Hanweck Associates, LLC

Inside Market Data

ISE, Hanweck Plan Hosted Tick Database

By Vicki Chan
June 25, 2010

The International Securities Exchange is developing a hosted tick database of options data to support clients' back-testing, risk management and historical charting needs, in partnership with options analytics provider Hanweck Associates, officials say.

The ISE and Hanweck plan to start pilot testing the new service in the coming months and launch it by the end of the year. Initially, the database will cover options tick data, but based on feedback from pilot customers, may be expanded to other asset classes, including equities and futures, says Gerald Hanweck, chief executive of Hanweck Associates.

Hanweck says around half a dozen clients are lined up to pilot the new service, including hedge funds and banks, who may use it for strategy development and back-testing, and for risk management, as well as brokers and software vendors who might use the database to support charting or screening tools for clients or for their own applications.

The ISE will host the physical infrastructure that runs the tick database, which will include five years' worth of historical options tick data and corresponding Level 1 equities data, as well as options analytics, including implied volatilities and Greeks calculated by Hanweck's Volera hardware-based options analytics engine. The service will also integrate real-time tick data for users to query historical and real-time data, and enable Volera to calculate analytics in real time. By managing the loading and storage of the data - five years of which could require hundreds of terabytes of storage - the ISE and Hanweck can offer a less expensive solution than if clients each built their own tick database, Hanweck says.

"This product is an example of how the ISE is collaborating with our strategic partner, Hanweck Associates, to enhance our suite of market data product offerings" says a spokesperson for the exchange, which took a minority stake in Hanweck Associates earlier this year (IMD, Feb. 8).

Separately, the vendor is also adding pre-trade risk analytics to its VoleraRisk options analytics and risk platform, in response to an increased focus among clients on pre-trade risk in anticipation of potential increased scrutiny by regulatory bodies.

VoleraRisk leverages the Volera analytics engine to help firms calculate risk across large portfolios and millions of positions, and the vendor is now extending the platform to include pre-trade risk analytics.

While post-trade risk analytics are typically intended for human consumption and are therefore not as latency sensitive, pre-trade risk calculations must be performed at low latencies to support electronic and algorithmic trading. Hanweck says Volera's core engine - which uses graphics processing units from Nvidia - is already geared towards high performance and low latency, adding that VoleraRisk has interfaces to Activ Financial, SpryWare and Interactive Data for capturing real-time market data to feed the risk calculations.

"With the low-latency data and computational technology in place already, it's a relatively simple process for us to go from fundamental calculations... to more complex risk processes," he says.

An unnamed options trading hedge fund is currently testing the pre-trade risk calculations, which the vendor plans to officially launch in the coming months.