



... putting IT in Perspective.

# **ISIS**

**Trade Compliance & Payouts System**

**Product Appreciation Document**

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# ISIS

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ISIS is a system for a retail broker (Hencorp). It is essentially a post-trade compliance and payouts calculation system. For equities and fixed income trades, Pershing is the Prime Broker. For commodities, the Prime Brokers are Schwab, Bears Stern & Pershing and the clearinghouses are MAN, Natexis & Macquaire. Every day in the evening trades are uploaded from the Prime Brokers. Commodity trades are then reported to the clearinghouses for settlement. For Equities and Fixed-Income Pershing provides automatic reporting to DTCC/NSCC. TRACE trades are directly reported to NASDAQ through an interface.

Based on the rules defined for the investor and for each trade, Compliance is enforced and non-compliant items are marked for the attention of the relevant Manager. The rules for compliance and non-compliance reporting are handled through a simple rule-engine (SRE). All trades are then sent to the workflow console of the Payouts Manager but only Compliant Trades and trades where non-compliance has been sorted-out are eligible for settlement.

Trades are also sent to the Introducing Brokers' (IB) work consoles along with payout proposals. The system supports very complex payout calculation rules based on IB, Yearly Volume, Investor Country, Asset Class, Asset Sub-Class, trade type etc.

IBs examine their trades and payout proposals and if needed can red-flag a trade. The issue is then sorted out with the IB. IBs also sort out non-compliant trades for their own investor customers (especially cases where the documentation is not complete). The system enforces all the stipulations of Basel-II in respect of KYC (Know Your Customer).

After the data is pushed into the SQL Server 2005 warehouse and data cubes are populated for Sales & Profitability Analysis. The data dimensions include:

- Introducing Broker
- Market – Equity, Fixed-Income, Commodities, Mutual Funds, Hedge Funds, Options
- Trade Type – Buy/Sell, Call/Put, Future etc.
- Asset Class
- Asset Sub-Class
- Prime Broker
- Clearinghouse
- Investor

Canned reports are produced and the data is made available for OLAP (Online Analytical Processing). Microsoft BI (Business Intelligence) Studio is used for this.

Analysis includes:  
Profitability by Customer  
Profitability by Segment/Country  
Profitability by Product  
Etc.