

**CONFIDENTIAL**

**Option Computers Ltd**  
9 Bonhill Street  
London EC2A 4PE  
UK

*Switchboard:* +44 (0)20 7382 4150  
*Facsimile:* +44 (0)20 7382 4155  
*Email:* sales@dealhub.com  
*Web:* http://www.dealhub.com

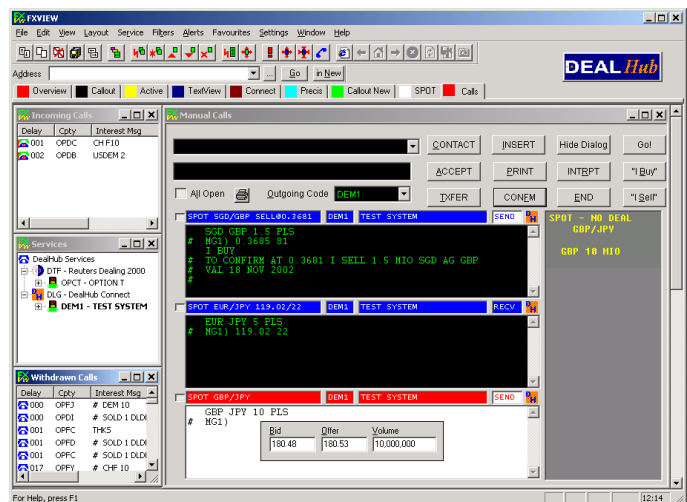
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**Case Study: DealHub/IMConnect™**  
**Major international bank cuts costs for internal FX dealing**

**Introduction**

For many banks internal FX dealing is a fact of life. For example, one branch trades with another or the Sales desk trades with the Spot desk. More often than not, this business is executed over proprietary networks such as Reuters™ and EBS™, with the attendant equipment requirements and associated costs. In many cases this may be the only use of the proprietary network by one of the parties – thus pushing the cost per trade even higher.

One major international FX bank has addressed this issue by implementing DealHub/IMConnect from Option Computers.



DealHub/IMConnect creates an internal conversation and dealing environment enabling contact between dealers / desks across the globe, using a bank's own network. Effectively allowing a bank to roll out its own dealing environment.

This document summarises the key features and advantages of DealHub/IMConnect, and highlights the Bank's use of the software and the benefits achieved.

**Background**

Historically, banks have used proprietary networks and dealing platforms, from 3<sup>rd</sup> parties such as Reuters and EBS, not only for inter-bank and corporate FX trading and order passing, but also for internal trading / communication between sales desk/spot desk/options desk etc. and also between branches.

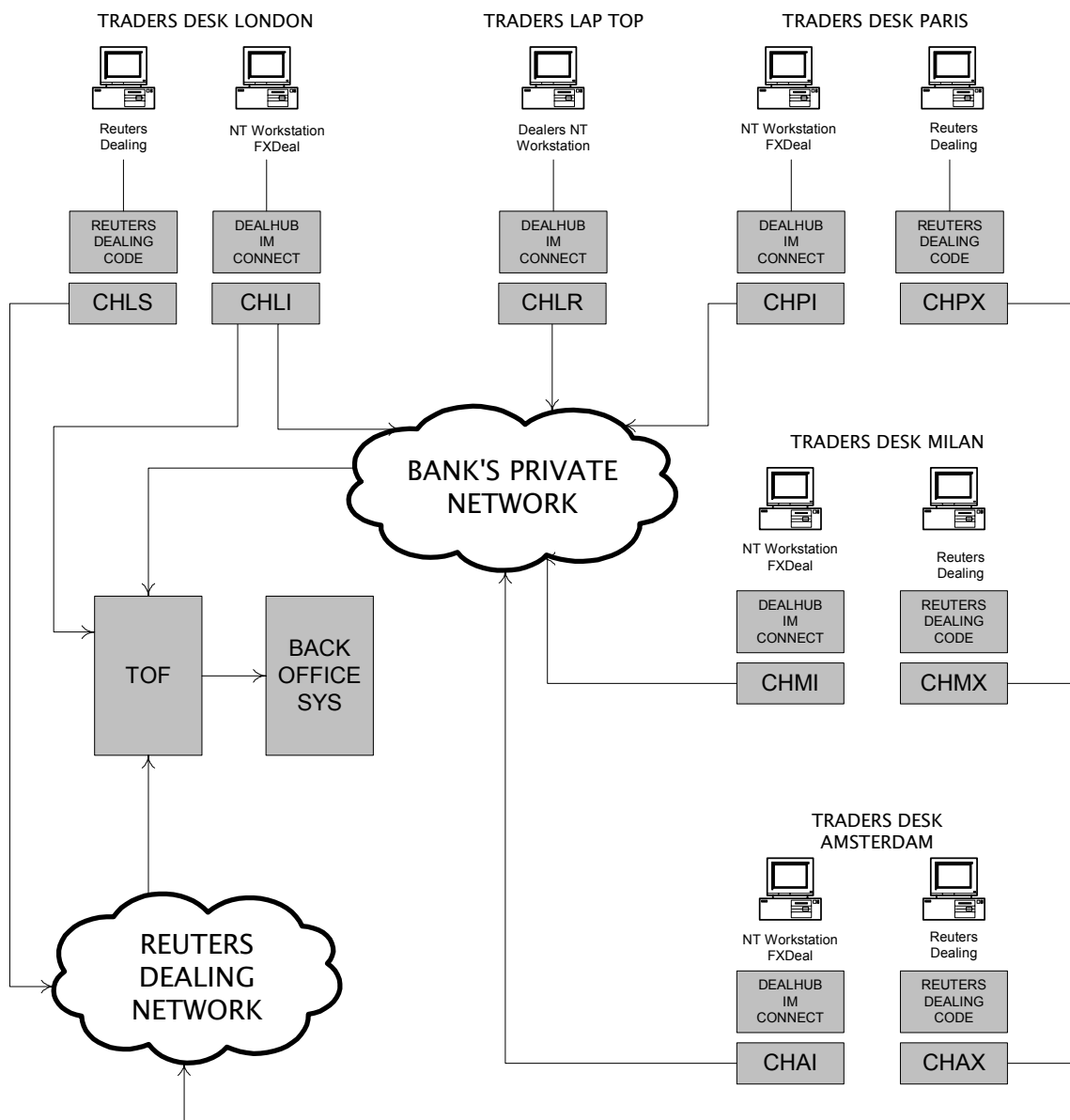
This approach evolved as the investment in network infrastructure had already been made by the 3<sup>rd</sup> parties and use of this infrastructure for internal purposes was a natural extension.

However, this also meant that the 3<sup>rd</sup> parties, particularly due to the monopolistic nature of the market, could largely dictate the prices for their services.

The 3<sup>rd</sup> party charging structures are such that dealing servers, keystations and conversation channels incur costs regardless of the level of usage and, due to the closed nature of the marketplace, the charges have not fallen in line with advances in technology.

**Internal and External Dealing Networks using DealHub/IMConnect**

Option Computers has addressed this anomaly with DealHub/IMConnect. DealHub/IMConnect provides a low cost alternative to using proprietary networks for conversations and dealing by providing a secure, reliable and fully functional alternative. This results in a bank being able to create its own customisable internal dealing environment either locally, regionally or across the globe.



It is also possible to place a branded version of DealHub/IMConnect within Corporates to provide a captive channel.

## **Overview of DealHub/IMConnect**

### **DealHub/IMConnect features include:**

- Instant conversations and dealing using a bank's internal dealing codes over the bank's own global network.
- DealHub/IMConnect can also be used securely over the Internet, providing alternative access for branches or even to act as a captive channel for corporate clients to use DealHub/IMConnect (e.g. as a white labelled product with Bank branding).
- Multiple conversations and dealers per dealing code, with multiple dealing codes available to each dealer.
- Extensive user configurable 'Reuters' style dealing functionality from NT/2000 workstations.
- Forms based conversations, customisable for different products (e.g. options).
- Tickets **and** conversations can be overviewed, just like Reuters Dealing 2000/3000, EBS etc. and can be stored locally as well as passed to any location for reconciliation and archiving.
- Fast and secure as well as easy to install and use.
- Associated archive facility for instant and subsequent recall of conversations and tickets.
- Forwards conversations and tickets to internal bank systems using standard protocols
- Can cut and paste to / from other desktop applications.

### **Key Benefits of DealHub/IMConnect include:**

- Significant savings on dealing costs – compelling ROI.
- Decision makers can contain their costs as well as providing easy access to internal pricing and dealing services for a broader community.
- Potential to reduce hardware on traders' desktops and associated infrastructure, both for main locations (e.g. Spot, Forward and Options desks) as well as at remote locations / branches.
- DealHub/IMConnect can readily integrate with existing systems, thus increasing STP capabilities through front, middle and back office systems.
- Dealing codes can be moved at will, supporting a "virtual dealing room" and global desks.
- Potential to connect and trade directly with corporate clients with a view to keeping business in-house.
- Installation, implementation and management under bank control.

### **Potential users of DealHub/IMConnect:**

- Branches that only deal internally, but currently go out over Reuters or other services to achieve this.
- Sales desk / spot desk / options desk etc., both locally and globally.
- Corporate clients.

**The main DealHub/IMConnect screens:**

- **FXDeal**, which comprises the following panes:
  - **Manual Calls**, supporting simultaneous standard conversations  
This is supported with a clickable **Contacts List** which enables instant conversations to any dealing code / dealer.
  - **Spot Deal** for individual RFQs
  - **Spot Grid**, allows RFQs to be initiated from a matrix of moving exchange rates.
  - **Spot Confirmation** providing the ability to confirm a previously placed order (producing tickets for both parties).
  
- **FXCall** is a quick trading facility enabling multiple conversations to be handled by clicking on dynamic screen buttons showing the current status of each conversation.
  - **Get Prices** supports multiple concurrent RFQs.
  - **Assisted Quoting** allows a dealer to quote prices for multiple requests, with support for automatic quoting and trading up to a pre-defined volume.

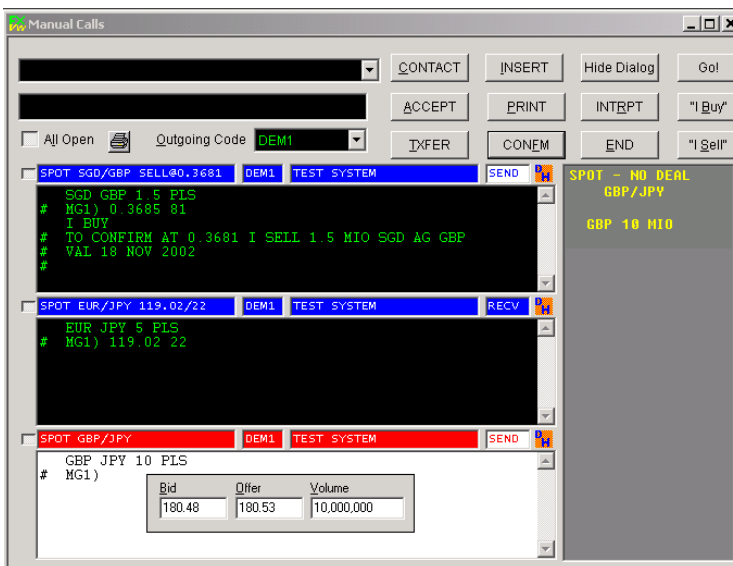
**Manual Calls**

The Manual Calls Pane, supports conversational chats. From here, a trader can simultaneously conduct and monitor an unlimited number of conversations.

Floating buttons (with optional ring tones) alert traders to incoming calls (including RFQ's from Spot Deal , Get Prices and Spot Price Grid). Clicking the button answers the call and brings Manual Calls to the fore.



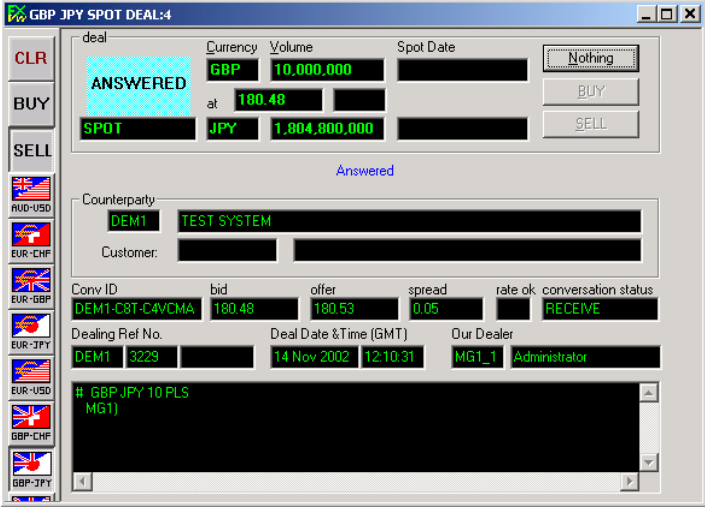
Also, floating quick call (buddy) buttons enable direct access to favourite Counterparties with predefined Interest Messages.



Responses to incoming RFQs (from Spot Deal, Get Prices and Spot Price Grid) are also handled through the Manual Calls Pane. When the conversation is picked up, the trader is presented with a pop-up window to adjust the bid/offer and volume.

**Spot Deal**

The Spot Deal Pane allows RFQs to be made quickly and easily (e.g. from a Sales desk), by clicking on user definable currency pairs, to which a trader (e.g. Spot) may respond with a quote and a trade concluded at the quoted rate.



**Spot Grid**

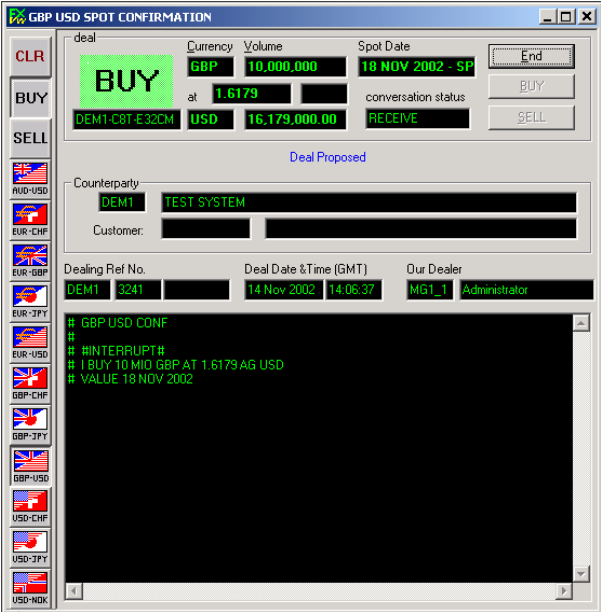
The screenshot shows a window titled 'SPOT PRICE GRID' with a summary: 'Calling DEM1 to BUY: 20 MIO EUR / GBP'. It displays a grid of exchange rates for 9 currencies: USD, EUR, GBP, JPY, CHF, AUD, CAD, NZD, and SGD. The grid shows bid and offer rates for each pair. For example, EUR/GBP is 1.6180 (bid) and 1.5147 (offer). The EUR row is highlighted in yellow.

	USD	EUR	GBP	JPY	CHF	AUD	CAD	NZD	SGD
USD		0.9367	0.6180	111.34	1.4966	1.5662	1.4964	1.8720	1.6760
EUR		1.0676	0.6602	118.89	1.5974	1.6747	1.5978	1.9996	1.7905
GBP		1.6180	1.5147	180.10	2.4256	2.5462	2.4206	3.0395	2.7118
JPY		0.008981	0.008411	0.005552	0.013437	0.014094	0.013431	0.016845	1.5064
CHF		0.6682	0.6260	0.4123	74.42	1.0462	1.0004	1.2525	1.1206
AUD		0.6385	0.5971	0.3927	70.95	0.9558	0.9555	1.1974	1.0701
CAD		0.6683	0.6259	0.4135	74.46	1.0012	1.0490	1.2542	1.1208
NZD		0.5342	0.5001	0.3290	59.35	0.7984	0.8339	0.7987	0.8945
SGD		0.5967	0.5585	0.3688	66.4418	0.8933	0.9345	0.8935	1.1179

Spot Grid shows a grid of moving rates, for 9 user definable currency pairs, fed from either an internal or external rate feed service. Clicking on a rate initiates an RFQ for the specified volume.

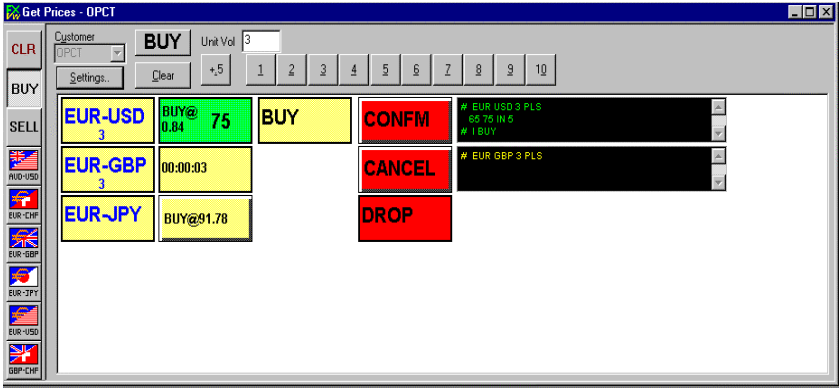
**Spot Confirmation**

The Spot Confirmation Pane is used after an order has been placed with a desk. Spot Confirmation allows the executing desk to notify the ordering desk, whilst creating a ticket for both sides.



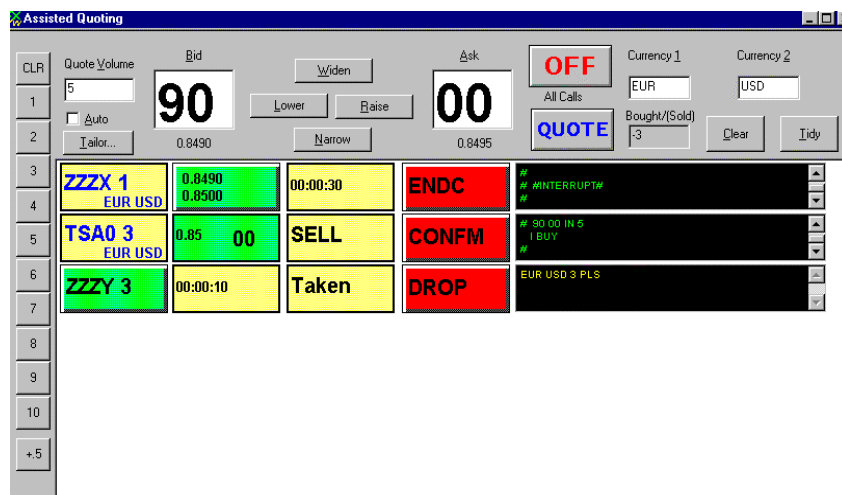
**Get Prices**

Multiple RFQs can be handled easily using the instant trading buttons for commonly requested, user definable, currency pairs, with the progress of each call displayed clearly across the screen with colour-keyed clickable informative buttons.



## Assisted Quoting

Assisted Quoting allows a dealer to quote prices for multiple requests, with support for automatic quoting and trading up to a pre-defined volume. Like Get Prices, the progress of each call is displayed clearly across the screen with colour-keyed clickable information buttons



## Deal Tickets

Deal tickets are produced automatically once trades have been confirmed.

Generated tickets can be fed automatically to other in-house systems using standard supported protocols and formats such as TOF, MT300, XML, WebsphereMQ, TCP/IP, RS232, TIBCO Rendezvous, Reuters Kondor+, or alternatively, printed for use as a manual input source.

## DealHub/IMConnect in use

A major European bank has deployed DealHub/IMconnect across the globe over its internal network (e.g. in major dealing centres such as London, New York, Tokyo, Singapore, Hong Kong, Zurich, as well as in several branches). From a dealing perspective, it sits alongside and complements Reuters Dealing.

The primary objective has been to reduce the dependency on Reuters services where internal dealing is required. This has meant that many branches, which, historically, had their own Reuters Dealing servers/codes and associated keystations and conversations, have either significantly reduced the requirement for Reuters Dealing or eradicated it altogether. DealHub/IMConnect's extensibility and flexibility with respect to numbers of dealing codes, users and conversations has further facilitated this process.

For example, in the Bank's home country, so far some 5 branches have either removed or cut-back on Reuters Dealing codes / services.

Complementing this has been a reduction in the number of keystations at the main dealing locations.

## **Key Benefits of DealHub/IMConnect to the Bank**

The prime benefit to the Bank has been cost reduction whilst maintaining or increasing access to the central dealing services. This has been achieved by the reductions in 3<sup>rd</sup> party dealing codes / keystations and conversations and their attendant costs.

In addition, dealing access has been provided to a larger community within the branches, without incurring any significant additional costs. Operationally this has permitted the Bank to provide a quicker and more effective service to its clients, adding to the Bank's competitive edge.

## **Key advantages DealHub/IMConnect when compared with other products (e.g. dealing and / or IM products)**

### Costs

- One off licence fees (with low ongoing software maintenance fees).
- Total Cost of Ownership considerably less than alternative dealing products.
- Potential to reduce hardware on traders' desktop and associated infrastructure.

### Unrestricted dealing headroom (subject to hardware capacity)

- Unlimited dealing codes per server.
- Unlimited dealers per dealing code.
- Unlimited conversations per dealer.

### Forms Based / Transaction Aware

- Forms based messaging.
- Transaction aware - obviates need for conversation analysis to detect trades and associated potential to miss or misinterpret trades.
- Conversation feed / overview capability.
- Straight Through ticket feed using industry standard formats and protocols.
- Audit trail and archive of both tickets and conversations.

### Implementation, Extensibility and Ongoing Management

- Bespoke dealing environment installed on Bank's own equipment (NT/2000) / network (or the Internet).
- Management of installation under complete Bank control.
- Ability to dynamically re-configure dealing codes / users.
- Licences can be readily transferred from one user to another.
- Responsive supplier.

### Miscellaneous

- Calls into a workgroup (e.g. dealing desk), but person to person once call picked up.
- Branded version can be used within Corporates (over a secure connection on the Internet) to provide a captive channel.
- Can be used to ensure (where relevant) trading is only executed with internal parties.

## **About Option Computers**

Founded in 1985, Option Computers ([www.dealhub.com](http://www.dealhub.com)) is a leading provider of software solutions and services to trading and back office operations. *DealHub*, the flagship product, is targeted at FX trading operations ranging from single locations through to complete global operations. It provides extensive real-time conversation and trading monitoring, including statistics on customer interactions and dealing code usage, whilst its multi-source deal capture capabilities provide for STP from the front office right through to back office systems. All activity is archived, thus supporting investigation of out trades etc. *DealHub* is used by 4 of the top 10 banks at 17 locations globally.

External sources supported by *DealHub* include Reuters, EBS, AVT, TIB Mercury, Voice Broker DDN, as well as in-house trading platforms.

In addition, *DealHub/Connect* is a cost cutting alternative peer-to-peer FX dealing solution designed to integrate counterparties, branches and FX dealing portals without the need for routing via expensive FX dealing networks.

For more information contact:

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+44 (0)20 7382 4150  
+44 (0)20 7382 4155 (Fax)

[sales@dealhub.com](mailto:sales@dealhub.com)  
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