

TeleBEST

Best Execution for Securities Trading

The MiFID directive regulates and harmonizes the trading of financial shares on a European level and offers investors the highest level of protection, guaranteeing clients the best possible order execution result (Best Execution).

The adoption of new procedural obligations requires financial institutions to make some significant technological and organisational changes. In particular, It becomes essential to provide tools which meet the MiFID requirements and at the same time bring new business opportunities to intermediaries.

SOLUTION

TeleBEST provides financial intermediaries with a complete and modular tool that is able to respond to the requirements and to the opportunities involved by the MiFID directive, thereby minimizing the impact on current systems. The

application covers the set-up of the **Best Execution** research obligation and allows to flexibly perform within the requirements added by the MiFID regulation, providing effective connection tools with the relevant markets.

With TeleBEST it is possible to:

- **configure the new services** that will form the basis of international competition between intermediaries
- **manage the order execution criteria** and the calculation of related commissions
- **analyze the criteria** applied to every single operation thanks to the transparency of the provided information
- **execute batch simulations** in order to test the execution criteria on the previous trading activity

TeleBEST, as well as all other TAS applications is available in housing at our datacentres of Milan and London through the TAS Plug & Go Service.

BENEFITS

TeleBEST can easily **communicate with any kind of protocol** (both incoming and outgoing), and fully **automates the control, the routing and the management of orders**, providing added value to security negotiation processes.

FEATURES

- **Integrated book** - The order books received from different bidders (brokers, markets, MTFs, ...) are normalized and made available to the application and to the customer in a homogeneous and integrated way in the form of a single book
- **Best Execution Engine** - besides evaluating the prices

on different connected Trading Venues (market, MTFs, etc.), according with the criteria decided by the customer, when entering the order, the application considers the execution speed and the execution probability of the various bidders and market/MTFs applied fee

- **Dynamic order dispatcher** - On the basis of the execution policy chosen by the customer, an efficiency index of each market/broker/MTF is calculated in order to route the order towards the most efficient channel. If the order is not immediately executed or if the market conditions change, TeleBEST will recalculate the new efficiency indexes and move the order to the new most efficient Trading Venue

- **Internal matching** – it is possible to internalise the customers' orders in a “non-systematic” manner, closing them out with own account orders. Two modalities are provided:

- **OUT** - Sending crossed orders (customer VS own account) to markets that provide internalisation services (see EURONEXT)
- **IN** - Internal crossing of orders (customer VS own account) with trade price based on current price exposed on the most liquid market at the trade time

Contribution and authorization systems are interfaced for the validation of ownership orders

- **Statistical Database and success probability** - TeleBEST automatically generates and updates a Statistical Database that stores all the supporting information regarding markets/brokers/MTFs performances in order to identify the best bidder, not just in terms of prices but also speed and execution probability. The application assigns a “success probability” to every market that is dynamically updated by statistical algorithms

- **Transaction Cost Analysis (TCA)** - It determines all execution costs (chosen channel, market/broker, clearing and settlement fees) and, furthermore, is able to link them to external TCA applications

- **Transparency** – TeleBEST stores all market information

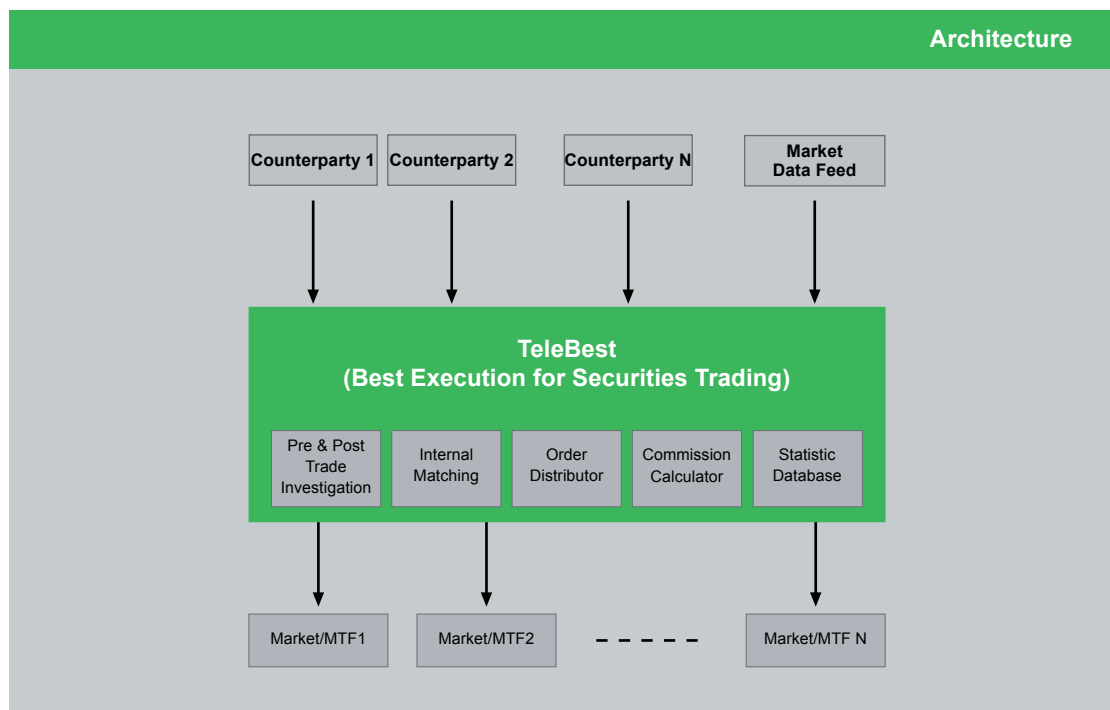
(book levels suspensions, executions, etc.) and the efficiency indexes at the time of the order, in orders to provide a retrospect analysis of the exact conditions that prompted the decision to choose a particular market/broker/MTF as destination for the order

• **Multifunctional User Interface** that provides the centralized management of all order and message flows, as well as system information and the status of the connection. The interface is available in **Web format**

ARCHITECTURE

TeleBEST's modular architecture allows smooth integration to existing logical and technological architectures and ensures

minimum impact on the organisation's existing procedures.



TECHNICAL REQUIREMENTS

Platforms

- IBM-AIX
- SUN-SOLARIS
- WINDOWS

Server

- C++

Client

- C++/WEB

Database

- ORACLE