Loanet Trading and Inventory Management

SMART LOAN

Smart Loan is a real-time inventory management / deal management system. It is a modular application that automates securities lending and borrowing, collateral management, short sale authorizations, real-time P&L and other related functions. The inventory subsystem has proven logic that complies with 15c3-3 rules to calculate and manage requirements and availability on a real-time basis throughout the trading day. Optional modules are available to allow clients to supplement the base module with additional features to meet firm needs. Extensive parameters make it easy to further customize Smart Loan to best meet your firm's unique needs.

The Smart Loan Browser represents the next generation of securities lending technology from FIS Securities Finance. By converting to a GUI .net platform we have enhanced the user experience by offering a radically flexible and customizable securities lending application. Integrated with the rich Smart Loan functionality the Smart Loan browser provides you with a state of the art software vehicle that puts you ahead of the competition.

SMART LOAN MODULES

Short Sale Locates Browser

The Smart Loan Locates module allows the end user in the field (i.e. hedge fund client, proprietary trader, retail customer, etc.) to input a single short sale request, multiple requests or upload a spreadsheet of requests to be routed to the Smart Loan Short Sale module for authorization purposes. The Locates Browser is designed so that it can be deployed to multiple traders in a single or multiple location. A user has the ability to do what is called a preview or a "soft locate" that will provide him/her with additional information (availability, cost of the short, etc.) on the security prior to actually submitting the request. Once the short sale request is submitted it is routed automatically, via MQ, to the Smart Loan Short Sale Authorization module.

Short Sale Authorization

The Smart Loan Short Sale module, like all other Smart Loan modules, is fully integrated with the core 15C3-3 compliant real-time inventory management system. Based on user defined parameters and availability this module is designed to automatically provide short sale authorization, pending or rejection messages to the Locates Browser. Each authorization is identified with a unique number and availability is decremented accordingly. The Short Sale module is designed to assist a firm in complying with SEC Reg SHO regulations. Full audit trail reporting for all intraday requests, locates and authorizations are provided for all clients as part of this service.

Collateral Management

Smart Loan's robust bank loan module provides nearly fully automated support for secured borrowing. Users typically need only to change balance information once each loan's parameter profile is established. Parameters include type of loan (customer, firm or non-customer), type of security, S&P and Moody's rating, maturity, concentration, rate of advance, price, quantity and other key factors. Specific securities or groups of securities may also be excluded from particular loans.

Automated File Based Auto borrow

Smart Loan utilizes extensive user parameters to drive file based automated borrowing. The support is similar to LCOR automated borrow processing; except that the client needs to make provisions to handle borrow request and response files. Borrowing may be set to automatically execute at predefined time(s) each day or may be manually initiated. Smart Loan keeps track of items currently in the process of automated borrowing and precludes duplicate borrows. The System can scan the data base of all open borrows to determine if one or more open items can be profitably reborrowed from another lender at a more favorable rate. Returns of older borrows are automatically initiated through Loanet.

Fully Paid Lending

This module supports client's that are managing a fully paid lending program. FPL availabilities are segregated within Smart Loan and clients can manually lend or auto lend accordingly. Smart Loan also supports automated memo seg processing.

Exclusive Portfolio Processing

This module provides automation to clients that are managing an exclusives portfolio business. Exclusive availabilities can be uploaded to system where they are segregated and clients can manually lend or auto lend accordingly. Automatic allocation of the exclusive position is supported based on user defined parameters.

Automated Stock Loan Recall

Provides clients with the ability to set parameters so that Smart Loan will automatically create and send loan recall messages in securities where there is a borrow need, net shorts exceed avail (T+1), next day deliveries, etc. The recommended recall action will be computed real time throughout the day as conditions change affecting the recall (i.e. new borrows added, stock loan returns, receipt of open CNS/Fail to receive, real time substitution for clients that use the S^3 product, etc.).

FUNCTIONAL OVERVIEW

#	Function	Smart Loan	Vendor X
1	Real-Time, Regulatory Compliant Inventory Management	Y	?
2	Real-Time Automated Recall Management Functionality	Y	?
3	Real-Time Automated Borrow Return Functionality	Y	?
4	Real-Time Auto borrow/Auto Loan Functionality	Y	?
5	Real-Time Automated Intercompany Processing	Y	?
6	Real-Time Automated Fully Paid for Functionality	Y	?
7	Automated Bank Loan/Tri-Party Functionality	Y	?
8	Automated Reg SHO Compliant Short Sale Authorization Functionality	Y	?
9	Real-Time Automated Memo Seg Functionality	Y	?
10	Automated Trade Upload Functionality	Y	?
11	Automated Exclusion Processing	Y	?
12	Automated Phase3 Integration	Y	?
13	Automated Loanet Integration	Y	?
14	Automated DTC Integration	Y	?
15	Automated AQS Integration	Y	?
16	Automated Lending Pit Integration	Y	?
17	Automated LFA Integration	Y	?
18	Automated S^3 Integration	Y	?
19	Automated Rule 204T support	Y	?
20	No Cost for Implementation	Y	?

About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our 55,000 people are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index. To learn more, visit www.fisglobal.com. Follow FIS on Facebook, LinkedIn and Twitter (@FISGlobal).