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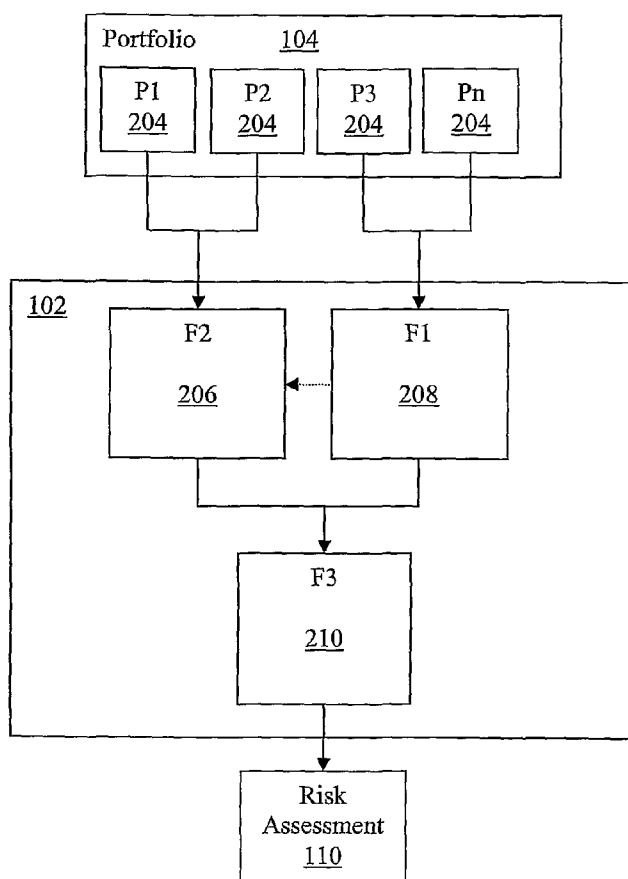
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(54) Title: SYSTEM AND METHOD FOR HYBRID SPREADING FOR RISK MANAGEMENT



(57) Abstract: A risk management system and method is disclosed which utilizes a flexible and configurable set of spreading techniques which may be incorporated into existing risk management software to enhance functionality, flexibility and accuracy. In the disclosed embodiments, multiple different types of spreading are combined to allow for a more accurate assessment of risk. In one exemplary embodiment, a subset of the derivative products held by a futures trader are first analyzed by the scanning based spreading methodology. Typically, futures products in the same class of products (e.g. equity futures or agricultural futures) would be analyzed together by the scanning based spreading methodology. Then an average delta would be calculated for that subset. Using that delta, that subset would then be analyzed in relation to the remaining derivative products (not in the subset) using a delta based spreading methodology. The delta for the subset could be computed in a variety of ways including scaling the deltas for each product, tying the delta to a fixed time period or other methods.

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