



nexolink

FX PAYMENT SOFTWARE PLATFORM

BUSINESS REQUIREMENT DOCUMENT

2015

INTRODUCTION

This document has been compiled as a result of several years of FX payment system and module development and business practice experience. It started as an internal audit designed to reveal functional “gaps” and “needed and wanted” improvements in a payment brokers existing business systems and processes. Designed to ask the questions, does your system do this and, it should do that, along with, how would you like to do this, was a very meaningful exercise for the client to assess their current set up against new innovations, business trends, as well as, past and present customer requests for service improvements.

What we found, was measured gaps in both processing automation and service delivery that can effect every sized FX business from the fledgling start-up to the biggest of financial institutions. Read this requirements document with an open mind towards your own systems and practices and check off the level of requirements your practices currently meet, partially meet, could meet with enhancements and what you don’t meet at all.

Our goal is to offer you an objective view on your business efficiencies and help you identify your strengths and weaknesses in this ever changing and highly competitive global payment landscape.

FUNCTIONAL REQUIREMENTS

This section is divided into Client/Lead Information (1), Financial Products Support (2), Business Processes (3), Business Development (4), Online Customer Portal (5), New Client On-boarding (6), Trading & Back Office Processing (7), Reporting / Enquires (8), Compliance & Risk Management (9)

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
1	Client/Lead Information.					
a)	Client data has various states of status - Leads & prospects - Clients pending - Clients authorized to trade - Clients suspended Please explain how your system can meet this requirement ?					
b)	Different information will need to be recorded depending on the client or lead type. (Please see 3.2 above.)					
c)	It's necessary to record internal marketing and analysis comments against leads and clients. These will not be visible externally to the client.					
d)	Can other information can be stored against a lead or client. If so, how is this accomplished? Can this information be configured as compulsory or optional?					
e)	System links affiliates, agents and traders to clients, trades and can calculate and report on commissions.					
2	Financial Products Supported					
a)	SPOT deals (with variable value dates)					
b)	Forward Contracts (Open and Closed)					
c)	Draw Downs off Forward Contracts					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
d)	Limit Orders (Stop Loss and OCO / One Cancels the Other)					
e)	Rate Watch Orders (with notifications and auto execute)					
f)	SWAPS					
g)	Cover Deals with liquidity providers					
h)	The system is NOT limited in what currencies it can deal in and can be set for different regional settlement currencies to manage various regional offices.					
3	Business Processes					
a)	The system allows for various work flows and can be configured to create “work queues” or “task list” oriented processing.					
b)	The system is capable of but not limited to, creating process flows for the following business areas: <ul style="list-style-type: none"> - Sales, customer call lists - Processing new customer registrations and compliance verifications - Processing deals via different requirements like value dates or by currency or amounts. - Collection lists of delinquent customers - Incoming payments by instrument type - Funnelling specific deals or products to specific users - Outgoing payments by instrument type - Customers with incomplete compliance tasks - Changed deals that need further customer input - End of Day validations and deal exceptions 					
c)	The system locks data when in use to avoid errors with multiple users changing the same data records.					
d)	The system can automate incoming payments for processing and matching with existing customers and deals.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
e)	The system can automate outgoing funds delivery in multiple file formats. E.g. ACH, SWIFT, MT103 List the Industry standard formats your system can generate.					
f)	If necessary the system has individual manual processes for working with any incoming or outgoing information and data if automated data sources are not available.					
g)	The system allows Back Office staff to change deal or trading and beneficiary information if required and all changes are held in versioning control for audit purposes.					
h)	The system can VOID deals and payments when required and still keeps records of them for audit trail purposes.					
i)	The system has automated End Of Day (EOD) Validations to ensure deals, customers, beneficiaries, tasks, payments, margin calls, etc., are all completed before the system is closed for the day. If items are not completed the system will list the items that need attention before business can end for the day.					
j)	The system can send email notifications to staff, traders, and customers if required when action is needed on any given task or item.					
k)	The system allows for deals that are incomplete or under review to be “Rolled Over” to the next trading day. Extra charges in either points or percentages may be added to the deal if required during the roll over process.					
l)	The system allows for both bulk and individual deals to be “Rolled Over” when required.					
4	Business Development					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
a)	The system can handle the following requirements for Business Development. (a) gathering leads (b) convert leads to actual clients and (c) encourage existing clients to trade further on a more ongoing basis. To facilitate this, it will be necessary to generate “call lists” for Business Development to contact the clients, leads or affiliates.					
b)	Full client and lead contact history is available. This will capture the following types of information - Trades - Outgoing contacts via “call list”. See above (a) - Client queries and previous quotes. - Other internal comments.					
c)	The system can report on contact’s behaviour including dormant customers, number of times called, trades made.					
d)	The system is capable of being white labelled and down streamed to affiliates and partners to increase business growth.					
e)	The system can manage and report on all commission structures for internal resources like sales and external customer and affiliate referrals.					
5	Online Customer Portal					
a)	The system has an integrated online customer portal that allows customers to trade and manage payments online through a standard Internet browser.					
b)	The online portal is connected directly in realtime to the system without any delays or separation of data storage. (E.g. Is NOT a batch upload of data or duplication and merging of two separate data sets, NO delays in transferring data, is not just take an order request and price and confirm via email at a later time, etc.)					
c)	The online portal maintains all pricing structures and exceptions that have been set in the main system to ensure pricing control and consistency across both platforms.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
d)	The communication layer between the online portal and management system uses industry standard security protocols and methodologies to ensure secure communications between the two systems.					
e)	The online portal uses a secure login process including “challenge questions” as an added layer of security.					
f)	The online portal can be branded and white labelled for affiliates and partners. All deals are passed through to the main system for processing.					
g)	Customers can book SPOT and Forward Contract deals and any and all limits set on the user accounts are followed online as would be on the main system.					
h)	Customers can make draw downs on existing Forward Contracts.					
i)	Customers can save deal “templates” for recall and use at any time.					
j)	Customers can disburse deals to multiple beneficiaries					
k)	Customers can print deal confirmations including search and reprint confirmations from any previous deal.					
l)	Customers can view and report on their historical transactions					
m)	Customers can export reports to MS Excel and PDF formats					
n)	Customers can book multiple deals in multiple currencies in a single session.					
o)	Customers can add and edit beneficiary data and store unlimited number of beneficiary records.					
p)	Customers can book deals and assign beneficiary details at a later time.					
q)	Customers can book a deal immediately through a single click after the pricing quote has been issued.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	<i>Include any text to provide clarification</i>
r)	The online portal is regulated by all the same compliance warnings, status's and rules as the main system to ensure consistency across both platforms.					
s)	All deals handled through the online portal are still subject to any affiliate or trader based commission structures. Also, is capable of handling a separate commission structure for online deals vs. deals done through the traditional trade desk.					
t)	Beneficiary data can be created, edited and used online but will still pass through all the necessary compliance checks before its made available to be used online.					
u)	Dual Authorization: The system has the ability to enforce a double custody or authorization process, in where the same contact cannot release a payment they enter but must be confirmed by another user before release. (Useful in corporate situations where data entry must be checked and authorized before release.)					
v)	All customer quotes given through the online portal are stored by the main system to ensure pricing consistency and for verification purposes in customer service situations when pricing consistency is in question.					
w)	Trader or management manual intervention is possible when a rate or feed is not available and a manual rate needs to be issued online.					
x)	Can you define fees for online transactions?					
6	New Client On-boarding					
a)	The client on-boarding process supported by the system must accommodate transitioning existing leads into customers as well as new customer on-boarding by both online registration or manual data entry.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
b)	<p>System must allow Clients and Affiliates to be created from an online registration form. The system has a suitable API or existing online interface to meet the below requirements.</p> <ul style="list-style-type: none"> - The application receives submissions in realtime - Security is in place to ensure that requests are not sent from “rogue sources” ? - Data formats are based on an industry standard - How do users ensure they see all submissions - Form field validations are configurable - The application recognizes existing records to eliminate duplicating records 					
c)	<p>System must also allow Clients and Affiliates to be created manually via a normal screen by staff members.</p> <p>If a lead record already exists then it can be updated into a new client record.</p>					
d)	<p>For both the API and manual screens, the solution will automatically generate confirmation emails when the client is successfully created, assigned to a trader or blotter and ready for trading.</p>					
e)	<p>It is required to create clients or affiliates in a “provisional” or “pending” state</p> <p>(This will be used where a client application has been received but they have not fully passed the required security and compliance checks)</p> <p>If so :</p> <ul style="list-style-type: none"> - “provisional” clients can be created from both the API and manual on-line screens - All outstanding security checks against this “provisional client” are recorded e.g. “address check failed, requested utility bill” 					
f)	<p>The system can record a classification against a client and many classifications or groups can be configured.</p>					
g)	<p>The system can record the profitability of a client or affiliate.</p>					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
h)	The system can assign a specific pricing model to a customer and all affiliates.					
i)	Dual approval required for critical data changes like customer account information, beneficiaries, customer contacts					
7 Trading: Executing Trades (SPOT, FORWARD CONTRACT, SWAP)						
a)	The system can be integrated with third party rate feeds. Please list what rate feeds or pricing organizations the system can currently connect with.					
b)	The system can be integrated via API with liquidity providers for the receiving of rate feeds and quotes and also to submit deal transactions with said providers.					
c)	Traders have access to customer information from the trade screen including the following and may choose from said information type and pre-populate the trade screen with the appropriate values, rates and saved details. <ul style="list-style-type: none"> - Previously given quotes - Existing forward contracts that can be drawn down on - Re-occurring payments 					
d)	Traders have access to realtime pricing within the trade screen that includes any treasury padding, forward points and customer profile pricing already calculated and included in the customer rate. Also, if required manual pricing intervention can be made if rate sources are not available.					
e)	The system can facilitate Straight Through Processing (STP) for high volume businesses. Also, STP is configurable based on customer credit limits while still adhering to all compliance rules to maintain secure processing protocols.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
f)	Traders can manually adjust customer pricing if required to secure the trade with the customer. Also adjustment limits can be set on trader accounts to limit the amount they are able to manually change pricing.					
g)	Limits on deal values can be set against both a trader and/or a customer to enforce compliance and risk regulations and customer credit limits.					
h)	Traders can book a trade without assigning a specific beneficiary or settlement instructions at the time of trade. Also, the system allows beneficiaries and settlement instructions to be assigned, added or edited by the back office at a later time when required.					
i)	When booking forward contracts the system can calculate and record a customer deposit based on a configurable default deposit amount in either a % or flat rate.					
j)	All trades can be disbursed to multiple beneficiaries while maintaining full compliance and risk evaluation control for each beneficiary.					
k)	Traders can send trade confirmation emails with all pertinent information, rates, currencies, beneficiary, settlement instructions via email to a customer at the time the trade is booked.					
l)	Trades are saved and displayed within the back office process queue in realtime.					
m)	The system automatically matches trade details with the required counter parties and automatically creates matching records for incoming funds, outgoing payments, and liquidity cover deals and are all linked to the initial trade deal.					
n)	Back office staff can verify all compliance tasks are complete before releasing the trade for payment.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALLY MET	NOT MET	
						<i>Include any text to provide clarification</i>
o)	Back office staff can adjust deal and beneficiary information if required and maintain an audit trail of all changes to deal and payment information.					
p)	Back office staff can review and assess any possible risks involved with a trade, customer or beneficiary at any time within the process and can mark any deal as suspicious or remove it from the payment queue as needed.					
q)	Identify the person (customer contact) who is calling to place a deal. Needs to be associated to the deal placed over the phone or online.					
7.1	Trading: Forward Contract Drawdowns					
a)	Traders have access to customer's existing forward contracts on the trade screen and can recall the data immediately for creating a draw down.					
b)	The trader has the ability to make a partial drawdown as well as drawdown the entire balance of the forward.					
c)	The trader has the ability to disperse a drawdown to multiple beneficiaries and the drawdown flows through the processing queue the same way as other deals do.					
d)	All remaining forward contract balances are tracked and available to the trader and customer during their contract period.					
e)	All Forward balances are reflected immediately in the main position blotter for both contract value date and drawdowns according to their individual value dates as well.					
7.2	Trading: Using held Funds					
a)	Incoming funds can be marked and kept in the system as held funds for use at a later time.					
b)	Held funds are tracked separately than normal incoming payments and deposits for existing deals to maintain the proper audit trail.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
c)	Held funds can be fully or partially applied against a deal or drawdown as needed.					
d)	All held funds are reflected in the customer's VOSTRO statement.					
e)	A trader or back office staff member can easily choose to fund a deal through held funds if required.					
f)	Held funds can be kept in multiple currencies and are accessible in those different currencies at any time to be applied to deals and outgoing funds.					
7.3	Margin Calls					
a)	The system will automatically calculate any customer margin calls and notify the appropriate Trader/Staff members to contact the customer.					
b)	The system can be configured to send any margin call notifications to customers automatically by email					
c)	When the business receives a margin call from a liquidity provider the system can record and send the necessary payment and it is automatically reflected in the corporate position.					
d)	Receiving customer payments for margin calls can be applied directly to the margin call record.					
e)	The application includes all margin call calculations automatically in its end of day verifications.					
f)	If client margin calls have not been paid the system will notify traders and back office staff that the payment is overdue.					
g)	Can you assign a maximum exposure value by customer to determine if a margin call is required?					
7.4	Finance Control & Back Office					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
a)	The system has the facility to reconcile the balances held within the Trading Bank accounts against the Trading Platform.					
b)	The system is able to report on amounts held in different accounts by currency.					
c)	The system can report on held funds and client VOSTRO statements.					
d)	The system can report on outstanding forward contracts and any drawdowns and remaining balances.					
e)	The system can report on any outgoing client settlements that have not yet been paid.					
f)	The system can report on staff and affiliate commission that has not yet been paid and that has previously been paid.					
g)	The system can create collections lists for employees to call and follow up on delinquent customer payments that are owed to the company.					
h)	The system can report on any off-sets that have not been cleared down.					
i)	The system can report on daily reconciliation of movements into and out of the Trading Bank Accounts.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
j)	<p>A daily reconciliation is required to reconcile the Trading Bank Account cash movement against the Trading records.</p> <p>This reconciliation will typically cover the following types of movements.</p> <ul style="list-style-type: none"> - Incoming Client Payments - Outgoing Clients Payments - Incoming counter party settlements - Outgoing counter party settlements - Draw down cash movements - Client "Held Funds" releases. - Monthly Profit or Loss payments. - Monthly Staff Commission Payments - Monthly Affiliate Commission payments - Off set Clear down - Transfers between accounts <p>Please indicate which of the above items the system does and does not handle in regard to reconciliation.</p>					
k)	The system is capable of Daily Reconciliation of cash movements into and out of the business's Corporate Bank Accounts.					
l)	<p>The system has the ability when required to monitor Off-Set deals.</p> <p>These are deals that have either (a) been made in error or (b) have been made with a third party but the client is unlikely to pay us for.</p>					
m)	The system can report on all trading profit and loss and manage the amounts being transferred from the trading accounts to the corporate accounts.					
n)	Are there any import capabilities to automatically reconcile bank account transactions?					
o)	Are there any import capabilities to automatically confirm customer incoming payments?					
8	Reporting and Enquiries.					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	
						<i>Include any text to provide clarification</i>
a)	Please provide a list of all the existing reports and enquiries that your solution has.					
b)	It is possible to “plug in” an industry standard report generator for produce ad hoc or standard reports? If so, which report generator is the system best used with?					
9	Compliance & Risk Management					
a)	The system has audit control on all changes including: - Deal changes - Customer data changes - Beneficiary changes - Payment changes (both incoming and outgoing) - User changes					
b)	The system can enforce dual approvals, another user is required to approve changes to a customer’s sensitive information.					
b)	Scanned documents or images can be uploaded and saved with customer profile data for compliance audit.					
c)	The system can be configured to evaluate risk factors against customers, beneficiaries and deals. Also, the system can flag customers, beneficiaries and deals when suspicious factors are met.					
d)	Risk factors can be configured to reflect the business’s specific risk tolerances in regard to currency, location, customer and beneficiary scores.					
e)	The system can create regulatory reports on suspicious deals, customers and beneficiaries for submission to regulatory entities.					
f)	The system can be integrated with third party KYC validation services to strengthen compliance and security regimes.					
g)	The system has an automated customer, contact name and beneficiary search routine against public facing Global Watch Lists every 24 hours (OFAC, OFSI, HM Treasury, European Union, Australia’s DFAT)					

REQUIREMENT		REQUIREMENT MET				COMMENTS
		FULLY MET	WITH ENHANCE	PARTIALY MET	NOT MET	<i>Include any text to provide clarification</i>
h)	The system has full audit reporting on all watch list searches and results for review and reporting to financial regulators.					
i)	The system collects a very robust amount of personal data for customers and beneficiaries, including: <ul style="list-style-type: none"> - All necessary personal data - Multiple addresses - Multiple contacts - Personal documents - Bank account information - Profession & Industry Sector 					
j)	The system collects PEP (Politically Exposed Persons) status for customers, contacts and beneficiaries.					
k)	The system supports a watch list verification by-pass for customers who consistently trigger false positive results. Also, the system creates a report of those on the by-pass list so they can be checked and verified periodically to maintain compliance adherence.					
l)	The system can be configured with customized compliance tasks and deadlines for completion e.g. ID document collection, signed customer contracts, proof of corporate registrations etc.					
m)	The system can record any compliance comments and store them for recall during regulatory reporting.					
	Additional information required by the business can be configured or requires customization of the application?					



nexolink