

Sun Solutions for Capital Markets

> Capital market firms are consolidating rapidly, acquiring companies, and seeking new ways to manage risk effectively in one or more complex regulatory environments.

New products must be developed and offered faster than ever while continuing to improve client and employee relations. In this environment, operating efficiency and reliability are crucial—Sun solutions deliver by providing interoperability, military-grade security, and massive computing power, performance and scalability so capital market firms can:

- Upgrade trading platforms to shorten the trade cycle through automation and scale smoothly to handle the annual doubling in volume of market data that results from algorithmic trading, derivatives growth, and regulations.
- Reduce the total cost of ownership (TCO) of IT infrastructure by streamlining, consolidating, and standardizing on technologies that can smooth post-merger integration, lower the impact of modernization, enable off-shoring, and speed product and service delivery.
- Sustain compliance with corporate and trading regulations like Regulation NMS (Reg NMS) and Markets in Financial Instruments Directive (MiFID) by capturing and securely storing client and trade data for periods of up to seven years or more.

An Integrated Approach

Sun solutions for exchanges, broker/dealers, hedge funds, and asset management firms include industry-leading commercial front and back-office applications on the proven, open architecture of Solaris™ 10 and Java™. It's a powerful combination that provides mainframe-like computing power, reliability, and military-grade security.

Sun's Capital Market's solutions are developed in conjunction with key partners and industry leaders. By taking a customer-focused approach, Sun delivers powerful, flexible, and scalable solutions that integrate and leverage existing systems while delivering vastly increased computing power and lower operating risk.

Market Data Solutions

Milliseconds matter for executing complex algorithmic and program trading. That's why firms looking for a reliable, scalable, and real-time trading platform with virtually no latency and extremely fast data speeds turn to Sun. In one case, Sun technology enabled a leading U.S. exchange to scale up and handle 150,000 messages per second, an 89% increase in traffic volume over a six month period. Sun's highly available, cost efficient, reliable, and scalable SPARC® and x64 servers and software solutions deliver the necessary speed, throughput and scalability to handle the demands of today's trading systems.

Leading commercial market data systems like Reuters' RMDS and Wombat MDS running Sun Solaris 10 on x64 deliver data rates of over one million updates per second to trading applications. As data traffic continues to double each year, Sun and partners will continue to provide the low latency, high throughput Market Data solutions Capital Market's firms demand.

Total Cost of Ownership

Exchanges and trading organizations depend upon increasing levels of automation as the “open cry” exchange floor gets less important and order flow becomes more fragmented and automated. To implement complex rules and schemes such as market data rebate programs—a reality under Reg NMS in 2007—exchanges need a rapidly deployed, adaptable system that integrates well with legacy systems. Tearing out high-value applications is not an option, so Sun solutions are designed to work with and extend the value of existing software assets and infrastructure.

Sun’s open architecture approach—including its proven Service Oriented Architecture (SOA) platform—enables firms to access and to mine the data and business logic that’s been accumulated over time, creating new value from this stored data. Firms can evolve systems and services more smoothly and rapidly, so they’re better able to meet the regulatory compliance and changing market demands while lowering costs, managing risk, and increasing productivity.

Sun’s support of SOA and Web standards means that firms can quickly build and deploy new service offerings to open up new revenue opportunities. By modularizing and outsourcing key application services, SOA facilitates lift-outs, enables software-development best practices, and creates a highly flexible, distributed computing environment that minimizes operating risks while ensuring business continuity.

Compliance and Best Practices

Sun provides a variety of identity management and storage systems to meet business process and regulatory demands. Total costs and risks of meeting regulatory compliance are high; in some cases, the total IT expenditure on compliance with MiFID alone has been estimated at more than 1 billion Euros. Massive amounts of data need to be fully indexed and available instantaneously for up to seven years or more. As the volume of market, transaction and portfolio data builds, Sun’s systems provide a cost-effective answer to keeping data both highly secure and available.

Reg NMS rules for US equity markets and the broader MiFID regulations in the European Union place the burden on exchanges, broker-dealers, and related firms to carefully track and analyze data with much greater scrutiny—often in real time. For firms that must comply with Reg NMS guidelines, storing every market tick to prove that trades were executed at best price has become a reality for some organizations. MiFID compliance adds even more complexity that require fast computing and large data storage. The MiFID rule concerning best execution and investment suitability add a new dimension to demands on real-time computing. The decision support and unfettered but secure access to very large data sets must be available at all times to satisfy European regulators.

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Sun delivers solutions to securely manage, process, and retrieve these large data sets with a comprehensive storage and identity management platform. As regulations such as Reg NMS and MiFID become law in 2007, Sun’s cost-effective storage devices allow firms to store petabytes of tick-data for both compliance and trading analytics. Sun’s leading identity management software works in conjunction to control access to the data, supporting security best practices and audit requirements.

Sun for Competitive Advantage

As market and regulatory changes roll across the world, doing business transparently and efficiently becomes more of a priority than ever before. Exchanges, broker/dealers, hedge funds, and asset management firms can minimize risk, reduce costs, and increase productivity with Sun and its partners’ solutions to gain the competitive advantage they need to meet today’s challenges.