

The Eye for ETFs

Exchange Traded Funds are very attractive owing to their basic stock-like flexibility. But without the ability to compute their indicative net asset value, they could not live up to their name. The Biel-based company Rolotec AG has designed a tool that is even deployed in the USA.

In the investment business, Exchange Traded Funds hold a special position, because like any regular stock, they are continually being traded. Keeping track of an ETF value is critical, hence the importance of Rolotec's tool. Every 15 seconds, it kicks in to compute the indicative net value (iNAV) of ETFs. A whole host of individuals need the iNAV: the market makers use it to ascertain the right bid and asked prices; the stock market in question needs it anyway; institutional investors use it to pursue possibilities for arbitrage and, to come full circle, the private investors can use it to assess the quality of the market maker's values.

Rolotec AG has been the supplier of computational software ever since ETFs have been traded in Switzerland. Originally developed for UBS, the system is now deployed in the USA. At the present time, no fewer than 20 ETFs traded on the American Stock Exchange (Amex) are calculated using the application. Amex computes domestic funds itself. The tool could only be partially deployed for ETFs with international shares. Scott Ebner, an ETF specialist at the Amex, explained: "Thanks to the complete, international ETF computation service offered by Rolotec and Telekurs Financial in the USA, market participants now have a new option for calculating the indicative intraday value of their international funds." And he added that he was very happy about the cooperation with an established, international provider, in particular since the service provided was perfectly suited to the rapidly growing American ETF market.

The Rolotec tool and the Telekurs Financial Data Feed allow emitters to quickly activate new ETFs. The service is currently being prepared for Singapore. The application of the tool is not limited to ETFs, however. The calculation mechanism also works with entirely customizable in-

indices, which benefits fund managers and investment bankers. Theoretically, indices can also be computed using values that are not listed on the stock exchange. This type of

flexibility also means that medium-sized or smaller asset management firms would be able to perform portfolio calculations with limit alarms at affordable conditions. ■

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