



Hydra

Liqwin

Post Trading Platform

SFB
SOFTWARE
FINANCIERO
BOLSA

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1 INTRODUCTION

HYDRA is **the middle office tool** for Investment Firms. It facilitates the post-trading and settlement tasks in national and international trading platforms.

HYDRA covers the operations lifecycle from the moment when a client order is received until its settlement. To achieve this it manages the relationship with the issuer, its final clients, its clearing/settlement banks and with all BME infrastructures (SIBE, BME Clearing and Iberclear):

- ✓ It manages the executions grouping or allocation.
- ✓ It calculates commissions charged to clients, trading and clearing fees.
- ✓ It generates operations confirmations reports for issuers, final clients and banks.
- ✓ It is connected and certified by BME infrastructures and performs the daily tasks of a trading member and CCP member.
- ✓ It generates the necessary information to meet legal obligations with the CNMV (order registry, transaction reporting and market abuse) and with the Tax Office (198 Model).

2 FUNCTIONAL SCOPE:

2.1 Master tables

The system in its data model, has a set of master tables where it is defined the relationship model between the trading member and each one of the entities involved in the operations cycle.

The issuer has contacts associated, the different commissions with their calculation criteria's, its usual clearing bank and its final clients. In these master tables are requested for each entity enough features to allow the trading member daily activity.

2.2 Real time

In relation to "SIBE", the national market, HYDRA – LIQWIN receives the trading member trades in real time through the Drop Copy interface (operations interface with the market).

The connection to SIBE, through this interface, allows our system to receive all the dialogue that a trading member maintains with the Exchange, independently of the trading platform used to channel the orders (Visual Trader VT, SUNGARD, FIDESSA, ARGOS from SFB o any other). This wealth of information allows the system to deal with any CNMV request.

2.3 Client's commissions management

HYDRA – LIQWIN calculates the economic data of the operation based on the fees associated to the issuer and final clients that the master tables contains.

The system is very flexible, offering the possibility of addressing the majority of the commercial agreements reached with the different issuers/clients.

Among others, the system calculates:

- ✓ Market fees and BME Clearing expenses. Basically, it calculates all the expenses incurred by a trading member when dealing with an operation.
- ✓ With these expenses calculated and taking into account the commercial agreement with the issuer/client ("all in" or other possible fees calculations agreements), the system calculates the operations net amount before and after being allocated to the final clients.
- ✓ Due to the fact that we have all the Information related to the executions, we are in position to calculate any type of commission.

After the reform, it is equally important to be able to calculate the commissions as it is to identify the procedures that allow the trading member to collect them. For each client, the system allows you to configure the commissions collection procedure associated to each operation:

- ✓ In the external give up if it is accepted by its clearing member
- ✓ Through the commissions file, that is communicated in TSD – 1 before 12.00 pm.
- ✓ In the Delivery-versus-payment operations, through your clearing bank as the commission is implicit in the net amount payable.

2.4 Confirmations to clients and settlement banks

HYDRA – LIQWIN generates operation's confirmation reports via fax / telex / e-mail, to:

- ✓ Issuers / national and international institutional clients
- ✓ Retail clients
- ✓ Settlement banks
- ✓ All in all, any entity involved in the operation

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Confirmations will be sent to the attention of the contact people associated in the master tables to issuers, clients, settlement banks, etc. Each contact person will be associated to a specific confirmation format, which will be easily defined by the user and **in any language required**.

For the settlement banks confirmations the system has automatic interfaces with the main entities.

2.5 Postrade daily activities to perform

The usage of this computer system varies largely depending on the level of service that the trading member agrees with its different types of clients, the role that plays vis a vis the CCP and the services agreed with its clearing member and settlement bank.

SFB offers its collaboration in defining the work procedures based on the above assumptions, and therefore, we offer the configuration and training in the use of the new system according to this definition.

Currently, Hydra performs the daily activity for more than 50% of the trading members and 40% of BME clearing members also. Our clients daily generate more than 50 % of the settlement instructions that are received by Iberclear.

2.6 Legal obligations

HYDRA – LIQWIN provides the necessary reporting to meet the following legal obligations:

- ✓ Model 198 requested by the Tax Office
- ✓ Transaction reporting
- ✓ Market Abuse
- ✓ Order Register; Circular 3/93 CNMV