IBM Financial Services Sector
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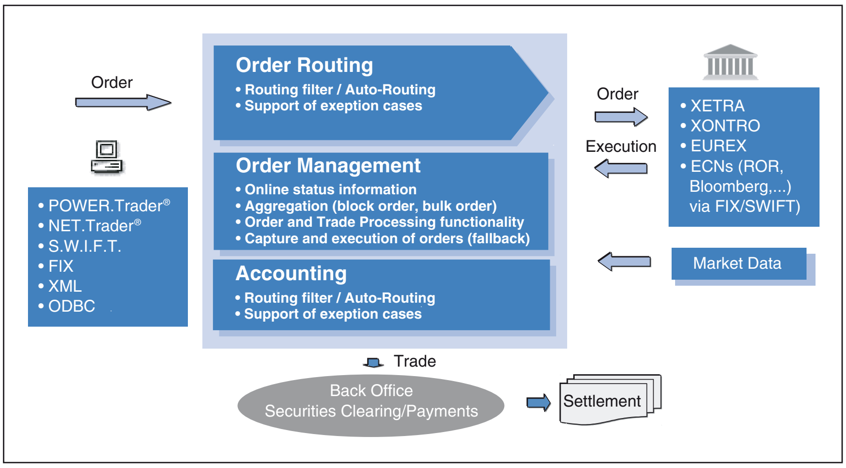
Transaction Management for Securities and Market Connectivity



Optimization of processes in transaction-management?
One central and holistic view to all orders allows to efficiently track the 'life cycle' of the order transactions. A well organized order folder is the base in achieving a high 'STP rate'. Failures and therefore resulting cancellation fees can be avoided by an optimized process. As a result of this, a radical reduction of transaction costs can be achieved.

Highlights

- ***Optimization of transaction management processes***
- ***Control and surveillance of order streams by master control to the markets and succeeding execution***
- ***Enrichment of trades with transfer to back office***
- ***Various support of trading desks for exceptions and order aggregations***
- ***IBM Valuta-Direct® OROM is capable for multi-purposes and can be parameterized for various contexts***

The current situation in Securities Transaction Banking.
Transaction Banks are competing for new clients and for a progression of their own market share. The result is that all other financial service providers are forced to decide whether processing the back office services by themselves or using the services of another transaction bank. Thus, the processes in transaction banking are presently reviewed. It also contains the controlling and administration of order streams up to trade support and market connectivity. On the one hand transaction banks are also offering this service besides typical back office services, on the other hand this scope of duties can be a competitive differentiator in conjunction positioning of a brokerage unit.

Additionally, many existing solutions cannot keep pace with new market requirements. Hence there is a need for an efficient reengineering in the context of process optimization.

Requirements for an efficient transaction management.
- *A link-up of order suppliers ought to support different technical connections and data formats.*
- *It is mandatory to extensively process all types of securities.*
- *There has to be a complete traceability and a consistent referencing of all transactions related to executions and exceptions*
- *The solution must be scalable in order to be able to flexibly react to an increased number of transactions.*

IBM Offering: Valuta-Direct® OROM.
IBM offers an order routing and order managing solution that can be integrated in different contexts of implementation and process. This solution is featuring characterized by a high stability. An important topic has been proven in several benchmark tests: The coverage of numerous transaction numbers.

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Link-up to order contractors.

- *Orders can be delivered in different standard industry formats (SWIFT, FIX, XML).*
- *Specific validations are being supported by different credit entry channels. The subsequent processing can be predefined rule-based.*
- *The order status is being declared proactively or on request.*

Administration of orders.

- *Orders are being registered in order books and are assigned to certain trading units.*
- *Criteria and condition parameters for the routing to market places or counterparties are organized with the order books.*
- *Orders can be merged into bulk orders for the placement at market places.*
- *Block orders in terms of substitute requests can be directly routed to the stock exchange and can afterwards be allocated.*
- *The master control towards the online routing to market places is based on definable rules. Exceptional cases can be filtered by specific processing functions in order to be handled manually.*

Connection of market places.

- *Surveillance and traceable recording of the order status facing the stock exchange.*
- *Execution of orders which are captured via a stock exchange front-end can be allocated for the further STP processing.*
- *Autonomous synchronization in at exceptional cases and alerting function while failures occur.*
- *Orders can be forwarded to counter-parts via FIX, SWIFT, E-Mail or FAX.*

Connection of settlements.

- *After execution of orders accounting records are being created and forwarded to the back office for further processing.*
- *If necessary, foreign currencies are being supplied for execution.*
- *Besides the online connection, accounting records can also be accumulated in a set time period.*

Integration in terms of an Enterprise-Service-Bus-Architecture.

Functionalities towards the order routing and management can be offered as a service via a companywide bus-architecture based on a service orientated architecture concept (SOA).

Services for Valuta-Direct® OROM.

IBM is offering an extensive support among order analysis, conception for the integration of solutions into the respective IT landscape, consulting in configuration and optimization, training and customer specific development.

As the leading Information Technology firm and Consultancy, IBM offers its clients the complete value chain of solutions in the banking, financial markets, and insurance sector. IBM guides companies through all project phases right from the beginning: This involves the complete spectrum from business consulting services via software, hardware, system analysis and design, up to implementation, project management as well as operation of the solution.

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