

# FAQ

## What type of firms use the site?

Clients include commercial banks, investment banks, prime brokers, market makers, institutional and retail brokers dealing as principal, agency lending banks, principal intermediaries, insurance companies, pension funds, mutual funds and corporations. In short, market professionals, who have securities to lend or finance, or who have a borrowing requirement.

SecFinex will follow compliance guidelines in determining the eligibility of interested firms.

## What is the method of connectivity; how do I attain proficiency on SecFinex?

Technical and infrastructure implementation is kept to a minimum because the platform is browser based. No software/hardware installation is necessary.

User documentation is available. Training is provided in person and/or via telephone. SecFinex is a flexible and intuitive transactional platform. Most users develop an acceptable level of proficiency within a couple of hours.

## How is the site structured?

SecFinex provides a B2B electronic transaction platform that is available globally via the Internet and features the following:

- **Order Market** - provides an anonymous pre-trade, price-driven marketplace where live bids and offers are posted and executed by market participants.
- **Private Market** - provides an easy and efficient way for lenders and borrowers to maintain existing relationship practices (e.g., negotiation) through one global portal which simplifies and enhances current trading process.
- **Auction Market** - allows lenders to create basket or single stock auctions. Lenders enter a reserve price. If the reserve price is met or exceeded, the best bidder wins the auction.

## Will participants know my identity when I post a trade?

- **Order Market** – No, bids and offers are posted anonymously by market participants. Names are revealed only after the trade is completed and trade tickets are issued.
- **Private Market** - Yes, platform is completely bilateral and accommodates relationship development.
- **Auction Market** - Lenders who originate an auction are identified. Bidders and invited observers are only known to the auction originator.

## Will I be able to see all orders on the Order Market?

Yes, Order Market participants see all bids and offers regardless of the existence of counterparty trading limits.

## How do I know if I can deal with the other side to a trade on the Order Market?

Each participant is responsible for entering trading limits for approved counterparties.

If there is insufficient credit, an error message will alert you to the lack of limit. If there is sufficient credit available, the trade will be completed and a confirmation message will appear on the screen.

## Will I be able to close deals on SecFinex?

After the trade is agreed on SecFinex, it remains the responsibility of the participants to settle the transaction.

## How are positions uploaded to SecFinex?

**Order Market** - Participants upload their own files directly into SecFinex on the MyOrders screen or the Market Depth pop-up window. Alternatively, files can be sent via email or file transfer protocol (FTP) to SecFinex who will upload files on the client's behalf.

**Private Market** - Participants can send portfolio information to SecFinex via e-mail or FTP and it will be uploaded into SecFinex. Alternatively, positions can be entered directly on the Short or Long screens or uploaded via the Quick Locate feature.

**How can I ensure my platform positions are accurate if I utilise an electronic transaction platform (SecFinex) along with a legacy practice (telephone/messaging)?**

Changes in trade and position information can be synchronised between the SecFinex platform & your system via file transfer protocol (FTP). It remains the participants' responsibility to ensure the accuracy of this information.

**What is the site security?**

SecFinex uses a secure server and a number of security features to ensure that only authorised users can access the site. The whole site is encrypted using highly secure 128-bit encryption.

**How will SecFinex deal with Customer Information Protection?**

All traffic flowing between the customer and SecFinex is encrypted using 128-bit Secure Sockets Layer (SSL) protocol, the current industry standard for secure online transactions. This guarantees the integrity and privacy of customer information. These security measures have been extensively deployed and tested. Additional information can be provided on request.

**How do I know that my data is safe?**

Several layers of protection including multiple layers of network and firewall isolation and sophisticated use of operating and file system features protect all customer data stored at the SecFinex.com web site. These features allow very fine-grained control of access to individual data items.

**What are the system requirements for using the site?**

Provided you have a connection to the web from your PC, the system can be accessed using Microsoft Internet Explorer 5.5.1, or higher, with the 128 bit encryption pack, however, Microsoft Internet Explorer 6.0 or above is recommended.

Depending on client browser settings, SecFinex might need to be added as a 'trusted site' in order to download trade tickets, positions, etc.

**Why should SecFinex be a priority in our firm?**

SecFinex is a force for constructive change and product innovation in the securities financing industry. The legacy practice of stock discovery via telephone and messaging can be opaque and inefficient. Electronic trading delivers predictable advantages such as operational efficiency, accuracy and reduced cost. It also responds to the evolving regulatory environment.

As a market leader, SecFinex will remove obstacles to electronic trading by introducing to the Order Market the concept of Central Counterparty (2008).

**Are there other ways that SecFinex can enhance my business?**

SecFinex provides a White Label version of the Order Market. This product is available to market participants who, for client relationship purposes, choose to position themselves as an intermediary.

In the white label environment, end users will have full access to Order Market liquidity in SecFinex. Intermediaries market the White Label product directly to clients. The White Label product will produce revenue to the intermediary in the form of a mark-up on completed transactions.

**Is SecFinex regulated?**

*SecFinex Limited is Authorised and Regulated by the Financial Services Authority.*

**Can I have a 'trial' of SecFinex?**

SecFinex provides a trial platform that is available to interested prospective clients with access to the Order Market and the Private Market utilizing historical data.

**How can I give you feedback and find out about what is happening at SecFinex?**

We welcome your feedback, questions and suggestions.

Please e-mail us at [secfinex@secfinex.com](mailto:secfinex@secfinex.com) or contact us by phone.