

Infocast Round Tables

REPORT

April 2014

An opportunity to discuss and embrace Hong Kong's financial future.
This whitepaper is to consolidate the findings we have learned and shared over the past two months



infocast

Executive Letter

Entering into a new frontier for Hong Kong's financial market

We are pleased to report that the Infocast Round Tables on the HKEx Orion changes have been very well received by Hong Kong brokerages. Over the 60+ round tables, the main talking point has been Orion's impact on the market, in particular the transition from old systems to new ones. Brokers also voiced their concerns about the stop-gap HKEx NSTD (MWS2). Our findings suggest the market is facing several challenges:

1. BSS and OMS systems used by many brokers are uncompetitive, aging and will soon become obsolete; forcing compulsory system upgrade on many brokers.
2. Reliability comes at the cost of efficiency, with brokers having to spend heavily on backup systems and multiple lines.
3. Brokers face operational inefficiency from using modular trading solutions
4. High costs are involved with self-developing an Orion-compatible solution or upgrading all existing systems in a dysfunctional environment.
5. There is a lack of urgency to upgrade, as brokers are unable to see the real impact of Orion and the need to get fully prepared now.

Infocast has been preparing for the Orion transition with the new InvesTrade solution, and we believe that it can serve as a benchmark solution to address the challenges.

1. Flexible architecture designed to enable brokers to operate in two separate modes; as a powerful content-driven trading tool, or as a rapid order-entry tool for dealers.
2. High performance trading engine taking full advantage of new IT infrastructure, which includes the use of ASP hosting, HKEx datacenter co-location, PCCW FAST lines and Oracle database technology(Memory Grid Coherence).
3. Elaborative database network that ensures no single point of failure, combined with robust architecture that eliminates the need for deploying a backup solution.
4. Comprehensive migration procedure and secure data segregation, both control-reported by KPMG.
5. Cost efficiency derived from zero-redundancy architecture, to get the benefit of Orion as quickly, easily and efficiently as possible.

Preparation is paramount. Orion's impact is comprehensive, and extra time must be allowed for migration, implementation and training to ensure stability and compatibility. Adopting a wait-and-see attitude is the wrong approach, only delaying the inevitable and causing greater inconvenience come deadline date. Not upgrading now also means missing out on Orion's improvements to speed, stability and cost efficiency, and falling further behind competitors.

We sincerely hope you take some time to read this report and gain some meaningful insight into the market's reactions.

Yours faithfully,

Infocast Limited
22 April 2014

Why does HKEx Orion matter?

Orion is a comprehensive and mandatory revamp of the financial industry's IT infrastructure. Upon completion, all market participants will be required to use Orion-compatible solutions.

With improved technical standards and encouraged adoption of new technologies (co-location and ASP solutions), it is a prime opportunity to employ a new solution that improves performance, cost efficiency and competitiveness.

Infocast Round Tables

To help prepare for Orion, Infocast has been regularly inviting exchange participants to join in Round Table discussions on its impact, and in particular to raise awareness of its challenges and opportunities.

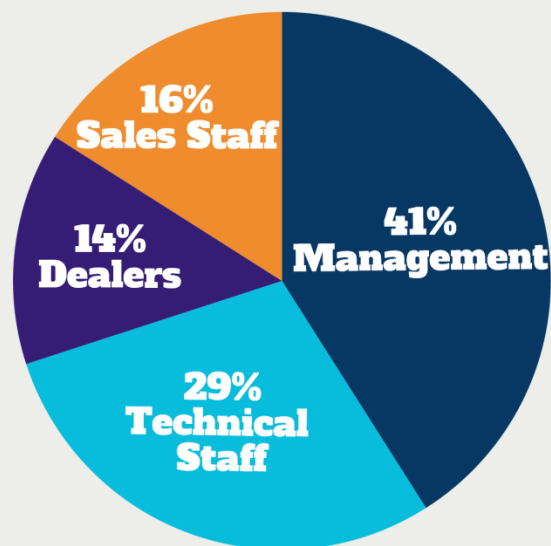
The open dialogue has provided all parties with a better understanding of the market's situation and needs. Infocast has also demonstrated the new InvesTrade solution to brokers, as an example of an Orion solution.



From the discussions, we have identified and ranked the **Primary Concerns** shared by the brokerages...

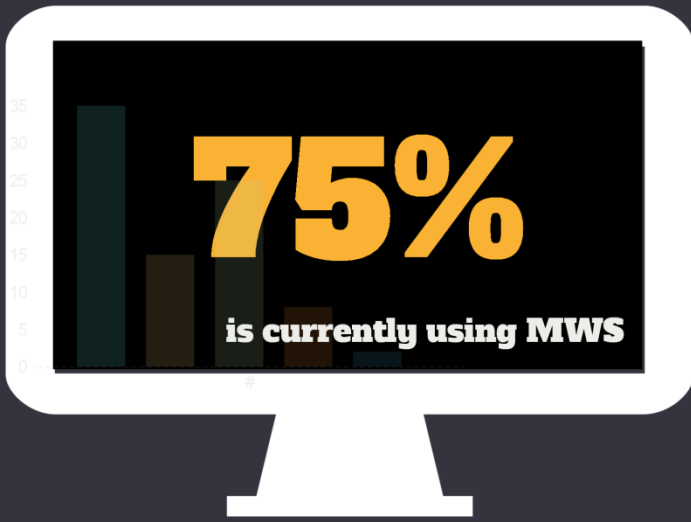


Attendance



Brokerages had a strong response to Infocast's Round Table invitation, and we have collectively exchanged fruitful discussions on the impact of Orion.

-  **Cost Efficiency**
-  **Migration & Integration**
-  **Stability**
-  **User Experience**
-  **Speed**
-  **Monitoring & Compliance**
-  **Client Services**



MWS Obsolete

A majority of brokerages will be affected by the loss of the MWS system. They will need to find and implement a replacement system before the deadline.



Infocast InvesTrade is a dual BSS and MWS system.



Combining the merits of comprehensive trading features and rapid order entry into a single BSS provides greater flexibility and reduced costs.



The preservation of familiar user experience means no compromises and training.



Portfolio management features and messaging system strengthen client relationships.

Orion Readiness

Less Than 6%
is prepared for Orion

There is little over 1 year to the MWS deadline, but only 6% of brokerages are prepared. It is imperative to ensure sufficient time for consultation, migration, integration and stability testing.



Now is the time to prepare for Orion, data migration and data segregation are control-reported by an international auditing firm.



Our ultra-low latency trading engine provides steadfast readiness for Orion, allowing for competitive benefits such as better price capture and faster order fills.

Considerations



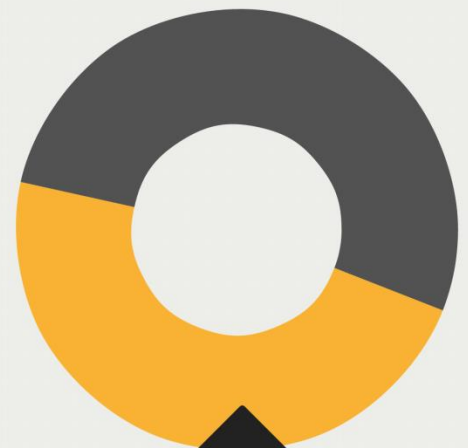
5%

only have opted to self-develop their own Orion-ready solutions, and only at great cost.



47%

will source their solution externally, citing benefits such as development expertise and dedicated maintenance.



48%

are still undecided on how to react to Orion.



InvesTrade Propositions



InvesTrade uses the best technologies available for optimal cost efficiency, leveraging facilities from HKEx, PCCW, and Oracle.



InvesTrade is secure with resilient and robust system architecture that ensures no single point of failure.



Zero-redundancy architecture provides reliability and eliminates heavy expenditure on backup systems and multiple lines.



Proactive trade status alerts and flexible architecture for continuous compliance rule updates

Orion's goal is to enable Hong Kong to cement its position as a global financial leader. This change in industry standards will have a significant impact. In response, Infocast Investrade is now here to overcome these challenges and seize these opportunities by delivering a solution with superior performance, highest reliability, safe implementation and optimal cost efficiency.

We are especially grateful for the knowledge and insights shared by the participants of the Round Tables, and would like to invite you to attend future Round Tables or a one-on-one discussion on how Orion and InvesTrade can be used to benefit your business.



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