A METHOD AND A SYSTEM FOR IMPROVED TRADING DERIVATIVE CONTRACTS AND COMBINATIONS THEREOF

ABSTRACT

In an automated exchange system a separate virtual derivative instrument used in the matching process of the system. The reference instrument, i.e. the instrument in which derivative contracts are traded, is then preferably displayed together with the hedged derivative instruments. The reference instrument, i.e. the underlying contract, is presented with a price. The matching of the virtual hedged derivative contract can take place in a matching module of the automated exchange system. The trade can subsequently be captured in a separate module of the system where the combined deal is formed. When a trade in a virtual hedged derivative instrument is matched in the matching process of the system, the match is reported to a subsequent deal capture module where the corresponding different deals of the virtual hedged derivative contract the reference instrument are formed. The deals formed in the deal capture module do not need to be matched, since the number of contracts and the price can be deduced from the information relating to the virtual hedged derivative contract.

(Fig. 3)