

Automation Equals Acceleration

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Why Modular Trading Systems Will Define the Future of Capital Markets Technology

For every transformative technology, there comes a turning point where innovation is no longer just a useful accelerator or differentiator, but a prerequisite for success. Thanks to a host of factors, we believe that automated trading workflows have passed this threshold and become an absolute necessity for success in the markets.

One trend driving this need is the electronification of fixed income and foreign exchange (FX), which has created a major advantage for firms able to scale quickly and support the new system requirements that come with these emerging avenues for diversification and business development.

Other factors include the acceleration of the markets and the emergence of powerful new trading tools, both of which magnify the need to share information across disparate contexts and across the enterprise. Put simply, there's no room for legacy workflows in a speed-obsessed world.

Market participants can solve for both dynamics by pursuing automation and interoperability. When apps can communicate and share information with one another, traders spend less time on repetitive tasks and more time generating value, creating a true productivity ecosystem. Meanwhile, developers are empowered to bring new solutions to market quickly.

The drivers of automation are clear – but how should firms go about achieving it?

We believe it all comes down to the system's architecture.

DEPLOYMENT MODEL DRIVES FUNCTIONALITY

For any technology, the deployment model or service plan is a determining factor in its utility. Whatever path is selected – proprietary technology, monolithic vendor systems, fully managed solutions or a hybrid model – the solution must suit the firm's every trading need, reduce total cost of ownership and enable resources to be focused on core competencies.

We believe that a modular system architecture provides the clearest path to differentiated functionality, flexibility, automation and streamlined workflows, benefitting both the developers that build trading systems and the industry professionals that use them.

That contrasts sharply with legacy systems, which are fundamentally resistant to change. These platforms must be fully redeployed with each update, no matter how small, and a single bug can break the entire system, creating an unacceptable level of risk. They are also built to be standalone solutions – a major limiting factor amid the proliferation of advanced trading tools and unprecedented in-house development talent.

CREATING AN INTEROPERABLE ECOSYSTEM

Componentized systems, on the other hand, can support new functionality as quickly as it is developed. By leveraging open APIs to communicate with third-party trading tools and proprietary systems, firms are free to pursue the best solutions available and make any necessary adaptations to support a more multi-asset and global business, without worrying about breaking their current system.

When applications are built for interoperability, the front office's world suddenly opens up. Firms can work with any combination of providers and internal talent to build a truly optimized workflow and improve trade performance. This also injects clarity and consistency into the entire trade lifecycle – for example, real-time sharing of middle- and back-office data with front-office systems can drive P&L benefits and better trading decisions.

BROADRIDGE TRADING AND CONNECTIVITY SOLUTIONS: THE OPTIMAL PATH

At Broadridge Trading and Connectivity Solutions (formerly Itiviti), we focus on delivering flexible, cross-asset trading solutions to a global client base. Our modular trading platform, enables clients to curate their ideal solution by selecting from a suite of over 300 applications, encompassing pricing, risk and position management, smart order routing, ETFs, derivatives, market making and more.

Our unique offering is a true hybrid solution. While clients can leverage all the out-of-the-box tools they need to quickly bring a system to market, they also have the ability to build and modify their trading strategies via the platform SDK, so firms can improve it over time and augment it with additional elements, whether third-party components or their own secret sauce. That means firms can, for example, add new FX modules to provide deep liquidity and advanced automated execution services via a fast, straightforward process.

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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No matter the specifics, our platform creates an efficient, unified workflow and infrastructure – in other words, a whole that is greater than the sum of its parts.

Broadridge's 2021 acquisition of Itiviti has fueled additional synergies for both client bases. The scale, industry footprint and cutting-edge technology of the combined offering will deliver a more comprehensive portfolio of flexible, integrated trade lifecycle components to choose from. Today, the firm is actively pursuing a range of new trading initiatives, as well as the integration of systems and user interfaces, such as Gloss, Broadridge's international securities processing platform.

With optimized workflows and endless possibilities for complementary systems – powered by the strength and scale of a global fintech leader – there's no limit to how clients can benefit from our trading platform. The pressure to be multi-asset, global and lightning fast may be ratcheting up, but with a modular approach, market participants can turn these challenges into opportunities.



ABOUT THE AUTHOR

Ofir Gefen is the Managing Director, EMEA, and APAC at Broadridge Trading and Connectivity Solutions (formerly Itiviti). Ofir joined Itiviti as the Head of APAC in 2017 and was also appointed Head of EMEA

in 2020, managing its operations across the regions and responsible for all commercial and operational activities. Prior to that, he filled various management positions at ITG, finally serving as the Co-Head of Execution responsible for electronic & algorithmic trading in the last 3 years. Ofir has over 20 years of experience in technology within capital markets across multiple geographies, including Europe and the US. He holds a B.Sc. in Information Systems Engineering and an MBA from the UCLA Anderson School of Management.

