InterTrade
Settlement System

E xcel InterTrade Settlement System is an integrated system which offers securities clearing and settlement processing and supports multiple markets, companies, currencies, products and languages. The system is designed to seamlessly integrate with the InterTrade Trading (Front Office) System on a real time basis. Transactions can be immediately updated to the Settlement System once orders are executed in the Front Office. Client portfolio and cash position can also be updated real time.

System Overview

The InterTrade Settlement system is flexibly designed to support and handle a variety of financial instruments. Main features include:

Straight-through-processing: The system is equipped with genuine straight-through-processing capability. Such straight-through-processing provides full integration between front-office and back-office, eliminates unnecessary human intervention and improves overall efficiency and effectiveness of the business operations. Only those transactions contradict the validation rules will be sent to exception queue pending for user's further handling.

Multiple Currencies and Markets: The system can handle various kinds of currencies transactions for different markets. Transaction charges of each market can be pre-defined by user directly.

Multiple Languages: The system can support multiple languages at the same time, i.e. a default language plus other user-definable language(s). The system currently supports English, and Chinese (both traditional and simplified).

Multiple Companies: The system enables users to set up more than one operating company in the system. Users can define their own trading products, markets, and available services such as margin, custodian and cash to each operating company within the system.

Multiple Products: The system handles different types of products including equity, debt instrument, and unit trust, etc. (Futures and options support will be available in later version.)

Functions & Features Highlights

Fees & Charges: The system enables users to flexibly set up fees and charges calculation details. The rates can be either fixed, flat or tier structured, and defined at different levels for specified period.

Trade Capture: This function captures the details of executed orders for both clients & brokers. For instance, the system will capture the executed orders' details, calculate the related charges, and prepare the relevant trade related information such as settlement information, rebate, salesman commission, etc. The system also provides flexibility for users to override the default value or settlement currency and amount, if required. Manual input and automatic capture from data file or real time data message are also available.
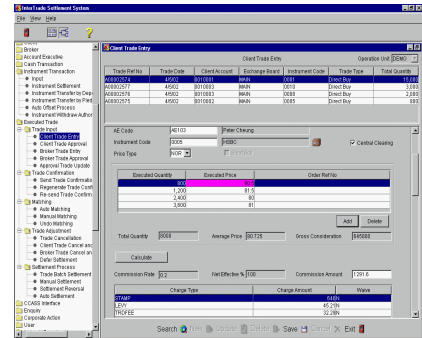

Trade Adjustment: This function allows users to amend the contract details, if required. Amendments can be in terms of:

- Trade cancellation with or without replacement trade

- Defer settlement days for posted trade

Trade Settlement: Automatic and manual trade processing are provided for both clients and brokers to handle their trade settlement, including:

- *Margin Client Trade Settlement*

- *Custodian Client Auto settlement*

- *Batch Settlement for cash client or broker trades*

- *Manual Settlement*
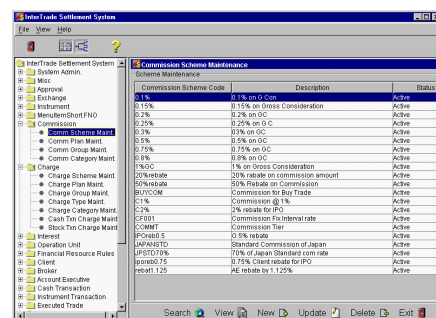
CCASS Interface: This function provides the file interface with the HKSCC's online settlement system (CCASS), thus eliminating manual operation process and unnecessary data re-entry.

🔴 *Statement of Account Interface (SOA)*: This function reconciles the company's client instrument position held by HK Clearing against HK Clearing's actual account balance by making use of the daily Statement of Account data download from CCASS.

🔴 *Settlement Instruction (SI) or Individual Settlement Instruction (ISI) Upload*: The system enables users to prepare the file of SI or ISI for upload to CCASS based on the client's outstanding trades. This process can eliminate manual input and unnecessary human errors.

🔴 *Account Transfer Instruction (ATI)*: The system eliminates manual input process of daily account transfer instructions to the CCASS.

Instrument Deposit/Withdrawal: This function handles the instrument deposit and withdraw in the client's account. The corresponding cash charges transaction will be calculated and captured by the system automatically.

Corporate Action: This function handles corporate events related to the instrument held by the company on their client's behalf. Events with multiple options and entitlements are catered. Advice for rights distribution, dividend options selection, rights subscription, warrant exercise, conversion, and events take over are provided. The system supports the following events:

🔴 *Cash dividend*

🔴 *Bonus (shares/warrants/rights)*

🔴 *Shares split/consolidation*

🔴 *Deemed book close*

🔴 *Rights subscription*

🔴 *Warrants exercise*

🔴 *Cover warrant exercise*

🔴 *Expiry instrument withdrawal*

🔴 *Public offer on take over/privatization*
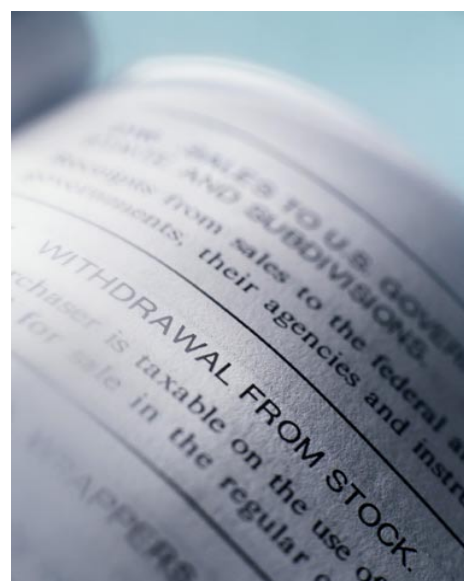
General Ledger Support: The system can generate the accounting entries based on pre-defined rules set by the users. Interface file with client's accounting system can be provided.

Margin Monitoring: InterTrade Margin Monitoring Module provides facilities to define flexible business rules for monitoring the exposure of margin clients. Margin parameters can be configured as follows:

(A) *Loanable percentage for collateral*

🔴 The loanable percentage for collateral is equal to instrument's loanable percentage multiple by the pre-defined factor of the corresponding instrument's Exchange Board.

🔴 Multiple level of instrument loanable percentage override available, as follows:

Global Loanable %	Asset Class Level Loanable %	Client Level Loanable %	Client Level Loanable %
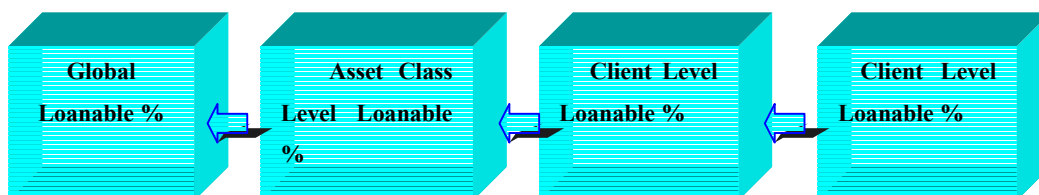
(B) *"Concentration Limit" on individual instrument's margin value*

🔴 The concentration percentage can be defined by instrument class and client type.

(C) *"Client Credit Ratio" assigned to individual margin client*

(D) *Top Up percentage, Sell Out percentage and Loan Limit*

🔴 Default value can be defined at global level and override at Company level.

(E) *"Concentration Limit" on individual instrument can be defined at company level*

With the above margin parameters, along with a real-time interface with InterTrade Trading (Front-Office) System, the real-time Margin Monitor (with client latest position at real-time instrument price) will alert users of any necessary margin calls.

IPO Module: This module handles the Initial Public Offer application. Key features include the following:

- Application by cash and margin financing are covered

- Electronic submission of the application

- Interest calculation

- Commission rebate from underwriter/agent

- Commission rebate to AE and/or client

- Allotment capture

Technical Information

The basic requirements for InterTrade Settlement System are:

- An Unix or MS Windows NT Server, running

  - A relational database such as Oracle 8
  - Visibroker from Inprise

- PC clients as user workstations

  - Pentium-based PC with 128MB memory