

A photograph of the Tower Bridge in London, England, under a blue sky with scattered white clouds. The bridge's two towers and suspension cables are clearly visible. The word 'SUNGARD' is printed in white on the right tower.

SUNGARD ANALYSTS' DAY

LONDON | NOVEMBER 9, 2011

SUNGARD

Capitalizing on Regulatory Change In the Capital Markets

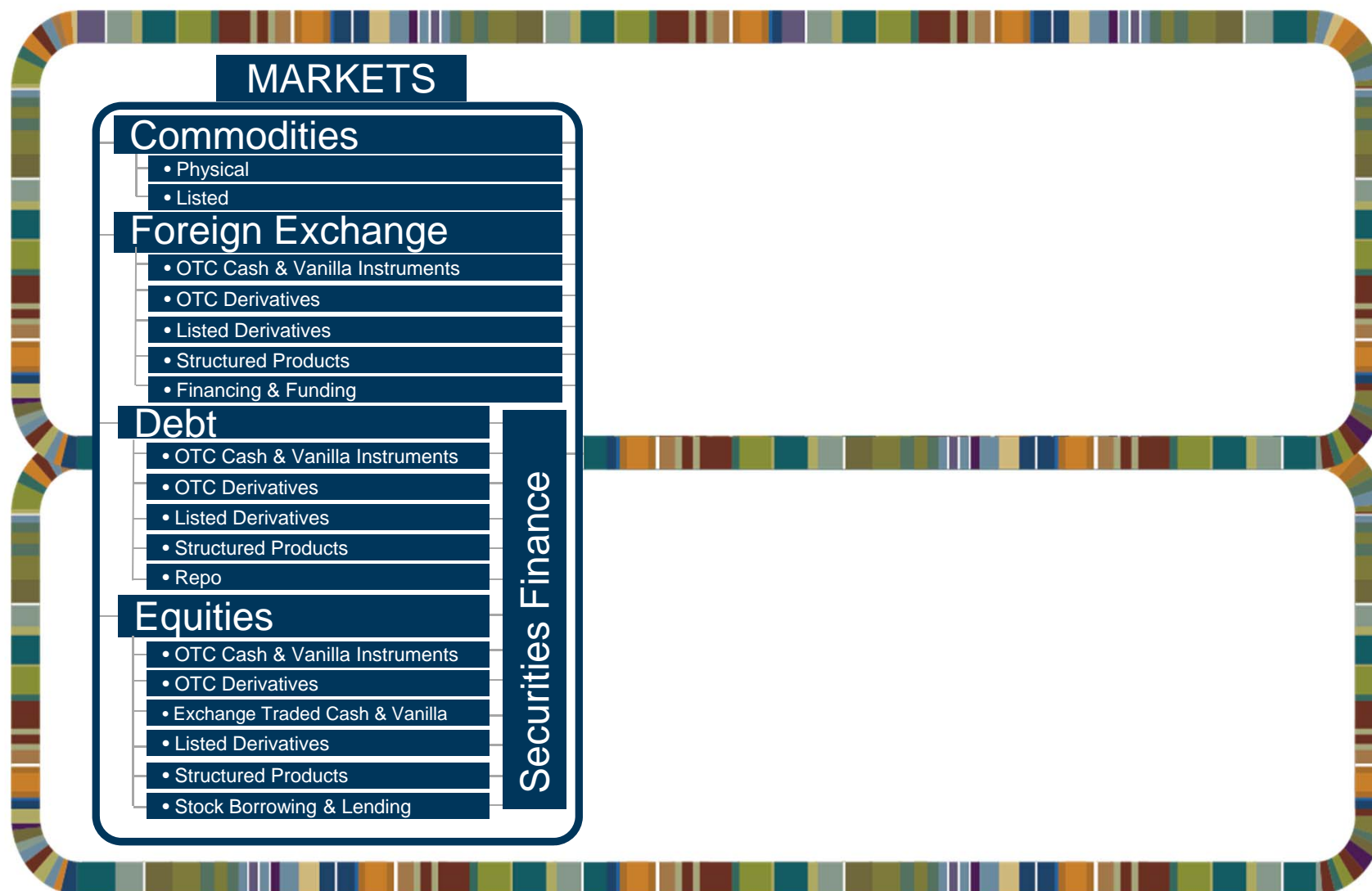
Peter Banham, Segment Vice President, Global Head of Strategy
SunGard's Capital Markets Business

Jane Milner, Head of Strategy International Securities Finance and Collateral
SunGard's Capital Markets Business

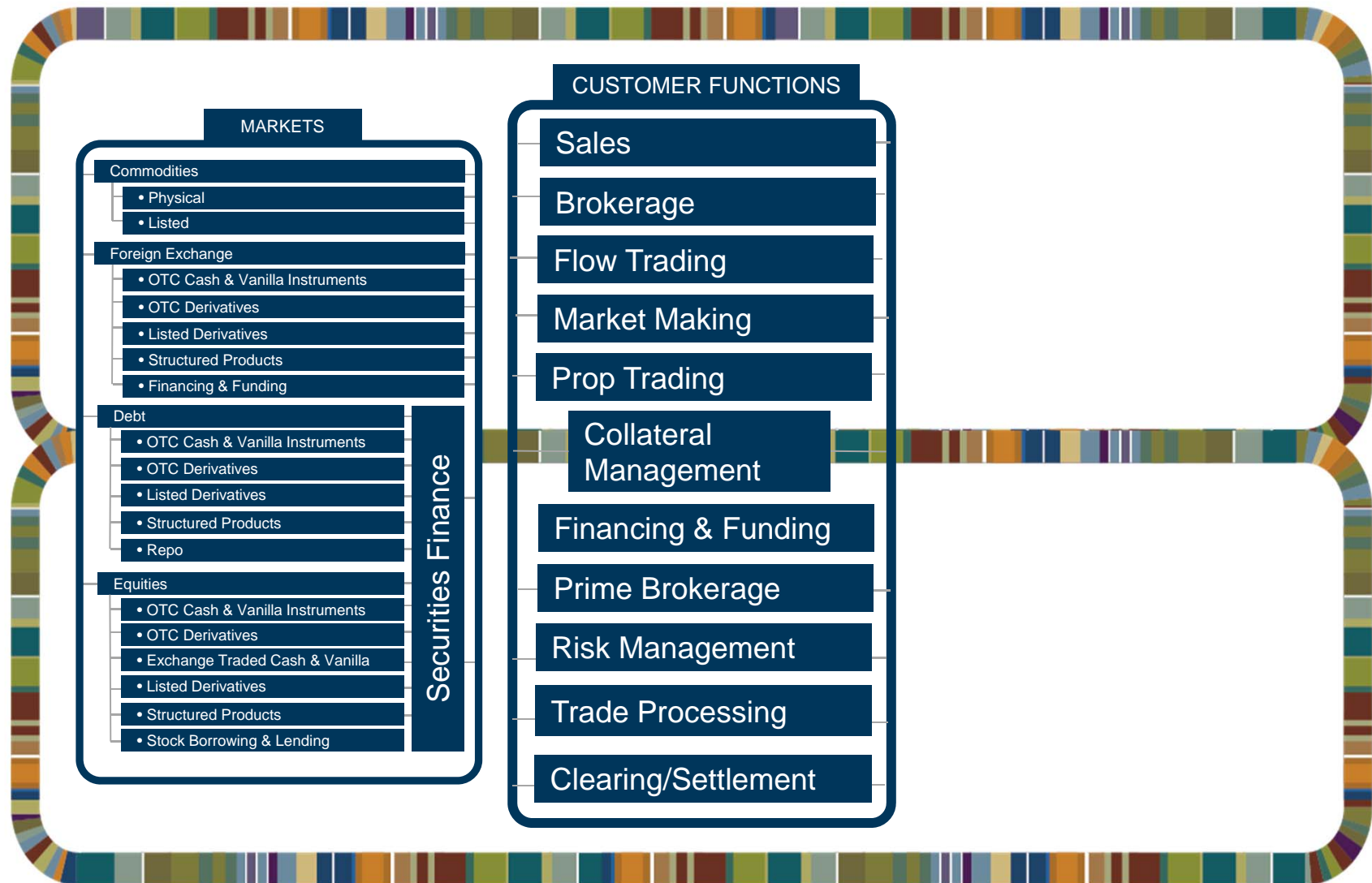
The Capital Markets Ecosystem



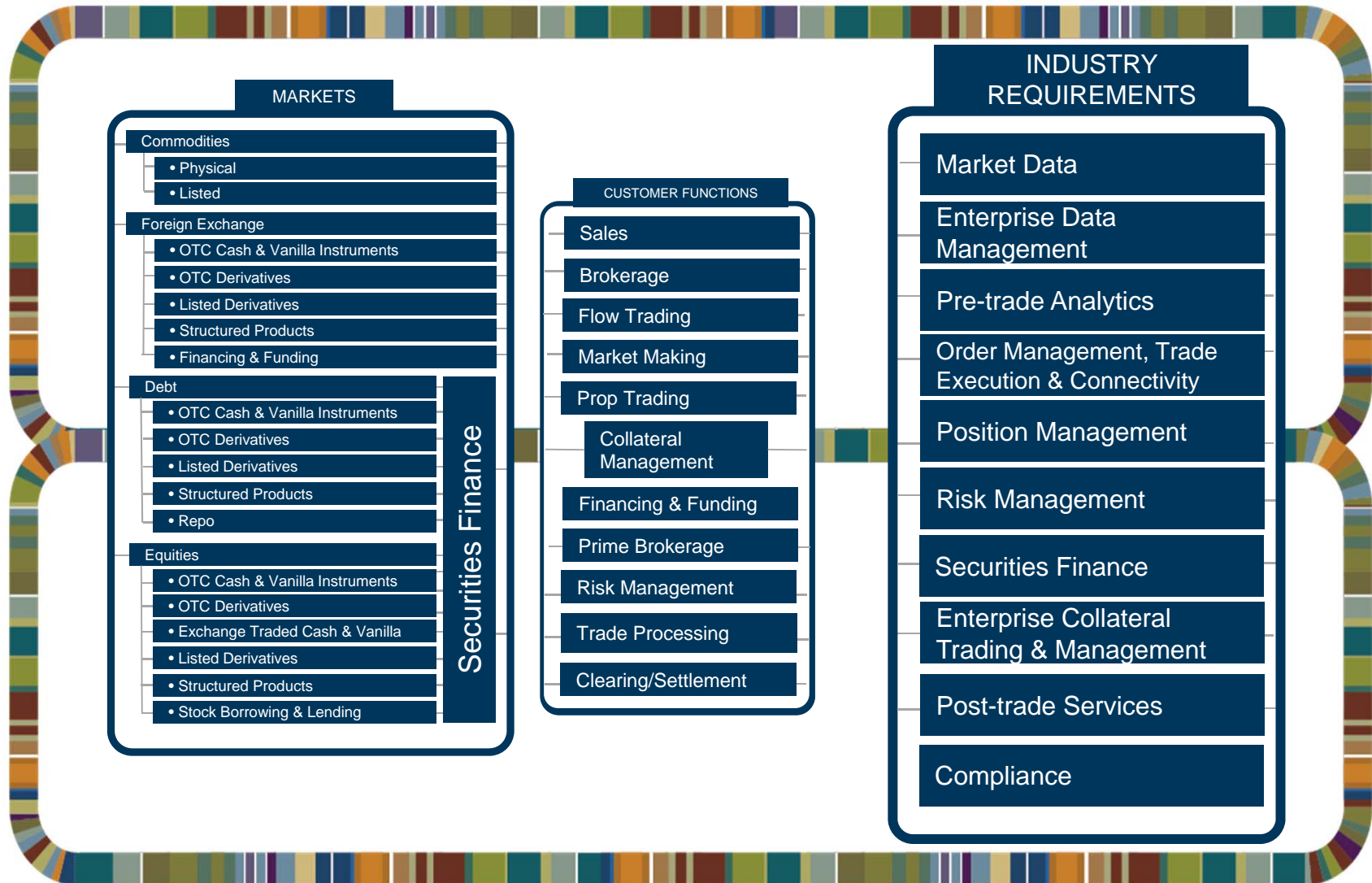
Capital Markets – The Outside-in View



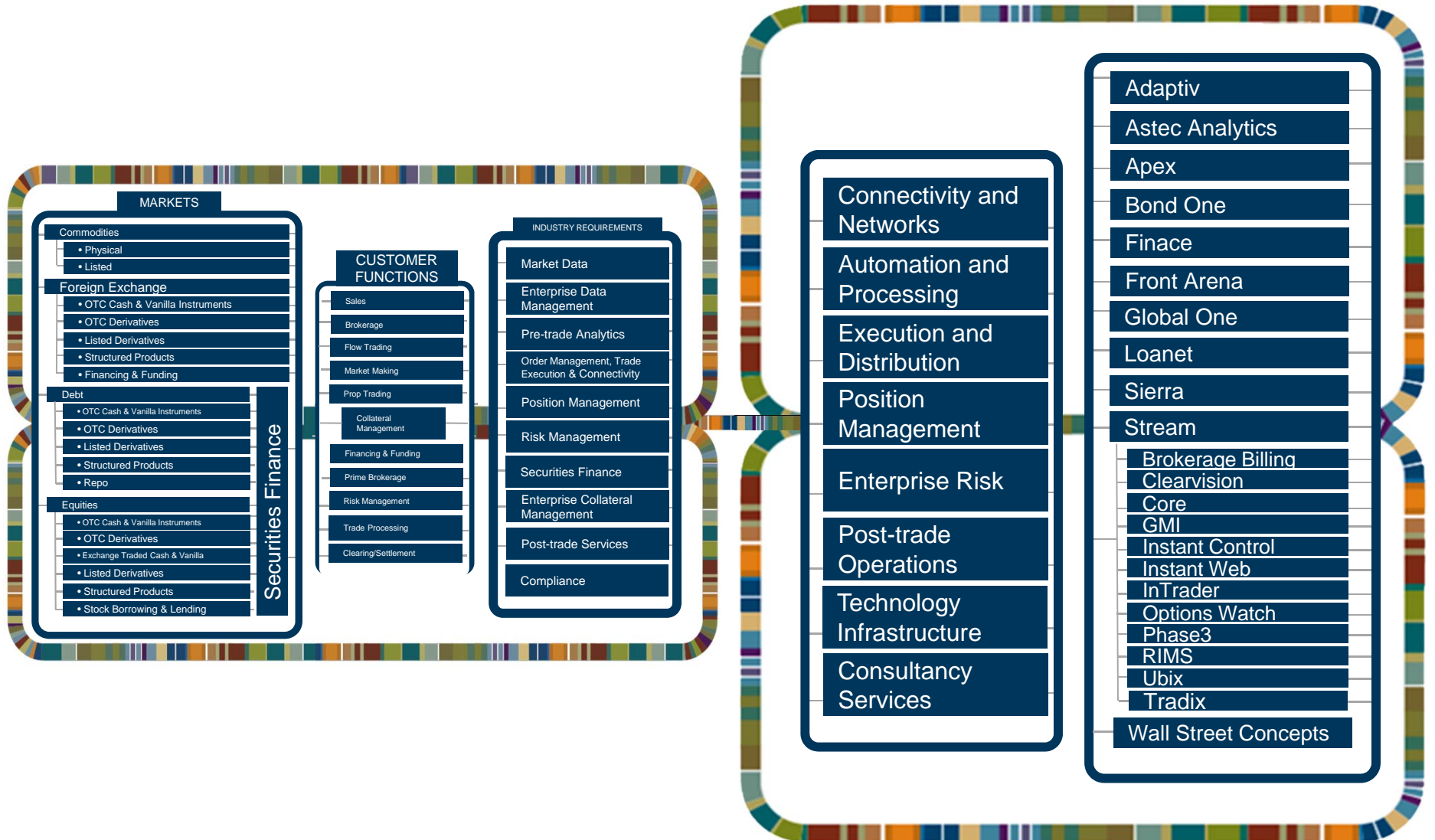
Customer Functions



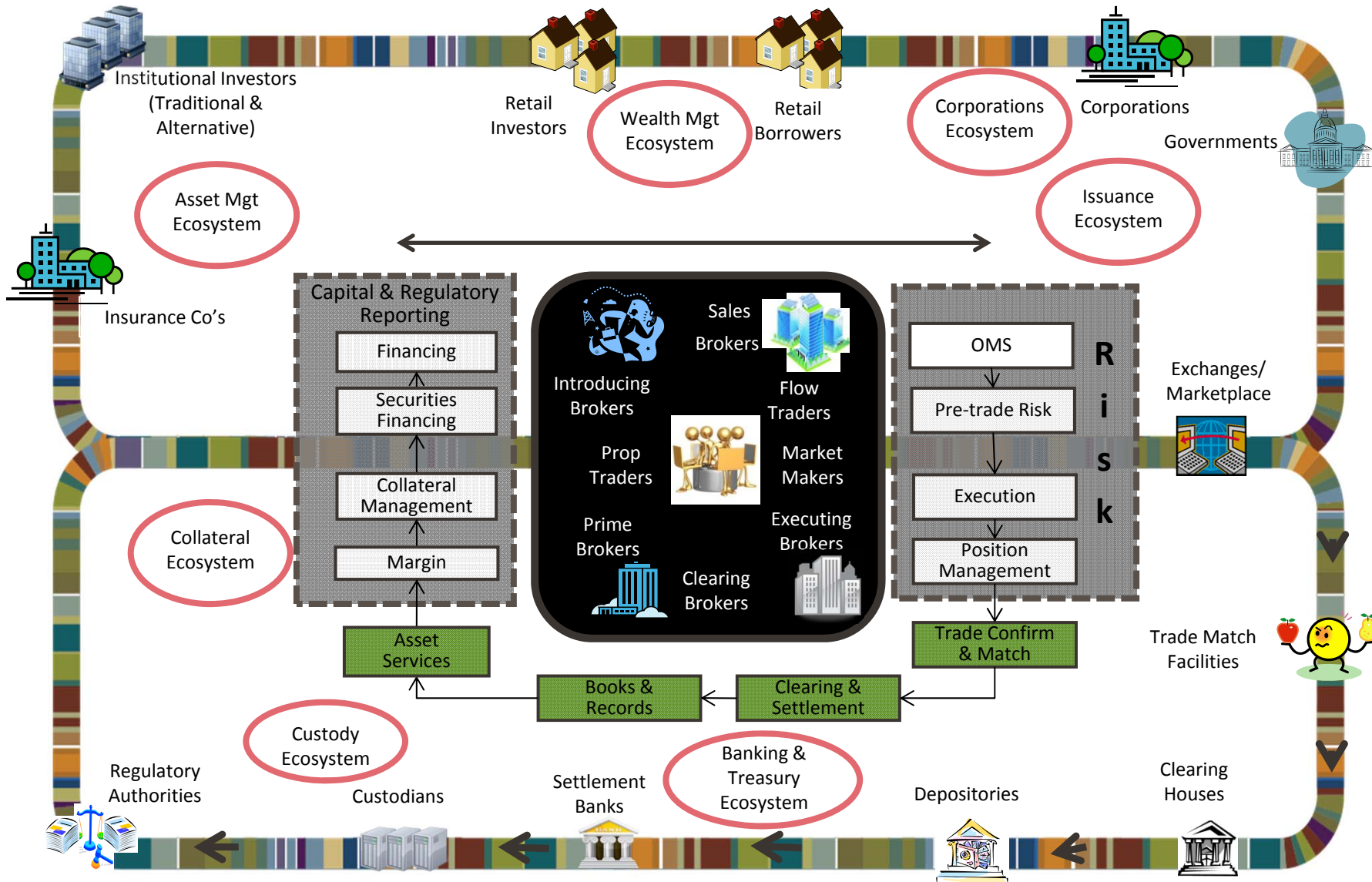
Industry Requirements



Capital Product Groups



Global Capital Markets Ecosystem



Key Trends

- Cost consciousness with some risk for profit
- Stringent, time-critical risk and collateral management
- Service innovation above product innovation
- Myriad of regulatory controls with many unknowns



Strategic Focus

- Our solutions operate across the entire sell side
- We will focus on innovation and investment for 5 interacting sectors
 - Risk and compliance
 - OTC & listed securities and derivatives
 - Collateral
 - Securities finance
 - Prime services

Regulatory Change: OTC Derivatives



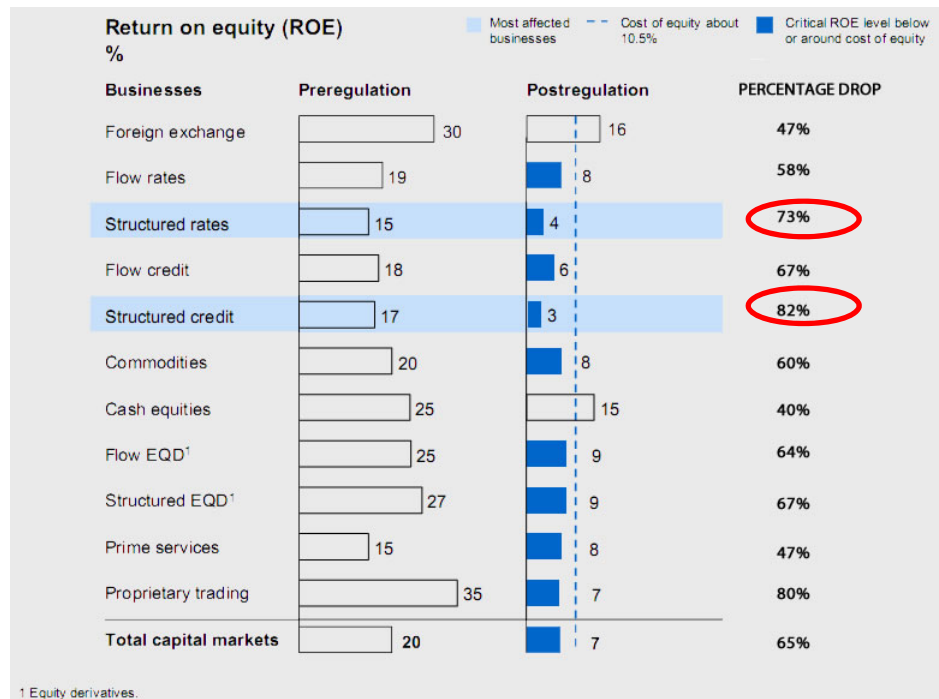


There's More Pressure

- More capacity
 - Higher loads, more market data, faster response times
 - Larger positions per user and across the organization
 - Need for lower latency and enterprise control
- More automation
 - STP for trading
 - STP for back office
- More regulation!
 - DFA, MiFID II, EMIR, Basel III
 - How can you mitigate its effects?

Impact on Return on Capital

- Mitigate lower ROC with scalable, high volume electronic trading tools
- Boost operational efficiency
 - Traditional measures (reduce headcount and IT costs)
 - Drive greater user of electronic trading



*Source: McKinsey & Company: New regulation and its impact on the capital-markets businesses



The Big Debate

Scenario

Hybrid in US
and Europe

Assumptions

- CFTC listens to WMBAA *or*
CFTC listens to MiFID and EMIR and changes its mind
- SEFs and OTFs build pre-trade transparency into voice systems

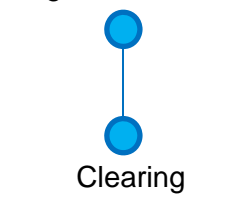
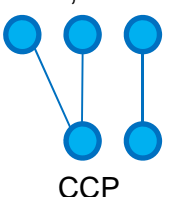

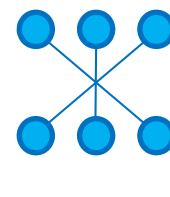
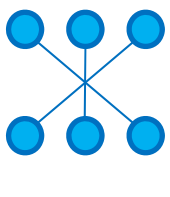
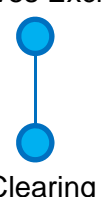



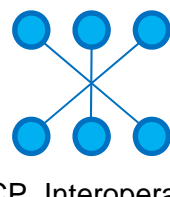
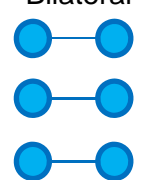
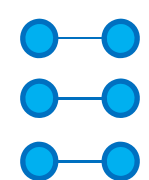
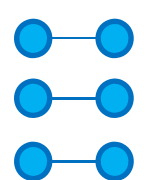
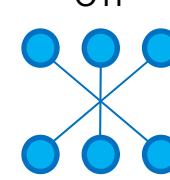
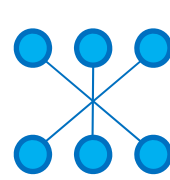
Electronic in US
Hybrid in Europe

- CFTC opts for all-electronic
- MiFID also accepts hybrid, and European OTFs build pre-trade transparency into voice systems

All-Electronic

- CFTC goes for all-electronic
- European OTFs fail to support regulation over voice systems *or*
Electronic systems prove more efficient

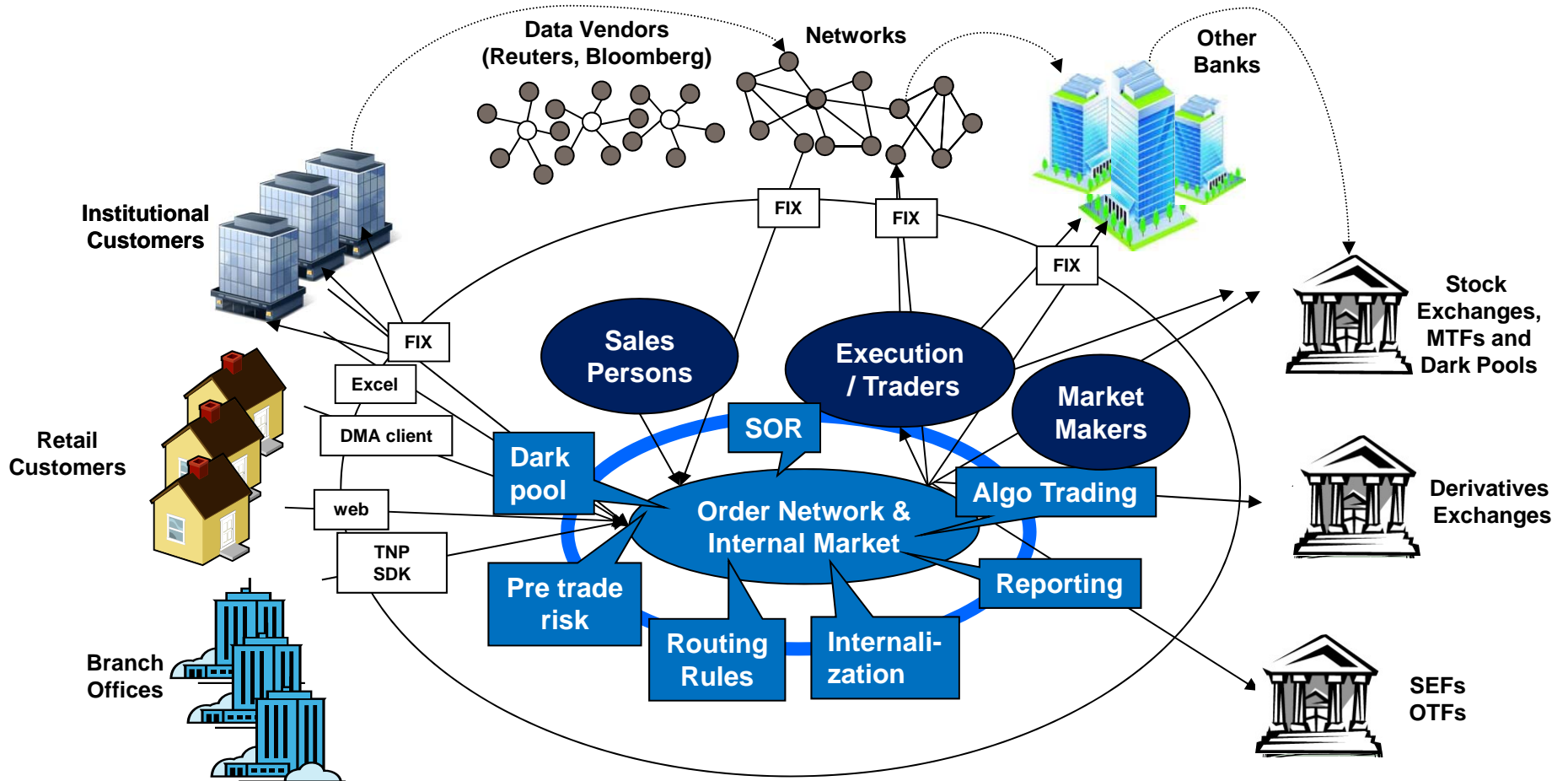
MiFID I and II

	Pre-MiFID -2006	MiFID I 2007-2009	~ Now 2010-2012	MiFID II, EMIR 2013-15	Future ? 2016-18
Equity Cash	Regulated Market  Clearing	RM, MTF  CCP	RM, MTF  CCP, Interoperability		
Exchange Traded Derivatives	Derivatives Exchange  Clearing			Derivatives Exchange  Clearing	Derivatives Exchange  CCP, Interoperability
OTC Derivatives	Bilateral 			OTF  CCP, Interoperability	

Regulatory Change: Electronic Trading



The Electronic Trading Landscape

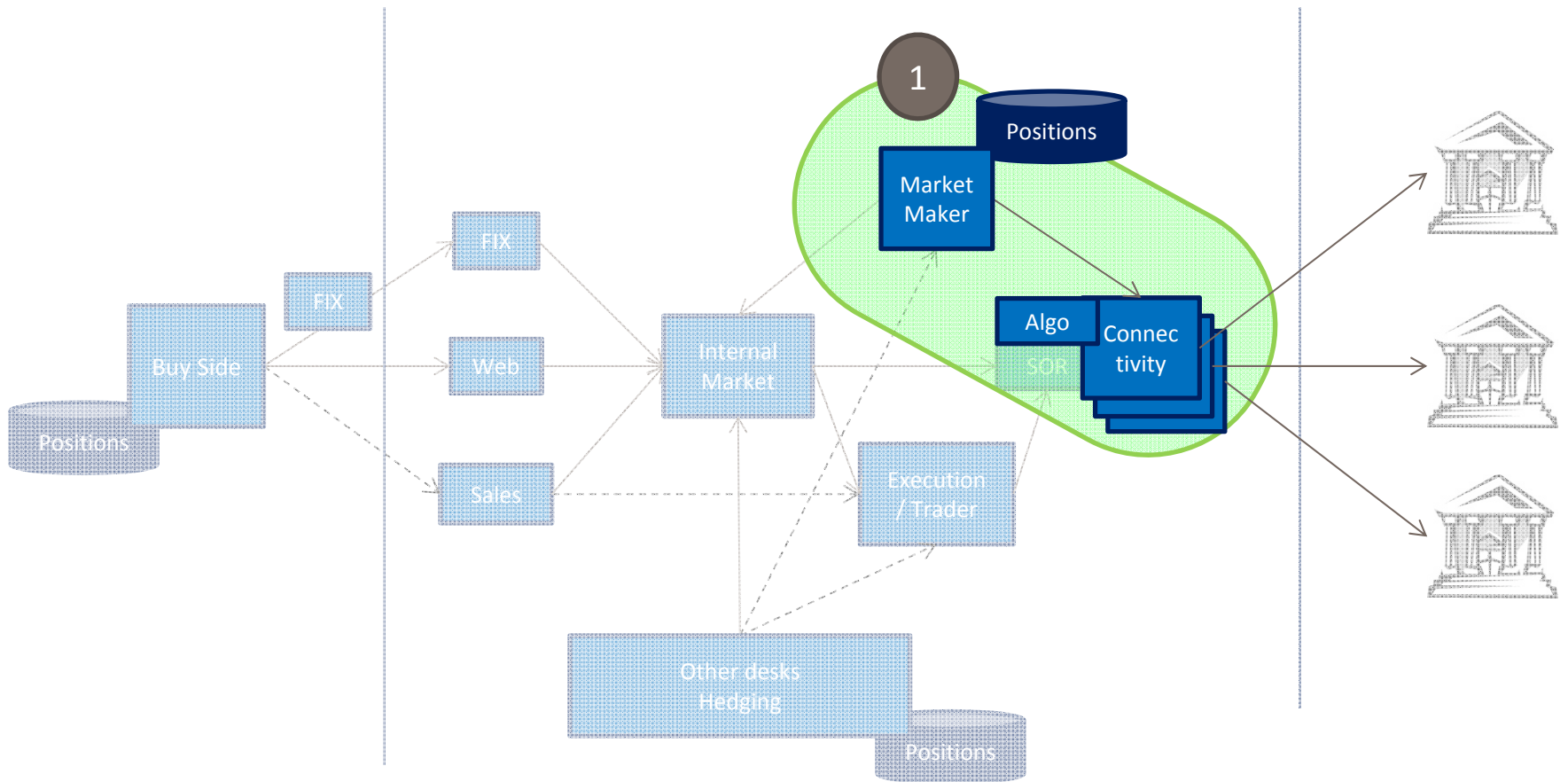


Market Making

Buy Side

Sell Side

SEF/OTF

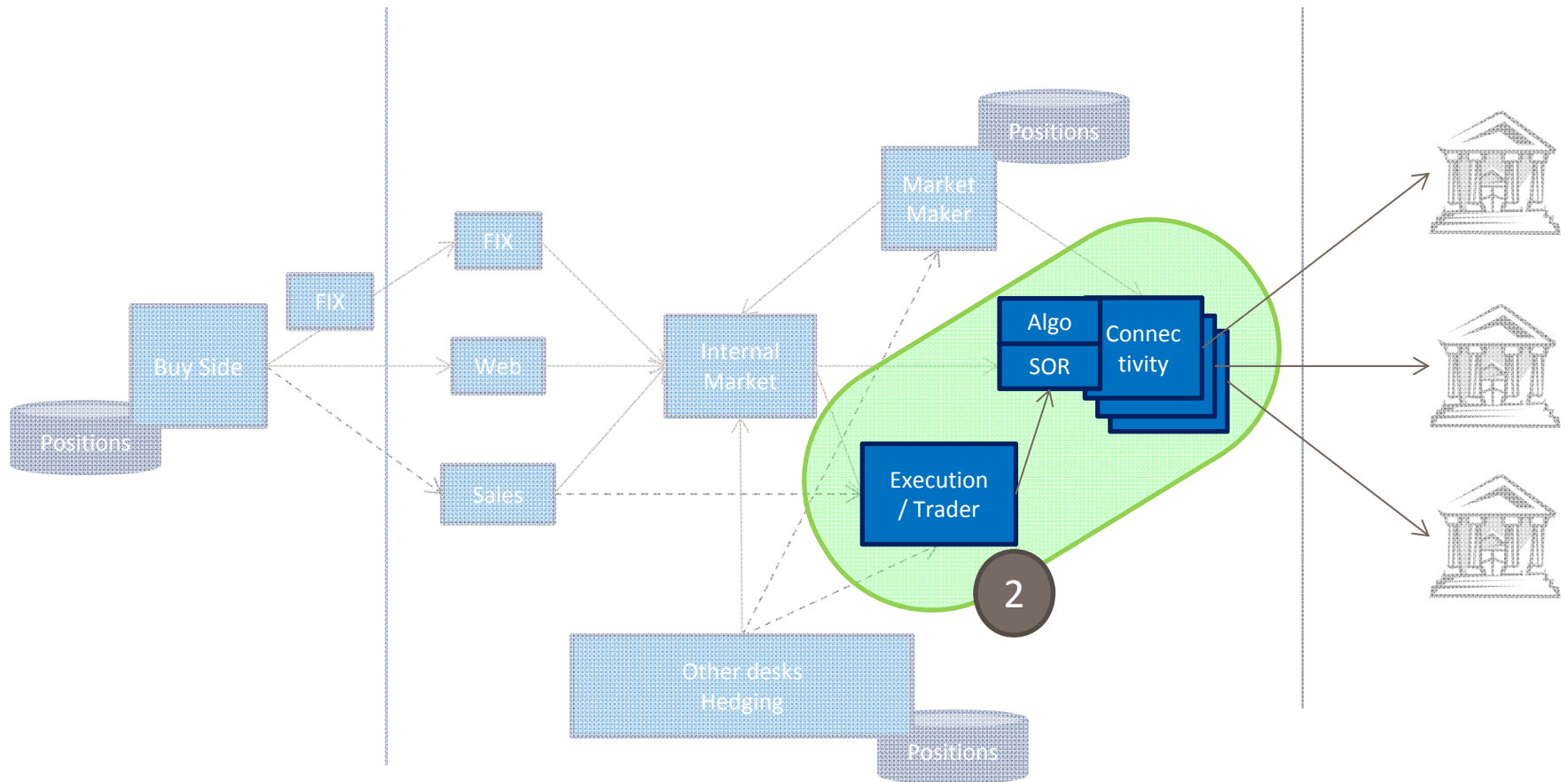


Execution Trading

Buy Side

Sell Side

SEF/OTF

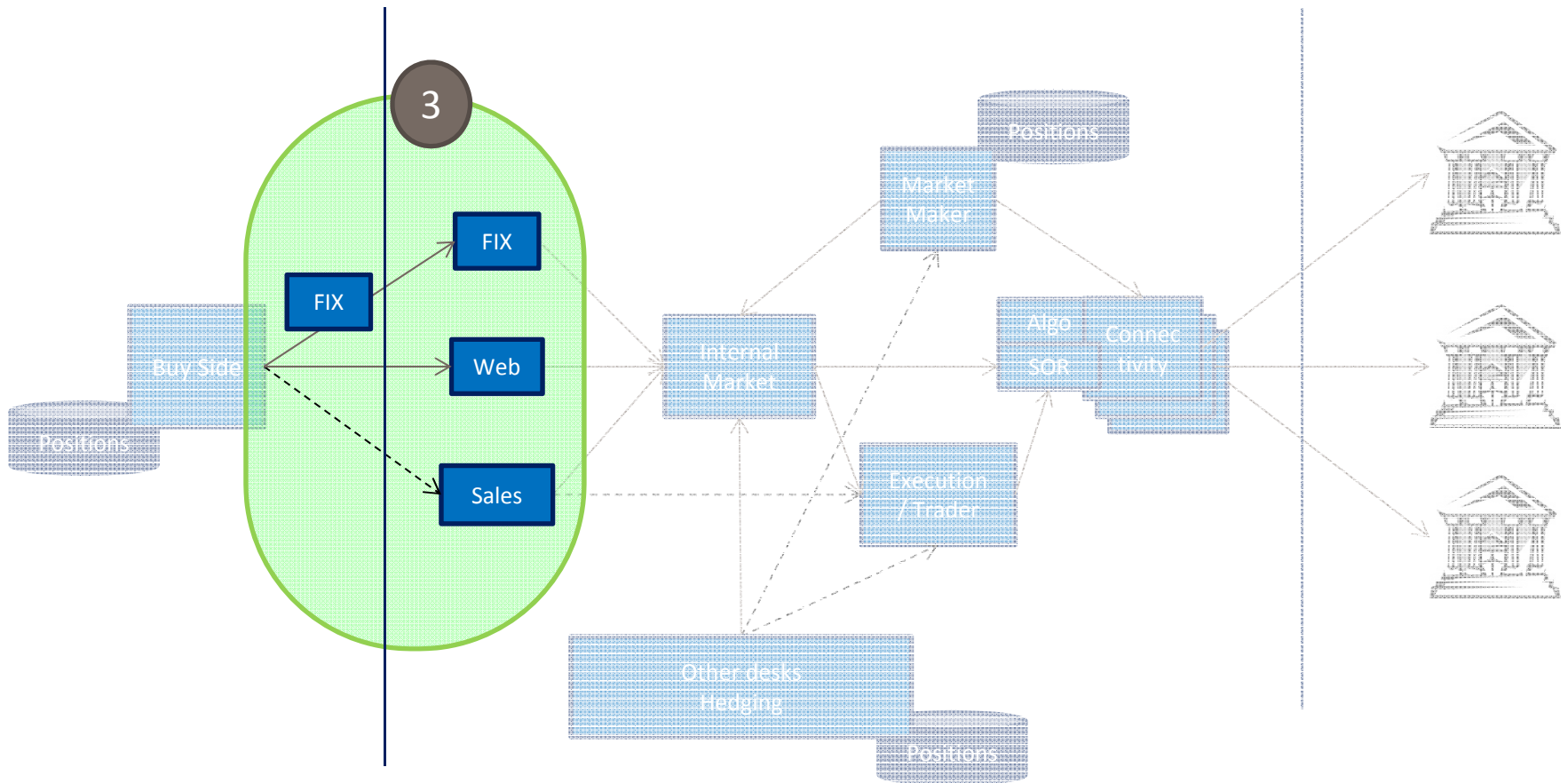


E-Commerce

Buy Side

Sell Side

SEF/OTF

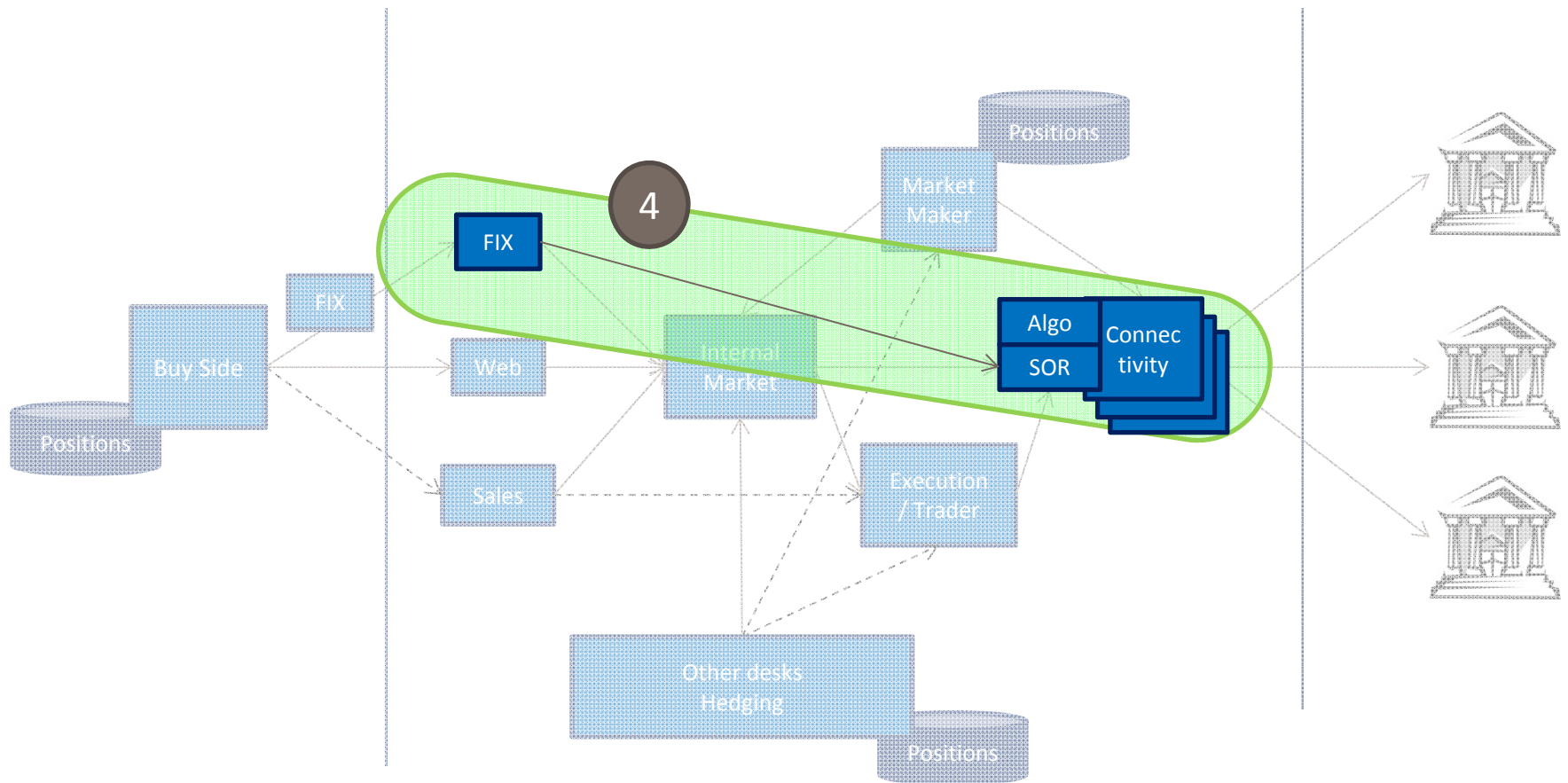


Direct Market Access

Buy Side

Sell Side

SEF/OTF

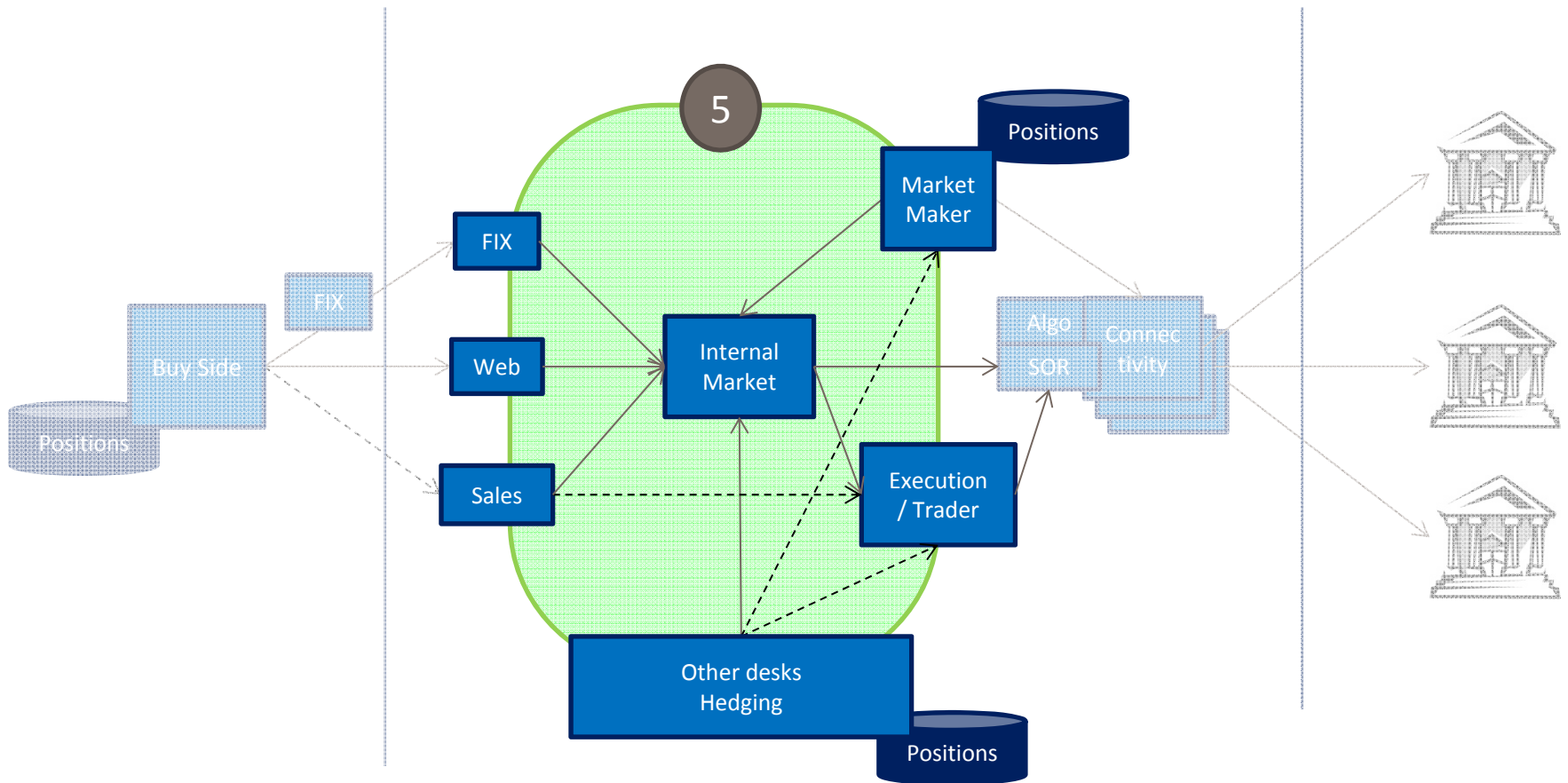


Order Management

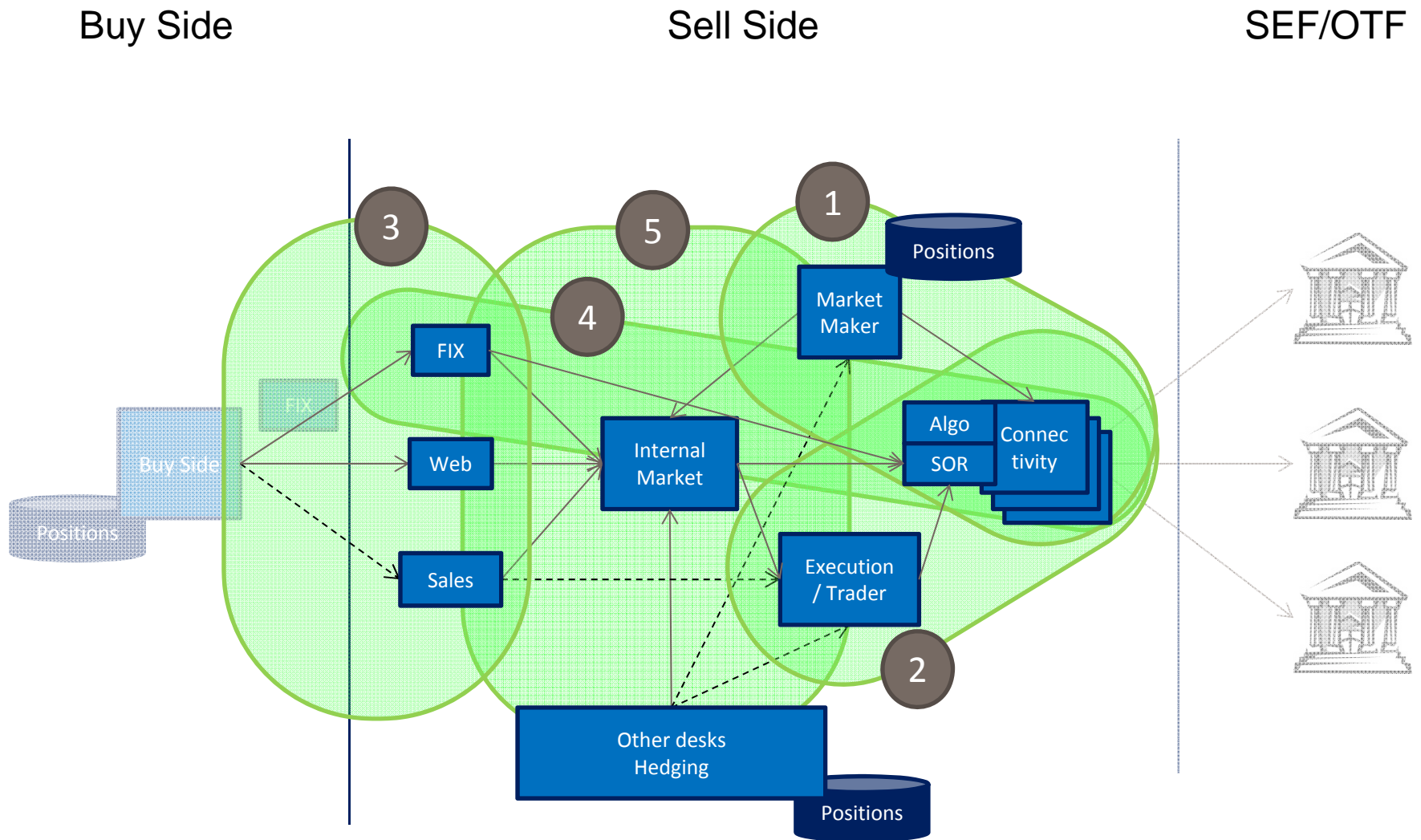
Buy Side

Sell Side

SEF/OTF



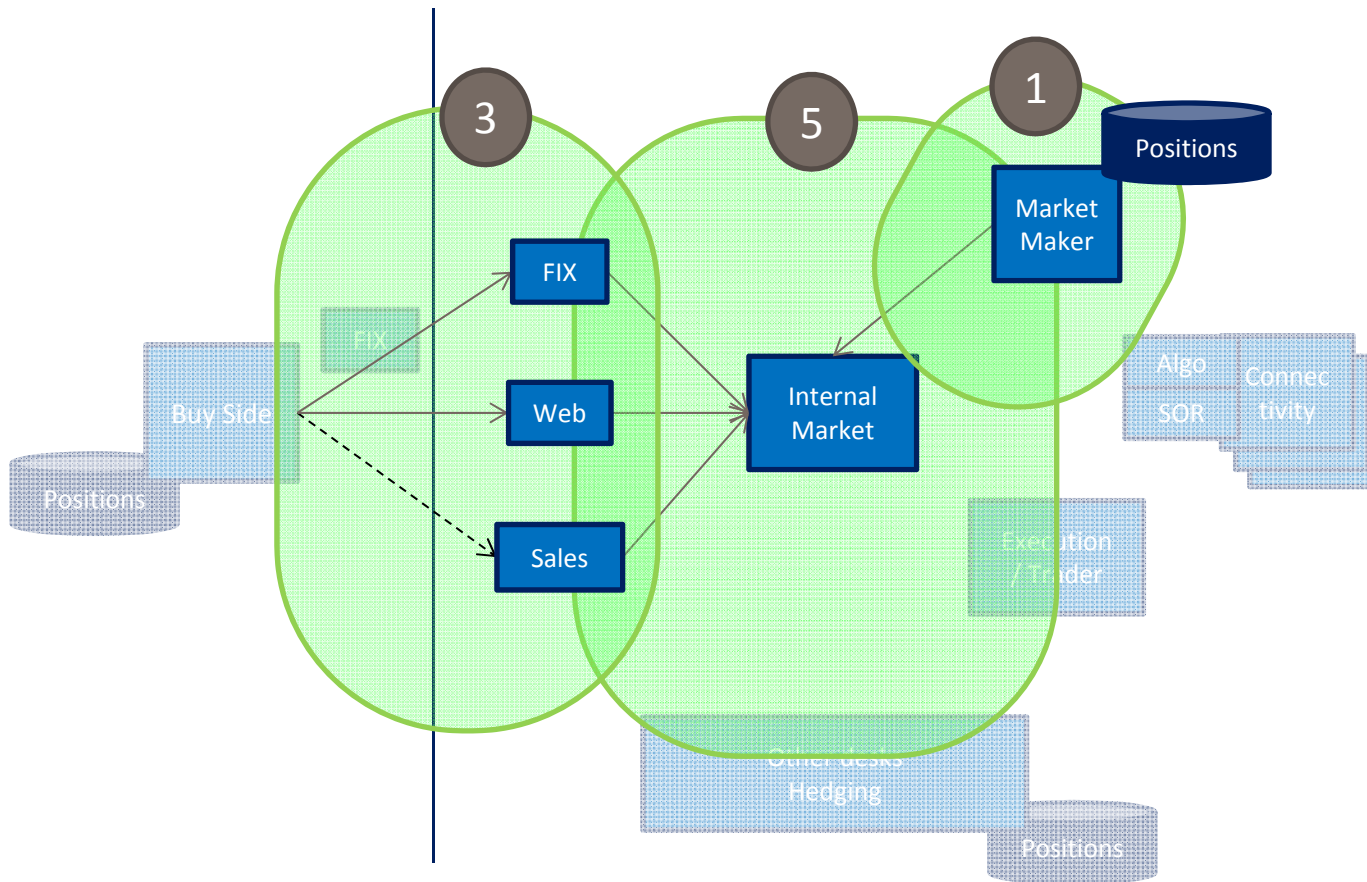
Sell Side Solution



Electronic Distribution: Market Making Model (OTC bilateral traded products)

Buy Side

Sell Side

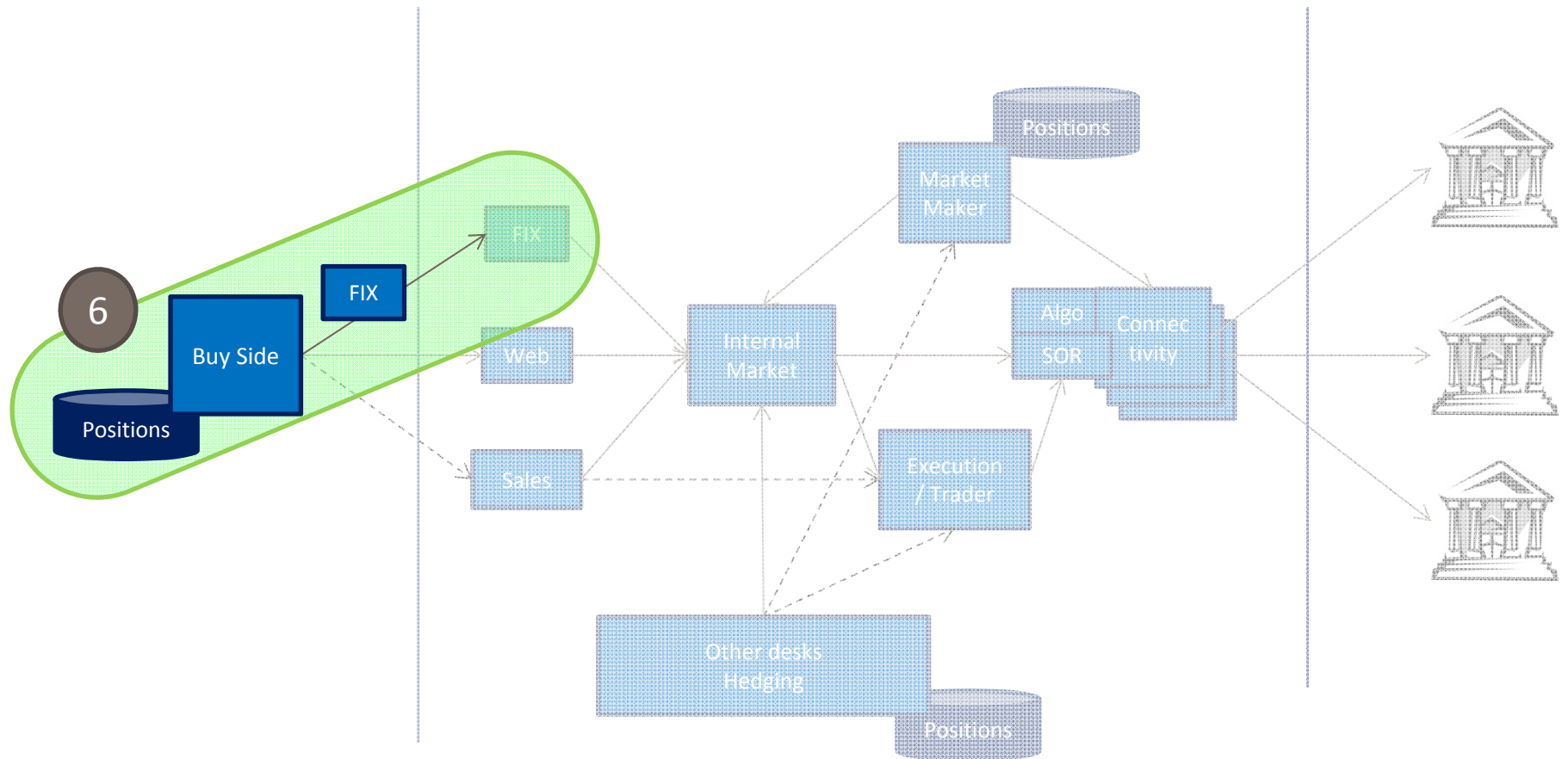


Buy Side Trading

Buy Side

Sell Side

SEF/OTF

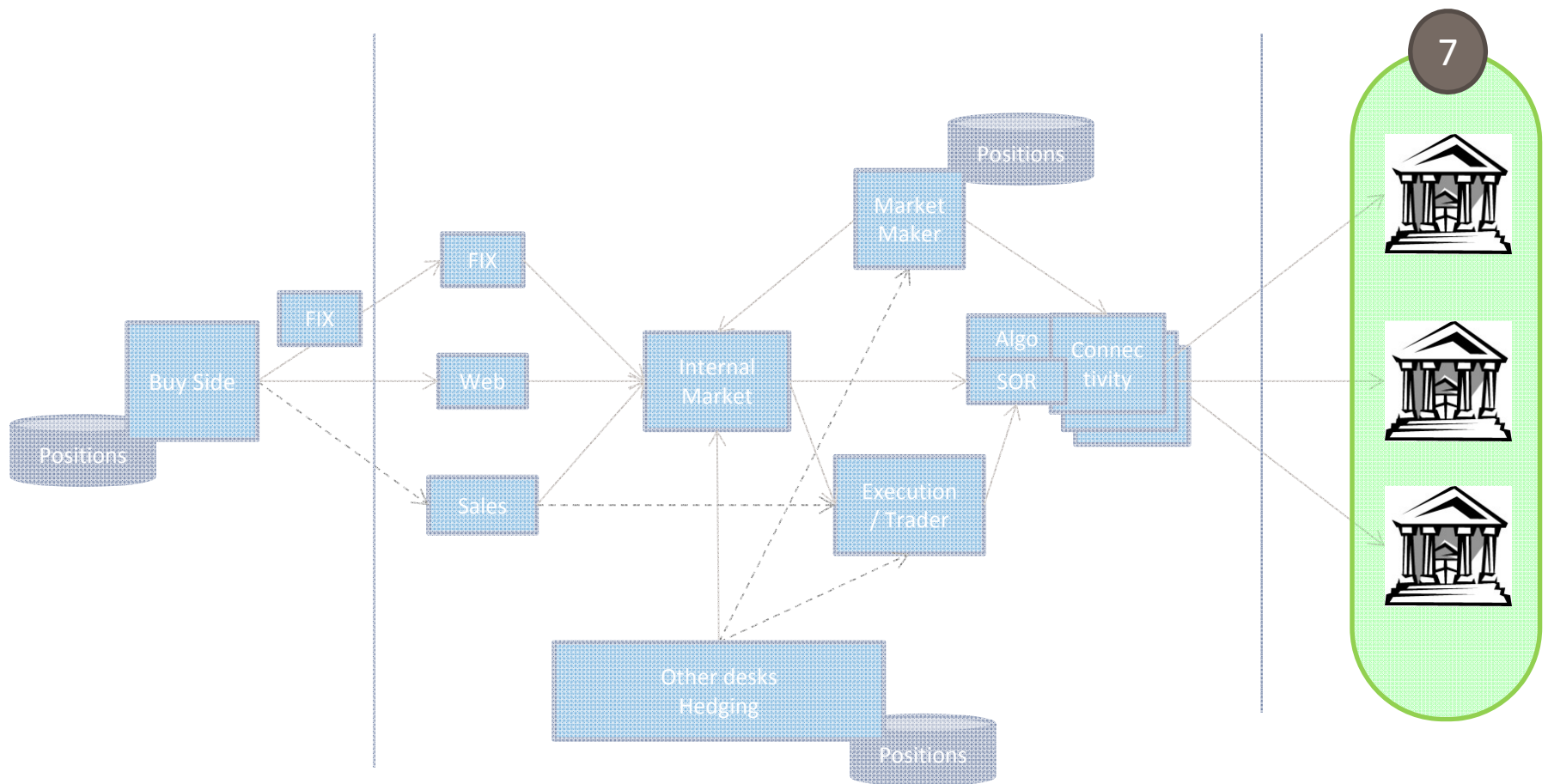


Swap Execution Facilities

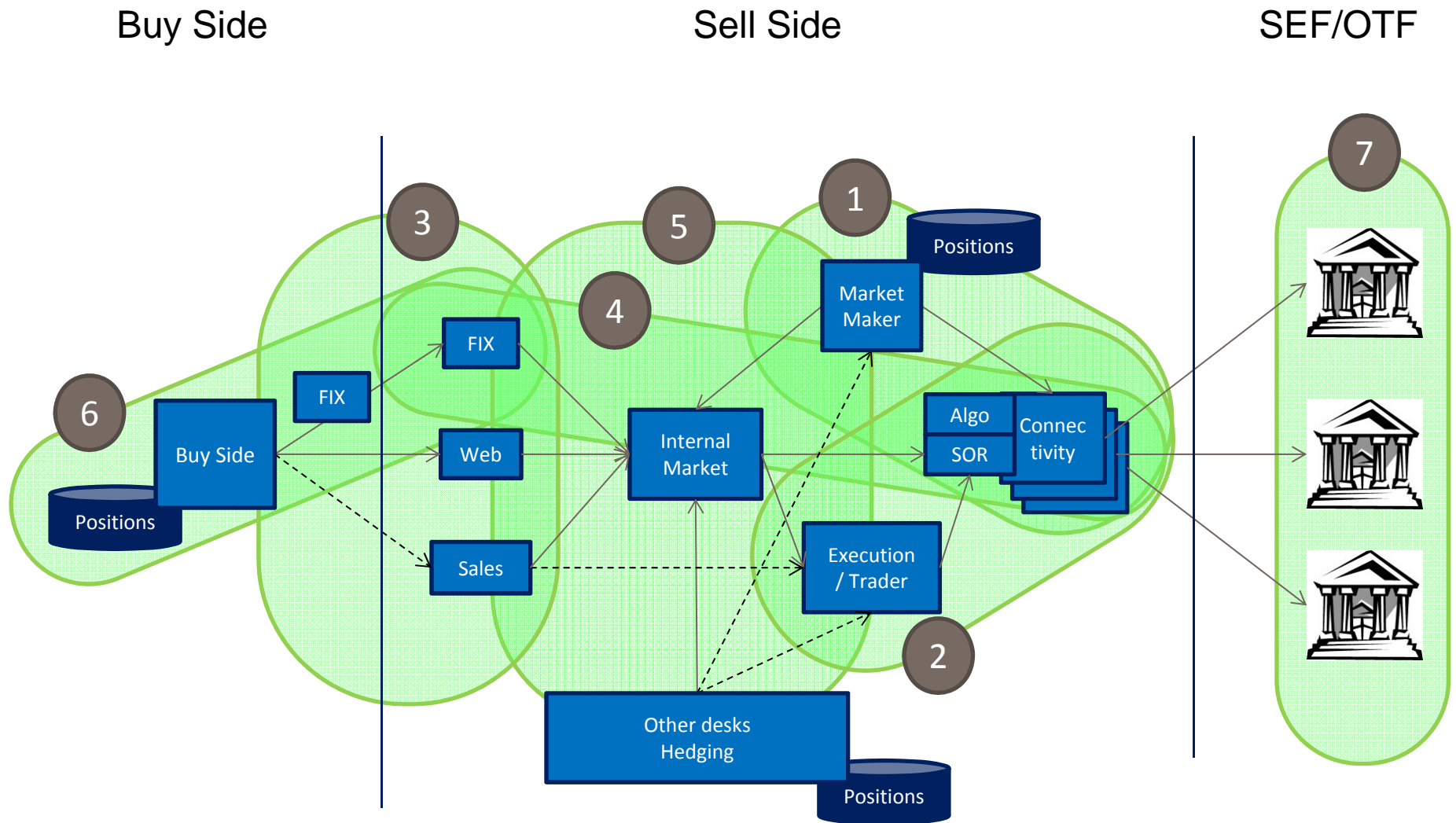
Buy Side

Sell Side

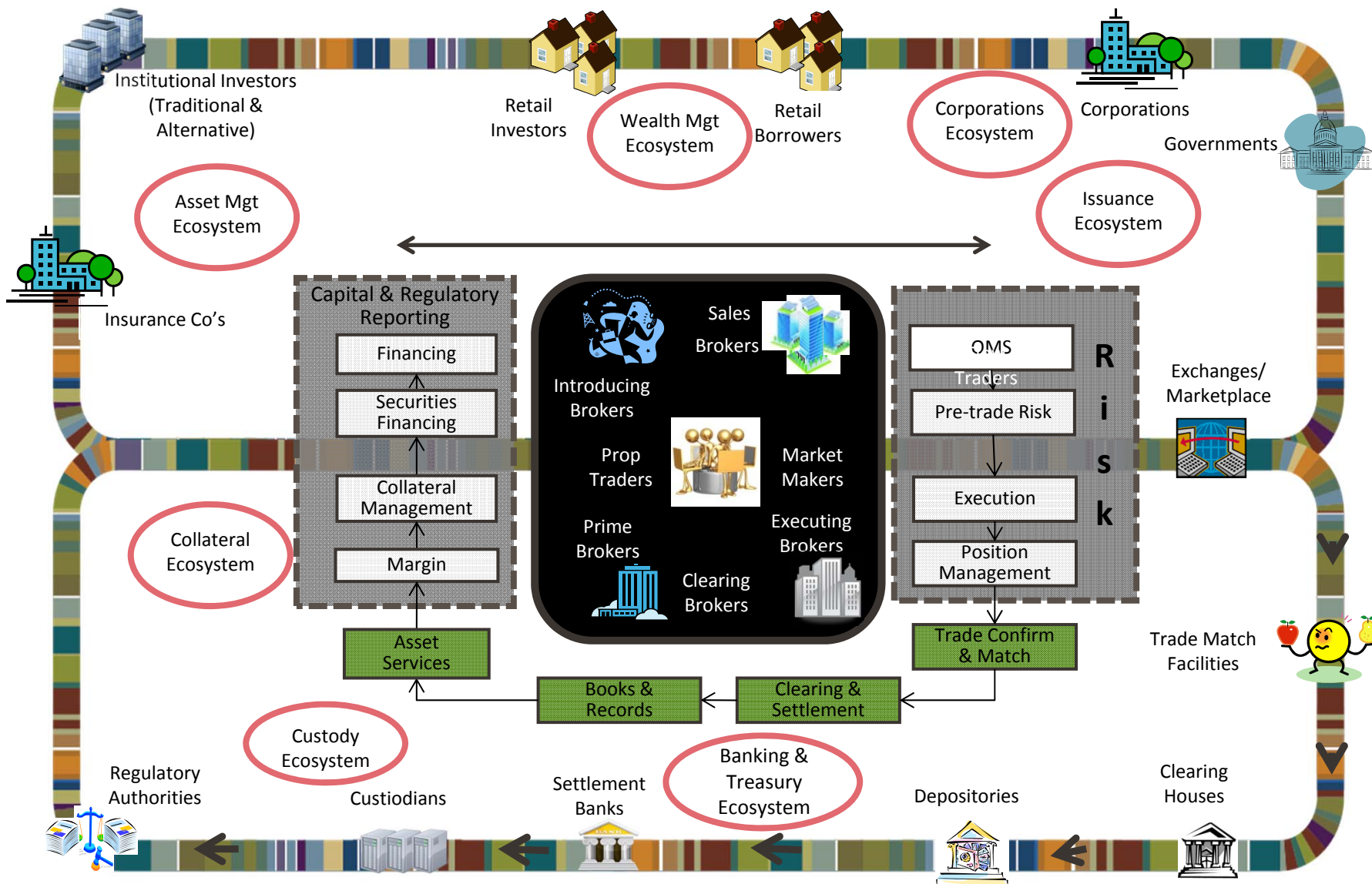
SEF/OTF



The Future



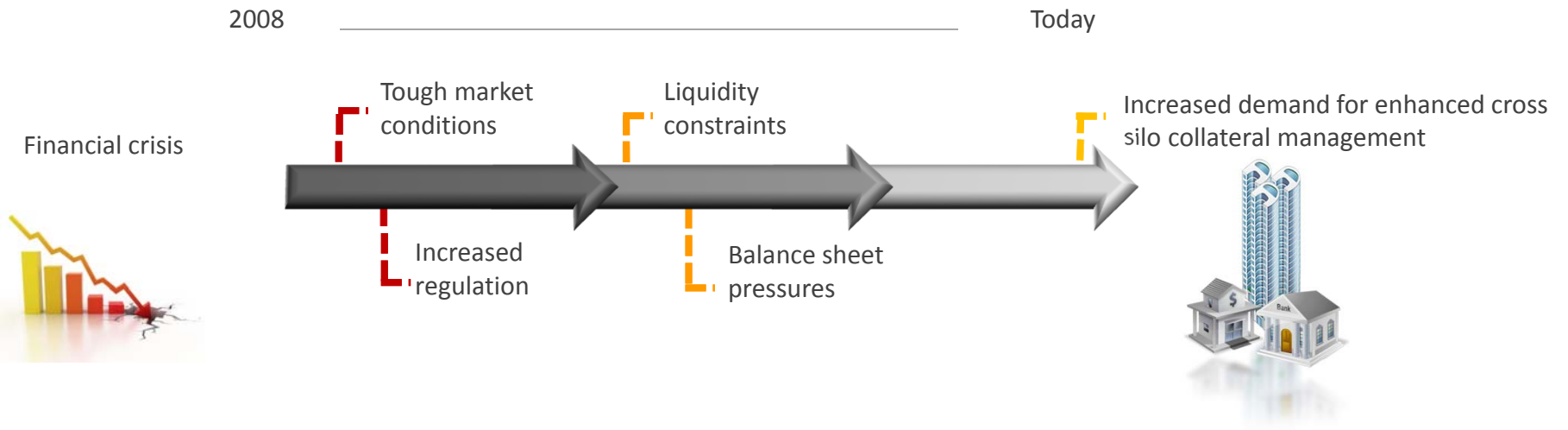
The Impact on the Global Capital Markets Ecosystem



Capitalizing on Regulatory Change: Collateral Management



Market Drivers



Industry Challenges

- Banks are struggling to meet higher capital requirements and keep funding costs down*

yet

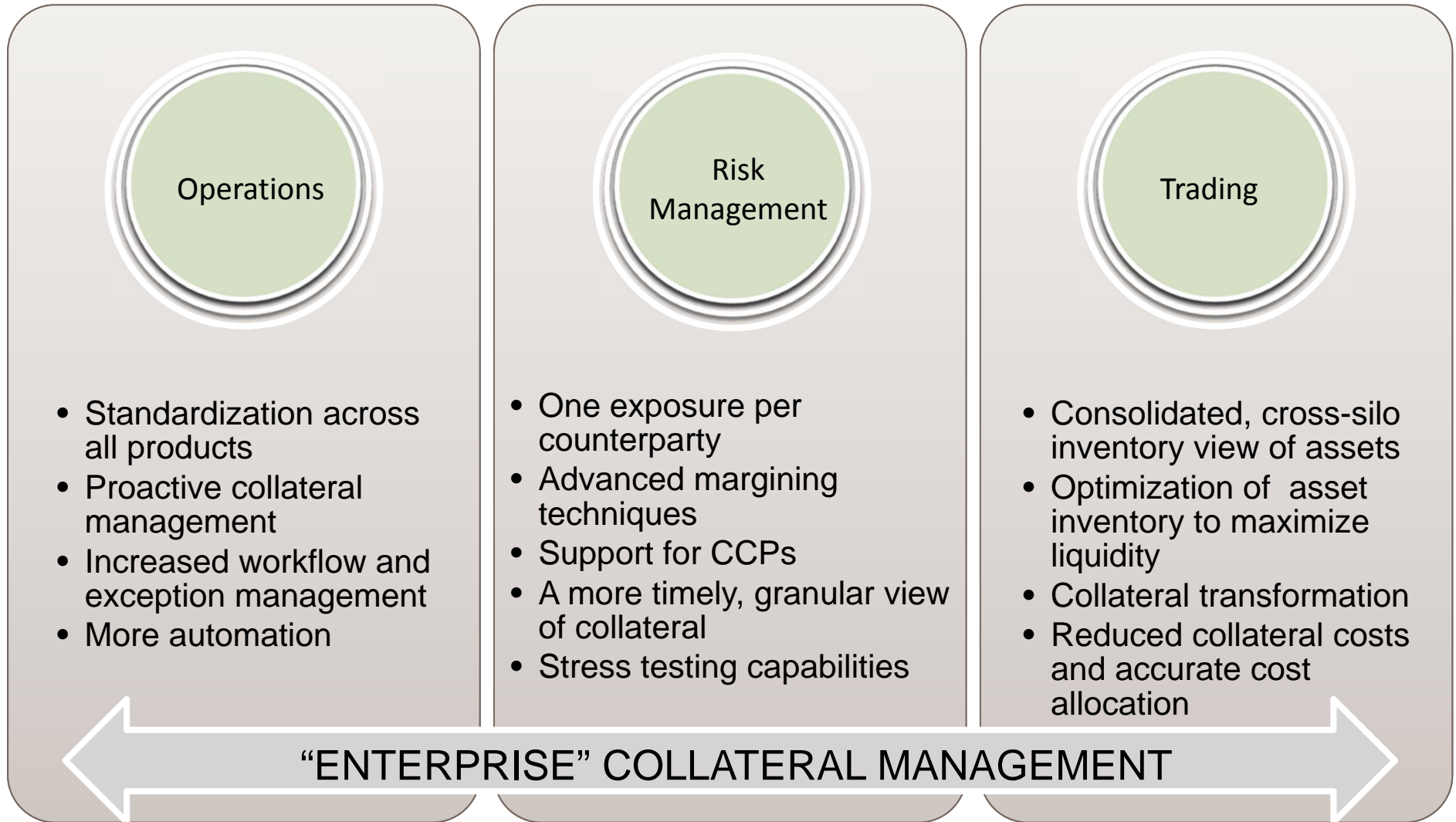


- Inefficient use of collateral assets costs €4bn a year*
- As much as 15% of the available collateral on a bank's books is not being used*
- About \$2 trillion in additional new margin would have to be set aside in trades if the proposed rules take effect**

* Accenture survey, September 2011

**The Office of the Comptroller of Currency -Wall Street Journal, June 25, 2011

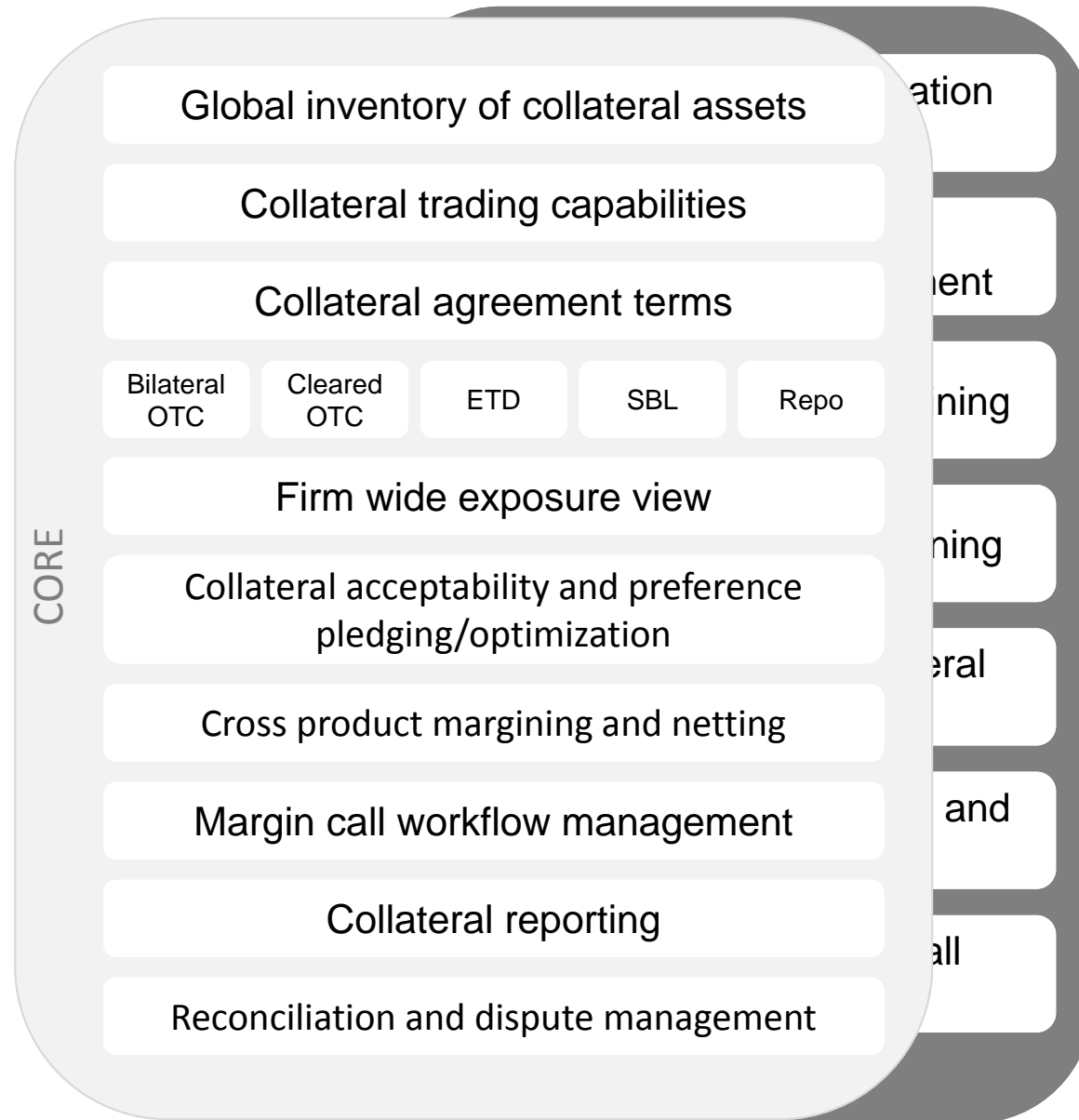
What Are Our Customers Asking For?



Typical Enterprise Collateral Solution Architecture



SunGard Enterprise Collateral Functional Components





The Collateral Optimization Challenge

What collateral is available?

How can we make optimal use of it?

How do we avoid pledging collateral that could be better used elsewhere?



Collateral Optimization



How can we reduce the operational risks and costs?

How can we maintain the correct quality and stress tested collateral at all times?

How can we choose the “cheapest to deliver” collateral and optimize substitution?



Conclusion



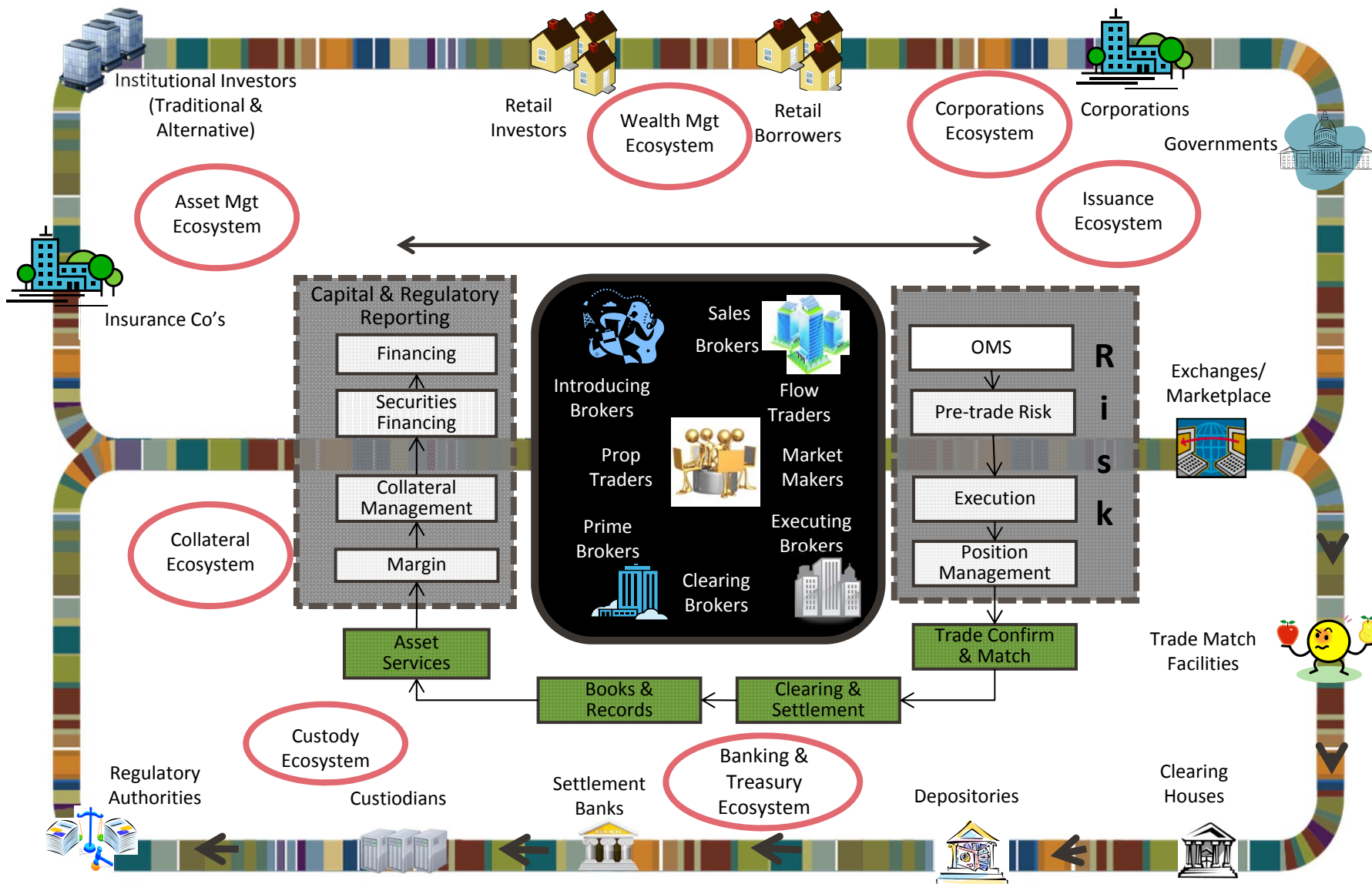
The definitions of collateral are starting to converge, driven by regulatory reform and industry commitments

The true economic impact will develop over the coming months and years

An Enterprise Collateral Management approach breaks down the silos and supports optimization

SunGard offers a comprehensive suite of components to address varying market needs

The Impact on the Global Capital Markets Ecosystem



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A photograph of the Tower Bridge in London, England, under a blue sky with scattered white clouds. The bridge's two massive stone towers and suspension cables are clearly visible. The bridge spans across the River Thames.

SUNGARD®

A horizontal bar at the bottom of the image consisting of a series of colored squares in shades of brown, orange, blue, purple, and green.