

★ In the past year, Stamford-based inter-dealer broker Tradition Financial Services (TFS), a subsidiary of Compagnie Financière Tradition, has outpaced its competitors across the board in the energy space. Along with its core products in power, natural gas and oil, TFS Energy has also made large strides in the emissions and weather markets with a series of key partnerships.

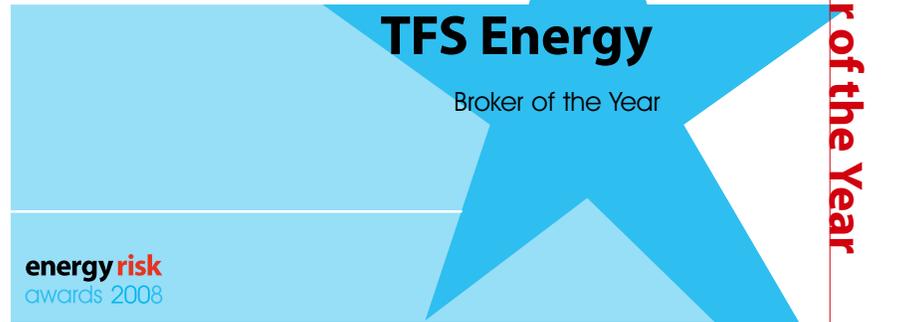
One of the group's most recent accomplishments was having its subsidiary, TFS Green, nominated by Manila-based multilateral organisation Asian Development Bank (ADB) as one of two brokers to help project developers sell carbon credits under the ADB's Carbon Market Initiative (CMI).

The ADB launched the CMI in 2007 to promote clean energy projects in the Asia-Pacific region. The CMI's \$152 million Asia Pacific Carbon Fund (APCF) will buy up to 50% of the total volume of future CERs from project developers in exchange for upfront financing. The fund was financed by seven European countries: Belgium, Finland, Luxembourg, Portugal, Spain, Sweden and Switzerland. For the other half, the ADB also created the Credit Marketing Facility (CMF) through which project developers can work with TFS Green to sell the remaining credits.

"Among the proposals we received from various brokers, we felt that TFS proved to be one of two which offered the best service," says Woo Chong Um, Manila-based director of infrastructure services at the ADB. The other broker is CM Capital Markets Brokerage, based in Spain.

Another important step was TFS Energy's expansion in the weather derivatives market with its joint venture with Carvill, a London-based independent specialty reinsurance firm. In August 2007, the two firms announced that they would create an insurance derivatives brokerage and advisory services company. Although in its nascent stages, Kendall Johnson, MD and global head of TFS Energy's Weather Derivatives, believes there will be greater activity as we advance into the 2008 hurricane season. According to Johnson, overall the entire weather derivatives market has grown in excess of 25% since January 2007.

For Kurzer, both achievements represent the latest steps in what has been a very patient build for TFS Energy. "We're very



proud that we've created a global group that outnumbers our competition in both the scope of the energy markets and the level of success we've had in those markets," he says, adding that revenues have grown in every market due to greater volatility and the entrance of new players.

In its core business TFS Energy has bolstered its head European division with several key hires. Mike Haynes joined the naptha desk and now works with Ruari Ypma, who has been with the firm since 2002. Prior to TFS, Haynes worked at London-based Aspen Oil Brokering for nine years. Also from Aspen, Michael Keiman came on board to set up a new gasoline desk while physical and derivatives liquefied petroleum gas broker Mark Amin joined from Tullett Prebon.



Alan Kurzer, TFS Energy

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But does the firm fear that it might be over-hiring while the commodities market is in a bubble? "We've never allowed ourselves to become overstaffed, like some of our peers. If volatility in the energy markets comes down, I see us being more active," he says, noting that in the aftermath of Texas-based Enron's collapse in 2001, TFS Energy was one of very few brokerages that did not lay-off any workers. It has had no turnover in senior management since then.

In the coming year, TFS Energy will continue to push forward in the NO<sub>x</sub> and SO<sub>x</sub> emission trading markets, along with all of its other core coverage areas, with the hope of similar success. **ER**