

Softek Services for Prime Brokerage

Company Overview

Softek is a leading provider of Capital and Credit Management services with a focus on regulatory capital, margin lending, security finance and risk reporting. Our full service utility delivers an innovative suite of integrated post trade solutions.

In addition to providing risk and capital calculations in near real time, Softek also supports the data management processes such as maintaining the security master and fungibility links.

Softek services a diverse range of financial businesses including; Banks, Prime Brokerage, Broker-Dealers, Proprietary Trading, Correspondent Clearers, Wealth Management and Hedge Funds

Below is an outline of the range of services that are utilized by Softek's existing Prime Broking clients. The services can be customized and tailored to meet a client's specific requirements.

Regulatory Capital Reporting

- Softek calculates regulatory capital requirements as defined by SEC Rule 15c3-1 at either the firm or business unit level
- SEC net capital rule 15c3-1
- RBH as per OCC rule 15c31a

Client and Portfolio Margin Calculation

- Softek provides Prime Brokers with full support for all customer facing margin calculations.
- Softek maintains a set of standard rules for client margin – as defined in FINRA Rule 4210 and Federal Reserve Reg T.
- Support for OCC CPM based on the TIMS margin methodology,
- Softek's rules based approach allows for the rapid development of house credit policies as well as risk based portfolio calculations.
- Softek enables clients to execute and monitor innovative financing arrangement across multiple asset classes, including but not limited to:
 - Support for Convertible strategies, and for offsetting positions in Treasuries, Swaps, BAs' and Futures
 - ETF/Index Future hedging, decomposition and netting versus the underlying securities to determine optimal capital required for residual positions

- Capability to incorporate assets held at other institutions (ie Cash or DAP accounts)

Intraday monitoring

- Monitor clients against their credit policy and risk limits in near real time
- View exposure by Concentration, Leverage, Asset Class, Largest holdings, Currency, Top margin calls and Unhedged positions
- Accepts fills across multi-prime, multiple execution, multi-currency and multi-clearing environments
- User defined email “alerts”

Risk and Reporting

- **Market Risk** – business level market stress analysis to highlight potential margin calls
- **Liquidity Risk**
- **Concentration Risk** – a wide range of business level risk reporting e.g. accounts where there is undue concentration to one or more securities
- **Credit Risk** – Manage client excess through overnight and/or intraday client margin calculations, erroneous holdings in cash accounts such as debit balances
- **Settlement Risk** – by counterparty, desk/trader vs credit limits, expected settlement reporting
- **Multi-level reports** tailored to a client’s specific requirements, such as, by firm, business unit, desk, client, liquidity or concentration
- **Intraday Risk** – Email alerting published when limits are breached. Limits can be related to any metric such as; net free credit, MV, sector, issuer exposure, concentration
- **Stress Testing** – based on regulatory or user-defined parameters
- **What-if**

Securities Lending and Collateral Management

For firms lending funds to their customer accounts the Softek service can be used to:

- Determine regulatory requirements for the segregation of securities
- Determine requirements to provide collateral to customer accounts subject to re-hypothecation agreements
- Stock loan/repo margin requirements for counterparty lending arrangements
- Maximize the commercial value of collateral selected (Collateral Optimization)