



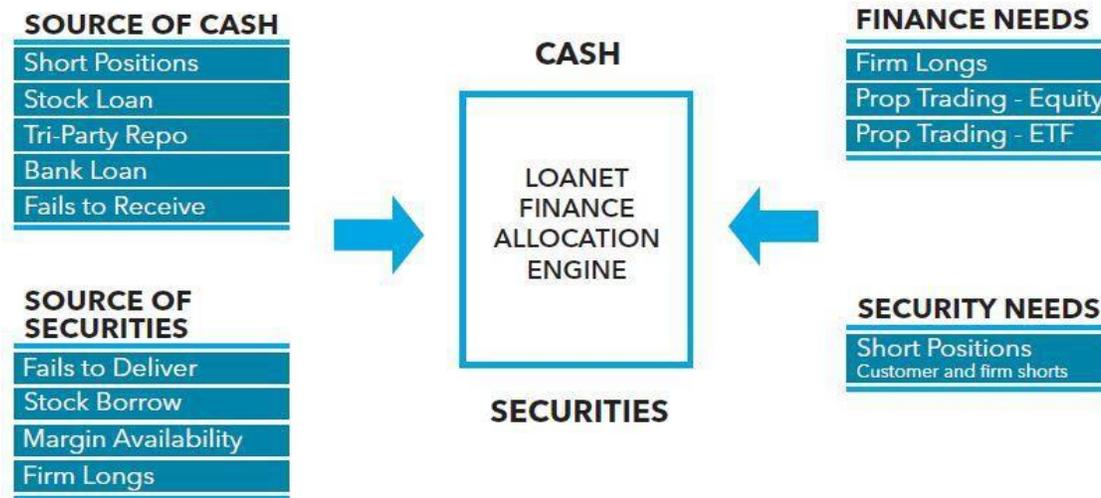
Loanet Finance Allocation

Use efficient allocation to increase profitability and competitiveness

For broker-dealers engaged in covering customer/firm shorts and finance or fully paid lending the Securities Finance desk is a key source of revenue. However, this important business is often managed through inflexible systems and the manual booking of 'dummy' borrows and loans to accrue and bill revenue and charges. Improving accuracy and efficiency around the short sale rebate allocation process and financing costs will improve a broker-dealer's profitability and ability to compete.

Loanet Finance Allocation automatically allocates and accurately calculates revenue and expense based upon internal and externally provided rates. An embedded rules engine allows you to build 'cost plus' charge and revenue share models based on multiple rate sets.

A three dimensional matrix driven allocation process identifies the sources and uses of securities and prioritizes the allocation based on transaction type and user. At the same time, firm level financing transactions can be allocated to individual firm long positions. Financing costs, based on historic cost and proceeds, facilitate the daily/monthly accounting/reporting and billing of costs by customer, correspondent, desk, strategy, and business unit.



Take the heavy lifting out of the borrow/loan allocation process for long finance and short cover

Loanet Finance Allocation is a multi-currency ASP solution that performs the complex calculations required to determine the daily allocation of financing costs from multiple financing sources.

- Calculations are based on original costs and proceeds of positions of each portfolio or business unit.
- Provides rebate/fee statements that show customers the revenues earned from short market balances and expenses incurred from hard stock borrows
- Supports pre-borrow costs, fully paid revenue splits, day-trade charges and fail allocation by business unit/customer.
- The solution provides cost, profitability and operational reports for management.

Reduce operational costs

- Eliminate the cost and operational overhead of maintaining thousands of 'dummy' transactions to track the allocation of cost and revenue.
- Back valued rate changes and corrections automatically re-calculate rebates and fees.
- Traders have access to up-to-date information regarding financing revenues/costs, enabling them to make more informed decisions about customer charge rates and off-market borrows

Reduce operational risk and manual billing processes

- Calculations are completely automated and based on a flexible allocation process and rules engine.
- Users can define a multi-level account structure to reflect relationships among client groups, offices, trading desks and strategies.
- Customized account groupings facilitate different rebate/fee sharing arrangements for each customer group and short interest deal type.
- Loanet Finance Allocation supports multi-currency account positions and borrows and loans.
- Users track fails to receive and deliver and use them to finance firm longs and cover shorts.
- Loanet Finance Allocation monitors rate limits (caps and thresholds) and sends warnings when they are breached.

Keep your clients and management informed

- All underlying calculations and allocations are based on transparent, clearly defined rules, eliminating the need for time consuming efforts to justify or explain the allocation of costs or revenue.
- Firms can use daily rebate and fee calculations to generate timely and detailed statements.
- Bookkeeping extracts include revenue and expense data for automated general ledger entries

Facilitates the management of financing across all sources and uses by providing a point in time allocation of costs and revenue and identifies the true cost of sourcing securities

- Users can identify and price all security sources that are used to cover short positions, including margin availability, firm long positions, stock borrows and net "fails to deliver".
- Funding requirements for multiple proprietary trading desks and strategies can be aggregated and managed at the firm level.
- The solution identifies pre-borrows and Pre-borrow, technical shorts, day-trade charges, locate charges and fully paid revenue sharing which are included in the accrual, billing and statement process.

LOANET FINANCE ALLOCATION

- Loanet Finance Allocation allocates the appropriate financing revenues and costs based on the holdings of each business entity or correspondent group.

Reduce your need for IT resources

- The solution uses standard uploads for firm data, including details of securities lending transactions (borrows/loans), stock record (positions) and firm portfolio position data.
- Users have sophisticated controls for workflow and data management.
- Loanet Finance Allocation generates data extract files for downstream accounting functions such as customer billing, accruals and portfolio finance costs.
- Loanet Finance Allocation works with any trading or securities lending system and offers out-of-the-box integration.

About FIS

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