

Broadridge Trading and Connectivity Solutions supports Hong Kong Warrants Market Maker with Tbricks

A LOW-LATENCY, MODULAR PLATFORM COMBINES SERVER-BASED FUNCTIONALITY TO ACCELERATE PERFORMANCE AND TIME TO MARKET.

THE COMPANY

This client is a tier-two bank with a strong presence in Asia, headquartered in China and with offices across the region.

For years, the client had built its reputation as an agency broker-dealer, active in various market centers throughout the region. It wanted to diversify its business by becoming a warrants market maker on the Hong Kong Stock Exchange (HKEX).

The Hong Kong warrants market is unique in that it has a large retail footprint – many retail investors view this asset class as being akin to equities, creating a high-volume, fast-moving market. Even more so than in other asset classes, success as a warrants market maker requires speed, flexibility and efficiency.

CHALLENGES AND GOALS

Entering this market posed a daunting task to the client's equity derivatives team. On the regulatory side it required a license granted by the exchange. On the technology side, a trading platform is able to deliver the myriad functions necessary for any warrants market maker and a range of additional benefits to gain an edge.

A low-latency platform with powerful market making tools

To start, having a high performance platform was key. The volatility of the Hong Kong markets required a low latency platform to swiftly update quotes on tick updates. To be successful, the client also had to issue many instruments, requiring a highly scalable solution. In addition, the client wanted to transact with warrant arbitrators as part of its strategy, magnifying the need for technology able to accommodate large volumes at high speeds. The team saw this low-latency connectivity as table stakes for its warrants market making business.

The client also needed a wide range of powerful functionality to control risk, automate workflows and secure profitability. In addition to its proprietary tools, the bank had established

relationships with a range of vendors in other business areas, and it wanted to ensure its warrants market making team would be fully integrated with these solutions.

Flexibility to accommodate market changes and new priorities

Similarly, the system had to be adaptable and flexible to accommodate market changes, including new rules from either the exchange, regulators, or internal compliance, be agile to support changing business priorities and have the ability to quickly implement new ideas and strategies.

Importantly, the client did not want the implementation to be a drawn-out process with an uncertain end date. They wanted a solution that could get to the market quickly and efficiently – with minimal unnecessary costs and without bumps in the road.

With those criteria in mind, and upon concluding that this was too big a project for its in-house development team to build from scratch, the bank undertook an exhaustive search process for an ideal platform.



KEY CHALLENGES

- **A low-latency platform to update prices in real-time and accommodate large transaction volumes at high speeds.**
- **A flexible platform to accommodate market changes and quickly incorporate new strategies and business priorities.**
- **The ability to function in concert with proprietary and third-party tools.**
- **Ease of implementation and accelerating the time to market.**

STRATEGY AND SELECTION

After evaluating a host of other vendors, the bank identified Itiviti (now Broadridge Trading and Connectivity Solutions) as a technology partner with a solution that checked all the boxes. In addition to the functionality, the bank was impressed by its deep market making experience, with several prominent Hong Kong warrants market makers already relying on its Tbricks trading platform.

Leveraging off-the-shelf tools and the ability to build its strategies

Broadridge Trading and Connectivity Solutions stood out for being comprehensive and well-rounded, offering efficiencies in speed, features, integration, user experience, reliability, etc. Perhaps the biggest factor in selecting its Tbricks technology was its flexibility. While the platform included an extensive suite of robust off-the-shelf tools – over 300 apps in total, encompassing quote streaming, volatility management, automated hedging and more – it also provided the relevant source code and a rich API for building and modifying trading strategies.

A modular platform interoperates with other systems via open APIs

This enabled the bank to bolster Tbricks with its own trading functions and build a truly hybrid solution. This results from Tbricks' modular architecture, which can be reconfigured to operate alongside proprietary or third-party systems.

By selecting Broadridge Trading Connectivity Solutions, the client was able to protect its existing technology investments and achieve highly customized functionality at a fraction of the development time and cost required to build a solution from scratch. It also maximized its adaptability to new regulations and other business changes.

Various deployment models to best fit clients' needs

While Broadridge Trading and Connectivity Solutions offers Tbricks as an on-premise solution, this bank opted to onboard the platform as a fully managed service, sparing itself the costs of hardware, maintenance and upgrades. In addition, it demonstrated an ability to stay up to date with exchange fee adjustments and other changes, eliminating the need for in-house resources in this area. These are additional examples of how Tbricks shortens time to market while lowering the total cost of ownership.

Finally, its comprehensive disaster recovery plan gave the bank peace of mind that it could continue its warrants market making business under any set of circumstances, expected or otherwise.

KEY SUCCESS FACTORS

- **Leveraging over 300 off-the-shelf trading apps including pricing, risk and volatility management, market making, hedging, etc.**
- **The ability to build its own strategies via the platform SDK, leveraging all licensed source code.**
- **A modular platform integrates with other systems via open APIs and gives greater flexibility to adapt to the newest technologies for business needs.**
- **Lower total cost of ownership by adopting a fully managed solution. The firm can focus on its core competencies.**
- **A comprehensive disaster recovery plan to ensure business continuity.**



BUSINESS BENEFITS

Accelerating the time to market

The Broadridge Trading and Connectivity Solutions sales team remained involved throughout the implementation process, ensuring that the functionality met expectations. The bank enjoyed a smooth implementation process and a successful launch as a warrants market maker. On day one, users had access to a comprehensive set of pricing, risk and volatility management tools. The bank can leverage the intellectual property in-house by customizing strategies or creating new ones through a unified Software Development Kit (SDK).

Well positioned for horizontal and vertical growth

Today, the client is a prominent HKEX warrants market maker, with a target of 1,000 structured products issued in addition to options market making. Thanks to Tbricks' server-side, high performance engine and feature-rich functionality, including server-based quoting, taking and hedging, the firm is ideally positioned for horizontal and vertical growth – it can easily scale and trade more warrants quickly and efficiently.

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 digital 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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Excellent sales and customer service for ongoing needs

In addition, the client is in frequent communication with the Trading Solution Delivery team, relying on it as needed and making independent tweaks using the licensed source code.

Looking ahead, the client is equipped with the necessary tools to adjust its warrants market making business for any change in the business landscape. What's more, the versatility of Tbricks means it can modify the same code it is already using to support other asset classes, workflows, or business activities. In this way, Tbricks serves as an adaptable, scalable driver of innovation and growth.

BUSINESS BENEFITS

- **A smooth implementation and fast time to market.**
- **Quickly established as a prominent HKEX warrants market maker, with a target of 1,000 structured products issued in addition to options market making.**
- **An expert Trading Solution Delivery team to support ongoing needs and new business initiatives.**
- **A modular and powerful platform for vertical and horizontal growth, which can easily scale to new markets and asset classes.**

