

## OTC Global Holdings

Broker of the Year

**EnergyRisk**  
Awards 2011

Broker of the Year

**O**TC Global Holdings (OTCGH) wins this year's *Broker of the Year* award for its significant achievements in 2010, which include 40% year-on-year growth, breaking into Europe, further advancing its screen technology and moving into the power and environmental markets.

"Our goal has always been to be the premier global commodity broking firm," says Joe Kelly, president and chief operating officer of OTCGH in New York. "We have had a lot of success in the US and have expanded our products and services accordingly."

OTCGH started in 2005 when Javier Loya, the chief executive of Choice Energy, initiated a project bringing six smaller brokers together in order to pool resources. In 2007, they began formally brokering under the holding company umbrella. OTCGH has since expanded its portfolio to nearly 20 companies.

In the last year OTCGH has created two new portfolio companies, Edge Environmental and OTC Europe. OTC Europe signified OTCGH breaking into the European broking market with an office in London and 15 professionals working on desks specialising in coal and coal derivatives, carbon options, naphtha, gasoline, gas oil, Brent and West Texas Intermediate options and physical liquefied petroleum gas (LPG) and LPG derivatives.

Edge Environmental, a wholly-owned subsidiary of existing portfolio company Edge Energy, operates in Houston, New York and London, and specialises in brokering renewable energy certificates and greenhouse gas allowances in the American and European carbon markets. It functions

along the same lines as OTC Europe, according to Kelly. "We want to be the source for our clients' trading and hedging across all commodities. The environmental sector was an area in which we could grow and sell products. As a US firm there is tremendous opportunity in Europe in terms of products we can offer," says Kelly.

In line with its aggressive growth



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*Joe Kelly, OTC Global Holdings*

strategy, OTCGH opened power desks focused on northeastern and western US. The northeastern power desk, which was opened through OTCGH's Choice Power division in February, features a team of eight brokers specialising in wholesale fixed price power for the PJM, Nepoch and New York Power Pool markets. The western power desk, Equus Energy, opened in May and employs a team of 10 experienced brokers specialising in all Western Systems Power Pool delivery points.

"We spent 2010 looking at this," says Kelly. "We expanded west power and concurrently northeast power and it was our global strategy to go out and gain liquidity in the power sector," he adds.

OTCGH has not just focused on geographical growth either. Continually developing its systems, the EOXLive platform is a broker

assisted web-based brokering tool exclusive to the company. It has also made EOXLive market data available to clients, in order to provide market data from front to back office.

Additionally, the technology is updated and modified to accommodate any legal changes, ensuring compliance. "The adaptations to our electronic systems and our global growth have helped liquidity in the market. We have developed the systems for both our use and all our clients, which is important because not all our clients are brokers," says Kelly.

The system also accesses an electronic trading execution platform, where all of the liquidity

pools are aggregated. "This makes it more efficient to trade and allows transparency," says Kelly. "It allows clients that normally wouldn't see some of these products, because they don't know the broker there, to gain access to all pools together and this is something that is very beneficial for them."

OTCGH joined the ICE eConfirm broker-matching service to help in minimising operational risk for its clients by reducing the time spent on matching and confirming trades and improving accuracy. This has also helped them to meet the increased data reporting and swap data repository mandates included in the Dodd-Frank Act.

OTCGH is also a leading provider of liquidity to Nymex's ClearPort platform and brokered the first CME Group snowfall hedging risk instrument last year. ■