

# TRADE AND PRIME BROKERAGE SERVICES BEST EXECUTION EMBEDMENT

## SOLUTION

- Implementing agency trading on the A2X exchange for the bank to ensure best execution practices were enforced for its clients in anticipation of upcoming regulatory requirements

## BANKING AREA

- Trade and Prime Services
- Operations and Risk IT

## SKILL SETS

- Data Analysis
- Business Requirements / Documentation
- Managing Deliverables and Stakeholder Relations

## THEMES

- Best Execution
- Principal Trading
- Agency Trading
- Risk and Finance System Integration and Approvals
- Process Automation

## INSIGHTS

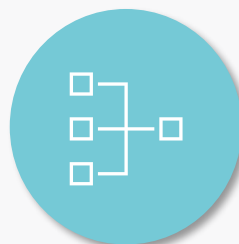
- Engage all downstream consumers of the bank's agency trading function at the onset of the project
- Set up principal trading for the bank at the onset of the project.
- Ensure efficient flow of data and compliance with relevant legislature
- Ensure requirements are gathered for agency trading on both existing and new exchanges and develop a SOR to route trades between exchanges to find the best price

## OVERVIEW

A large corporate, institutional and investment bank embarked on an implementation project in its Trade and Prime Services area to offer agency trading (trading on behalf of the bank's clients) on South Africa's new exchange, A2X. The bank needed to ensure best execution practices were applied in anticipation of the upcoming regulatory requirements of the FSCA, based off Mifid. A2X, is positioned to be less expensive, with reduced trading costs being passed on to traders, thereby promoting competition in the market and ultimately improving customer value.

Monocle was tasked with ensuring the bank could trade on an agency trading basis for its clients which, in turn, meant that we needed to ensure best execution practices for counters listed on the JSE and A2X. To ensure best execution requirements were met, the team worked closely with the bank's Executions team to assist with the build and testing of a Smart Order Router (SOR) to route trades between the two exchanges and return the best price for the bank's client on a specific trade. Monocle was responsible for gathering and documenting business requirements and testing the system integration of the SOR. We were also involved in the safe transfer of client data with consideration of POPIA and the correct journaling of trade allocations and executions. Lastly, Monocle was also tasked with ensuring the successful delivery of the project within the agreed project timelines and budget.

## RESULTS



Integrated solution for the bank's best execution requirements



Lower cost of trading for the bank and its clients, thereby promoting competition in the market



Compliance with upcoming regulatory requirements and lower trading costs for the bank and its clients

## KEY SKILLS REQUIRED

- A technical understanding of the Prime and Trade Services environment of the bank. This includes but is not limited to the existing processes and data flows, with consideration of integration with the SOR
- Testing capabilities for processes and calculations requirements
- Experience as an execution partner to affect change on a project of this scope and size