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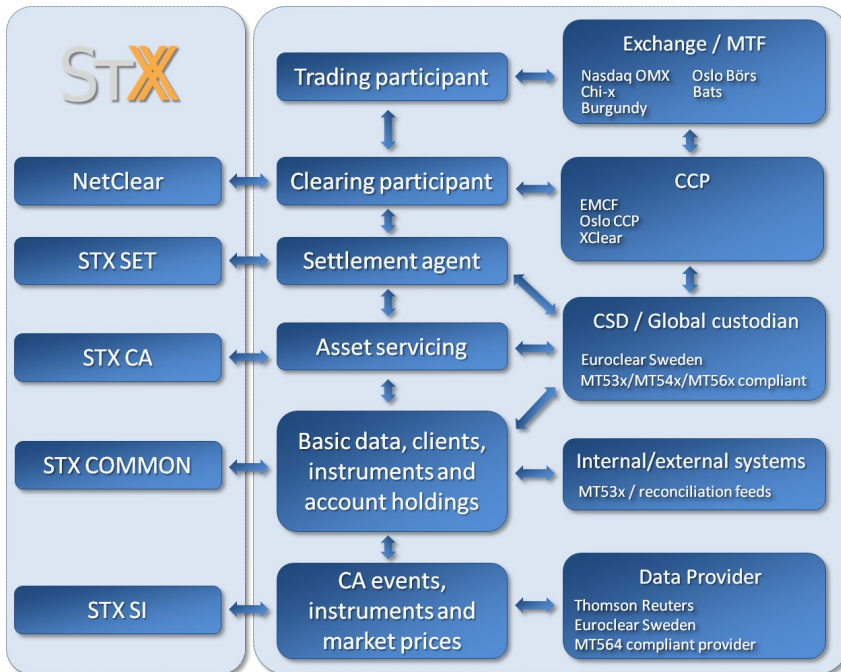
**BROKER**



**WAY**

## Travel safely in the financial landscape with Brokerway

Brokerway has extensive experience and a successful track record of systems and organizational development for the securities industry. The focus areas are corporate actions, clearing and settlement. The starting point of our work is to always help our customers to make their operations more efficient and competitive. An idea about the right technology and business development requires both deep and broad expertise of the market.



As a result of many years close relationship to our customers we have developed STX, a module based product platform. Key principles for design and development of STX modules have been efficiency, stability and flexibility.

STX runs on any technical platform and is easily and securely distributed over the Internet. All STX modules use business and technical standards to communicate. This means that the STX modules should be seen as one or more pieces of the total IT infrastructure that together comprises the financial institution's post trade management.

Acting in the securities industry is costly and market participants should increase their co-operation in order to remain competitive. This includes co-operation with competitors as well as with independent experts such as Brokerway.

## The financial landscape that formed Brokerway

In general a large part of the IT budget is devoted to fixed costs (e.g. systems support and maintenance) and mandatory projects that often are driven by changes in the financial market. It is natural to strive to keep these costs as low as possible to establish the capability to implement projects aimed at enhancing competitiveness and creating new business.

Looking back 20 years you can easily identify a number of resource consuming IT projects that have been deployed due to market changes. Common examples are clearing and settlement process automation, new products / instruments / marketplaces, EUR, ISO15022, millennium bugs, EU directives such as MiFID and finally of course the introduction of the CCP. These projects have been more or less mandatory for financial institutions to maintain their market position.

Looking ahead, one of the most important initiatives to monitor is the ECB's project Target 2 Securities (T2S). The European Commission has clearly stated that they want to gradually create a genuine single market for securities in the European Union to make cross-border clearing and settlement effective, safe and efficient at the European level. Whether or not T2S will be successful, the project will have a major impact on all financial institutions and their IT budgets in coming years.

To be able to co-exist with all these costly changes financial institutions must be able to manage

both internal and external requirements in parallel. Brokerway has defined a long term IT strategy for our own product group STX which constitutes a key directive to all IT projects regardless of size and cause. This is a short and concise document describing our principles when it comes to renewal of IT infrastructure.

Brokerways situation is fairly simple in comparison to financial institutions with old legacy systems. For large institutions it is even more important to have one unified view over how system development and system maintenance is done to avoid duplication in similar business processes throughout the organization.

## This is the Brokerway

Whether we are working on our product development or in external projects we try to follow certain guidelines. This set of guidelines has grown from our experiences of how to form a successful way of working with an IT strategy in the daily business:



**Principle No 1:** There must exist an accepted and documented IT strategy that defines requirements that all projects need to consider.

**Principle No 2:** All changes should start from existing systems and IT infrastructure. Identify key persons in your staff who are able to raise the company to a higher level. Create a core team that has the right mix of know-how to develop the implementation of the IT strategy.

**Principle No 3:** Have a stepwise approach to implement the IT strategy and integrate the work into your daily activities with legacy systems. In the short term this approach will lead to more expensive projects. But in the long term this will gradually verify that the IT strategy delivers expected results. Mistakes will be corrected early which will have a major impact on IT strategy's overall risk.

**Principle No 4:** The IT strategy should include adapting to market standards both from a business and technical perspective.

**Principle No 5:** Keep IT-projects as small and efficient as possible and require a detailed specification level before signing a contract with a supplying party.

**Principle No 6:** Share risks between those who order a project (client) and those who deliver the project (supplier).

**Principle No 7:** Require an active joint steering committee that has the authority to make business decisions.

**Principle No 8:** Challenge and develop your own staff through long term cooperation with external experts.

Of course, there is no miracle cure to achieve successful projects. But we hope you will find our guiding principles inspiring. You are always welcome to contact us to discuss your guiding principles. That inspires us!



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