

Agency Trading solution study for a majority foreign owned investment bank in China

A JOINT VENTURE INVESTMENT BANK IN MAINLAND CHINA, MAJORITY OWNED BY A TIER 1 FOREIGN BANK, SELECTED BROADRIDGE'S AGENCY TRADING SOLUTION TO ENHANCE ORDER MANAGEMENT, ONBOARDING AND MIDDLE OFFICE CAPABILITIES, TO BETTER SERVE ITS EXPANDING GLOBAL CLIENT BASE.

BACKGROUND

The joint venture investment bank provides financial services for debt and equity sponsoring, underwriting and brokerage of locally listed securities in China, primarily to international investors but with potential to extend locally. Local brokerage, one of the bank's key business lines, manages orders received from its Hong Kong branch and international investors to the Chinese markets.

The bank's broker license enables multi-asset class trading on Shanghai Stock Exchange and Shenzhen Stock Exchange, including equities, ETFs and bonds. The existing trading solutions did not meet the standards of international clients, with inadequate functionality when performing routine brokerage services. This resulted in

inefficient operation as well as high operational risk. Another issue was high costs for managing trading technology, as the bank was using a blend of products from multiple vendors together with in-house systems.

BENEFITS BROUGHT BY BROADRIDGE'S SOLUTION

- With powerful trading, middle and back office components, Broadridge's agency trading platform enables the bank to monitor, manage and execute buy-side orders using a single platform.
- Broadridge's plug-and-play architecture provides great flexibility for adding new features and integrate with internal and third party systems to accommodate a broad range of business needs.
- The business monitoring component provides a user friendly interface for tracking parent/child order status.
- Consolidated FIX communication between internal bank systems, shortened onboarding time per client and quicker time to market for order management and reporting process, all without compromising on latency.
- Add-on middle office components seamlessly integrated with Broadridge's agency trading platform, enabling the bank to customize allocation workflow per client and to book orders easily.

KEY CHALLENGES

- **The bank's local order management system was not fully compatible with the FIX protocol, and therefore could not efficiently manage FIX orders from its Hong Kong branch and international investors, resulting in tedious and slow onboarding of new clients.**
- **Unacceptable latency and capacity issues when processing orders using the local pre-trade risk solution.**
- **The bank was upgrading its in-house algos to meet local market requirements, using a third party algo system during the transition period. There was a requirement to avoid operational risk when migrating the temporary algo solution back to the upgraded in-house system.**
- **The bank's middle office technology could not adequately support FIX and central trade manager (CTM), and it was difficult for the bank to customize its buy-side clients' allocation workflow and handle their various requirements for pre-trade allocation and CTM.**

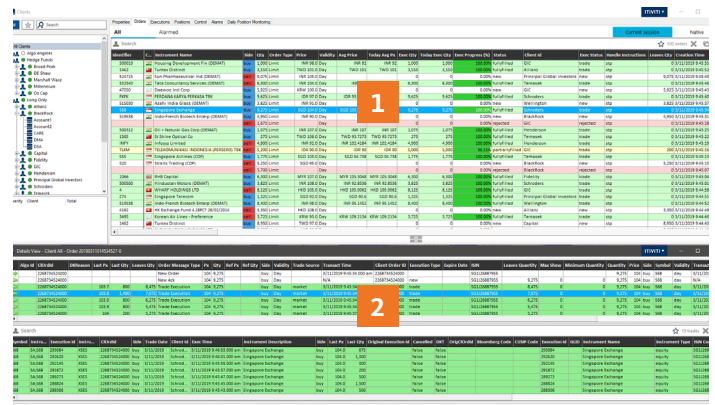
The bank has recognized significant improvements by adopting Broadridge's agency trading solution, and is planning to add Broadridge's pre-trade risk functionality to further support its growth and handle high volume trade flows.



DASHBOARD WINDOWS

Monitor and manage your orders. Check business messages in real-time and rely on round trip data to spot and investigate latency.

- 1 Performance statistics: Processing time of each message as it passes through the trading platform.
- 2 Round trip: Message latency.
- 3 Quantity per message type.
- 4 Quantity per session/connection.



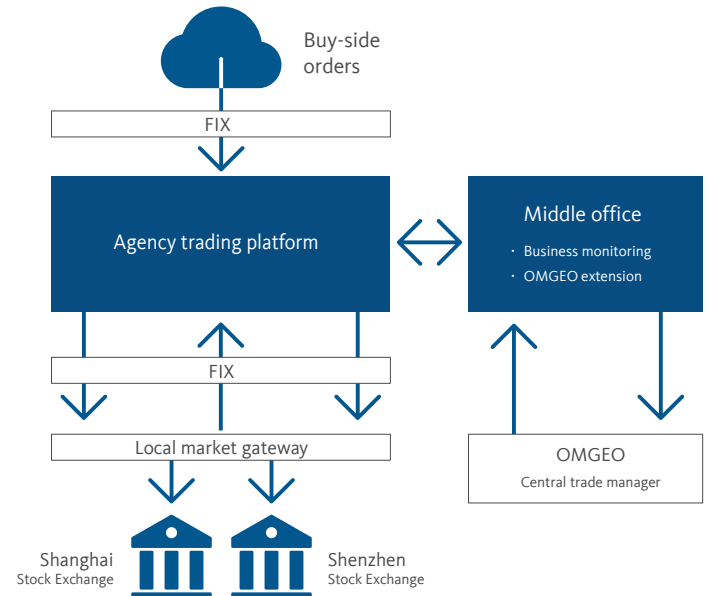
MONITORING WINDOWS

Track trading activity and progress in real-time for orders and clients. Search, filter, watch, sort and review orders in a single summarized view.

- 1 The order book for the day, with powerful filtering and search capabilities.
- 2 Order details, with the entire order lifecycle from new order to fill, including individual trade details.

BROADRIDGE'S AGENCY TRADING AND ORDER MANAGEMENT SOLUTION

- Broadridge's agency trading solution enables low-touch and high-touch trading with powerful middle office components to manage the increasing use of electronic workflows while further reducing operational risk and lowering costs. Built on Broadridge's highly automated hybrid agency trading platform, it allows firms to scale across asset classes and geographies.
- Leveraging Broadridge's fully automated post-trade functionality, firms can create a centralized view of post-trade data to efficiently report transactional data to relevant regulatory authorities. These tools help mitigating regulatory risk and facilitate adaption to new regulation.



Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with \$5 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than U.S. \$9 trillion of equities, fixed income and other securities globally.

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