

BNP Paribas Commodity Futures

Energy Broker of the Year, Asia

EnergyRisk
Asia Awards 2011



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BNP Paribas Commodity Futures has increased its customer base in Asia fourfold since 2009, taking on key clients, such as the Thai state oil & gas company, PTT, and several state-owned Chinese oil majors. In addition, it has become a leading physical deliverer on the Dubai Mercantile Exchange. This, along with its expertise in clearing over-the-counter-commodity derivatives, its collateral management solutions and its tripartite offering, has earned it *Energy Risk's* *Energy Broker of the Year, Asia* award.

BNP Paribas Commodity Futures has expanded its client presence from just Singapore and Hong Kong in 2009 to China, Vietnam, Malaysia, Korea, New Zealand, Australia and India.

"We believe we have an edge because of the bank's wide presence throughout emerging markets in Asia," says Frederic Hervouet, managing director, head of commodity derivatives, Asia. "The bank has established branches in every Asian country except North Korea and Myanmar."

The bank's roots in financing means it is able to offer clients an integrated service for financing, hedging and derivatives execution all linked closely to the client's physical positions.

"We offer not only hedging, but we approach the deal on the back of the financing relationship," says Chris Fix, head of commodity futures in Asia.

"We have a strong link to the physical business and we're able to see the flow of physical business and facilitate with hedging," he says.

One of the brokerage's differentiating offerings is its initiative in which it works with 25 lending banks to offer a service that allows clients to match the physical against their hedged positions.

"It's extremely important for our customers, especially the state-owned enterprises, to be able to see all of their financing positions in one statement," notes Fix. "Through our tripartite agreement, instead of having to aggregate that information across a variety of different providers, clients get one statement from us that lets them reconcile every barrel of financed oil that they have."

Strong links to state-owned companies enable the bank's brokerage arm to understand their specific needs when it comes to futures and forward



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trading. BNP Paribas Commodity Futures began broking for Thailand's PTT at the end of 2010.

"BNP Paribas Commodity Futures understands the fixed rules that a state-owned enterprise has to abide by and gives us a high level of flexibility," says Morakot Yuvapurna, financial officer, trading credit assessment division of PTT. "They offer competitive fees combined with a very helpful and quick response and impressive screen technology," she adds.

The increased appetite for clearing of commodity derivatives in Asia over the past year has put the brokerage in a prime spot due to its clearing expertise. "Having a trading presence in Asia, we're able to bring our customers

market prices that are executed here in Asia in the OTC market and then immediately put through the clearing arm of Commodity Futures with no brokerage fee," says Fix.

Trades can also be netted for further cost savings. The number of customers using that solution in the energy markets has increased fourfold since 2008, says Fix.

As part of its collateral management solutions, BNP Paribas Commodity Futures can effectively offer clients the ability to trade the international commodity markets using their own local currency. "We're able, because of our branch network, to offer clients the ability to use collateral in the form of their local currency to trade international exchanges," says Fix. "This is one of the fairly unique collateral management solutions we can offer our clients."

A message of senior level support for the group's activities in the Asia-Pacific was sent when its chief executive of corporate and investment banking for Asia-Pacific, Eric Raynaud, was appointed earlier this year. "We believe this has strongly positively impacted our business," says Hervouet.

While the brokerage has continued to develop relationships with state-owned enterprises, it also sees "explosive growth" within the medium and small-sized company sector, says Fix. With less internal constraints, these smaller companies are well placed to develop extremely sophisticated trading programmes, which could one day rival the big international trading houses, he believes. ■