

SLIB CLIENT EXPOSURE CHECKING

GENERAL OVERVIEW

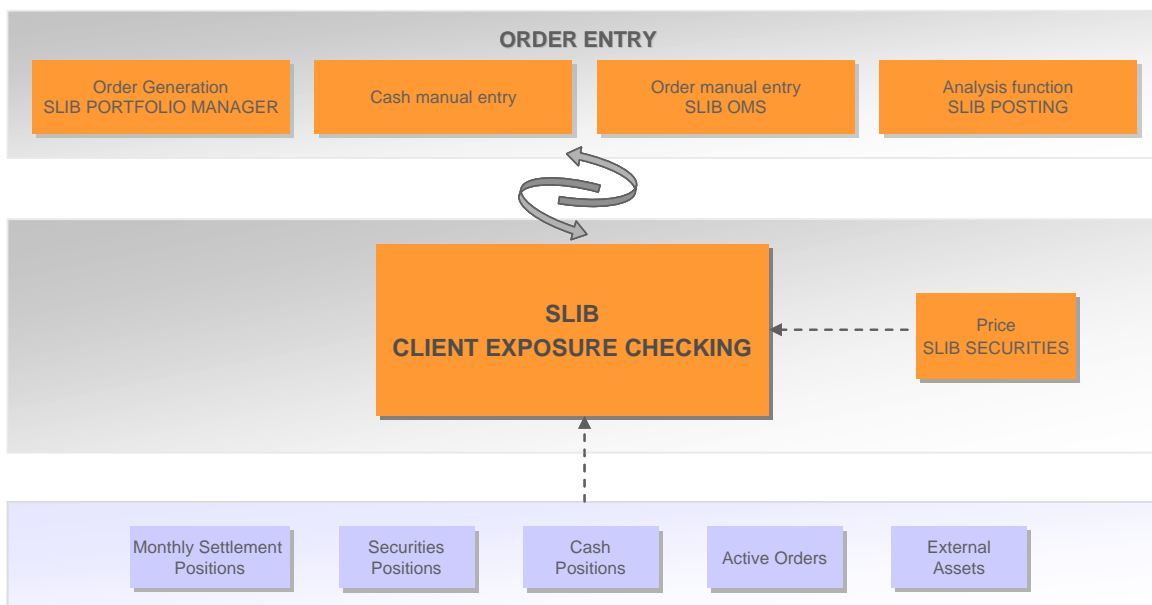
SLIB Client Exposure Checking is a coverage centre enabling the pre-trade receivability of orders received to be checked according to the coverage rules imposed by the Market authorities and your sales policy.

Interfaced with your back and front-office systems, SLIB Client Exposure Checking performs this check in REAL TIME, taking into account all the events necessary to assess your clients' ability to fulfil their commitments as the events occur. The coverage centre incorporates the intra-day price changes*.

SLIB Client Exposure Checking is completed by a check system at the end of the day to identify those clients whose commitments have become "risky" as a result of an unfavourable rate evaluation by applying the same coverage rules.

(*) Subject to purchase of market flows by the client.

FUNCTIONS



Supply

SLIB Client Exposure Checking is initialised every night on the basis of:

- Firm positions and settlement positions including corporate events
- Cash held
- Active orders (cash or prorogation)
- External credit notes (e.g.: life insurance)

Counters

SLIB Client Exposure Checking keeps the following counters in real time:

Cash purchasing power

This corresponds to the cash amount available for coverage of cash purchase operations. It is used to check:

- Placement of cash purchase orders
- Off-book cash trades
- Cash withdrawal

Monthly settlement cash credit

This corresponds to the amount open on the current settlement. It can be creditor or debtor and is used to cover monthly settlement operations with an opposite position. It therefore concerns:

- Placement of monthly settlement orders
- Monthly settlement off-book trades

Cash sale power

This corresponds to the amount of securities available to cover cash sales operations. It is used to check:

- Placement of cash sale orders
- Cash sale book trades

Reports

The following lists are produced:

- List of clients whose coverage rate is within a defined range
- List of clients whose cash purchase power is less than a given amount
- List of clients with at least one receivable security position

Log

The SLIB Client Exposure Checking log enables a trace to be kept of the client's situation before each operation. This log can be consulted on-line.

Receivability is assessed In real time for:

- Order placement
- Off-book trade recording
- Cash deposit or withdrawal
- Recording of a market execution of an order

Coverage rate

This corresponds to the ratio between the amount available for coverage and the total amount of monthly settlement operations to be covered.

The counters can be viewed on the position consultation screens. All the elements compiling these counters are presented on-screen, i.e.:

- Cash balance
- Authorised overdraft
- Amount available for cash after of the evaluation of securities
- Amount and percentage of firm profits or losses
- Amount and percentage of latent profits or losses
- Amount of cash purchase orders
- Amount of the evaluation of securities available for monthly settlement coverage
- Amount and percentage of the open position of the current settlement
- Amount and percentage of monthly settlement orders not covered by the monthly settlement security credit

Decentralisation contains the counters required to determine the client's position. There are several decentralisation modes:

- Decentralisation of all accounts
- Decentralisation of the accounts whose cash balance is negative
- Decentralisation of the accounts with a cash overdraft
- Decentralisation of the accounts lacking coverage