a live trade. Subsequently, and once the trader has understood the product, a live trade can be arranged by Traccr.

'Given the activity and developments around the CDS market, professional traders have become more aware of credit derivatives and how it can be applied to hedge their corporate bond positions, or to take a view on synthetic credit indices,' says Farooq Jaffrey, founder of Traccr.

Traccr is a new retail brokerage launching this month that specialises in credit derivatives. Its client base includes private wealth management firms, high net worth individuals and professional traders. The firm offers hedge fund clients a venue to trade credit structures that previously was only available for their institutional account.

Jaffrey founded Traccr in May 2008 and currently serves as chief executive and head broker of the company. Before founding Traccr, Jaffrey worked at leading CDS brokerage firms, including Merrill Lynch, Bankers Trust and WestLB. He was head of business development at CreditTrade, where he instrumental in establishing the structured credit brokerage business and latterly in marketing CDS electronic trading platforms.

Traccr aims to provide retail professional traders access to the credit derivatives markets. Traditionally, the CDS markets have been available exclusively to volume players. However, the growing liquidity, ease of use and transparency of credit derivatives has drawn the attention of retail traders. Traccr's target customer base consists of high net worth individuals and professional traders that want to learn to trade credit default swaps for their own personal account. As well as the CDS trading simulator, the firm offers real time credit derivatives news and research, and educational programmes.

The trading simulator gives novice and professional traders practical trading experience, with the ability to sell and buy credit protection on corporate and sovereign credit, as well as sample credit indices. A trader is able to monitor their margin and interest balances, including capital gains and losses. A trader can also use charting to develop trading strategies.

Real time CDS news content is supplied by Dow Jones Newswires. This information provides relevant intra-day movement, highlights trading opportunities and keeps a trader abreast of developments related to both CDS and European businesses.

Educational programmes are prepared specifically for Traccr by recognised CDS professionals that have practical experience. Videos and content are detailed into novice and advanced modules.

Traccr has strong relationships with dealing banks that will be able to provide live trading of both flow and customised CDS products.

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