



Haitong Securities Set to Grow with Omgeo

Shaping STPSM



Tommy Qin, QFII Trader for Haitong Securities, discusses the Chinese financial market and why Haitong Securities decided to automate its trade processing with Omgeo.

Q: Have you seen strong global interest in China and do you see that trend continuing?

A: In 2004, the world focused on China's economic strength as growth reached 9 percent. Growth in assets under management has been even more impressive, averaging a huge 73 percent over the past three years. All sides of the financial community around the world—bond traders, banks, fund managers—are keeping an eye on China, and local companies like ours are seeing this interest first-hand.

Q: What impact has the QFII program had on the Chinese market?

A: A key reason for our own growth has been the introduction of the Qualified Foreign Institutional Investor (QFII) program. As part of this growing interest in the Chinese market, in November 2002 the China Securities Regulatory Commission (CSRC) and the People's Bank of China (PBOC) introduced the QFII program as a provision for foreign capital to access China's financial markets.

Q: QFII has been the main catalyst in opening China's financial markets to the outside world, particularly for foreign investor participation in the following areas:

- > Direct trading in the "A" share market
- > Buying and selling treasuries and convertible bonds listed on China's stock exchanges (but not via the inter-bank market)
- > Investing in both closed and open ended funds
- > Participating in IPOs.

Q: How did this environment influence your decision to automate?

A: Under the QFII program, Haitong Securities became the local broker for Fortis Bank. Fortis Bank had already been using Omgeo's solutions for some time, and had experienced vast improvements in their broker interactions. Fortis Bank wanted us to be able to automate our trade confirmations and suggested that we implement *OASYS Global* from Omgeo.

In responding to Fortis' request, we investigated Omgeo and other options. It became clear that Omgeo was the most widely used solution with the most in-depth global expertise and would therefore be our first choice. We also quickly realized that implementing Omgeo would give us an edge over our competitors, as we would be better placed to offer higher levels of service, while keeping our operating costs low.

Q: So what are the key benefits of using *OASYS Global*?

A: From our perspective, the main benefit of implementing *OASYS Global* is that it has prepared our business for future growth without the need to increase headcount. We're looking to capitalise on the interest in China that the QFII scheme has generated and attract new international clients. As this happens, our daily trade volume has the potential to grow very quickly and it is critical that we are able to process these increased volumes swiftly and efficiently. Omgeo will play a significant part in helping us to achieve this business goal.



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In times of rapid growth the other key concern is the increased potential for human error. When trades are processed by fax or telephone, there's a great margin for mistakes to occur. By automating our trade processing we have dramatically reduced human error and have greatly minimised our operational risk. All this in a scalable environment so that we can maximize our capacity to manage an increasing client base.

At Haitong Securities, we're one step ahead of our competition and we will now be able to offer foreign investors the highest possible customer service from day one.

Q: What was the implementation experience like?

A: The actual implementation time was surprisingly short. Similarly, the introduction of *OASYS Global* into our work practices has been very straightforward. This can be attributed to the comprehensive training we received from Omgeo during the planning phase. We were taught how to use the system and what to expect once it went live. The Omgeo team in Hong Kong has been fantastic to deal with; they've been very responsive and any questions we've had throughout the whole process have been answered very quickly.

Q: What are your future plans?

A: We expect a positive return on investment within a short period of time. But even before this happens, we're using our investment in Omgeo as a way to negotiate commissions with clients. We're also looking forward to using Omgeo more broadly as our client base grows.

The future liberalisation of the Chinese market may also herald new opportunities for Haitong Securities. And whilst there is no timetable for this, we will be ready for whatever the future brings.

Q: So what's your final verdict?

A: Would I recommend Omgeo to other Chinese securities companies? Well, from a competitive perspective, no, because we'd lose our competitive edge! But from a solution perspective, absolutely! Omgeo's *OASYS Global* is an internationally accepted confirmation and allocation system, widely used by the investment community around the world. If, like us, you are trying to attract more international clients, automated trade processing is a must.

Omgeo's solutions will give you an edge over your competitors and they are a great way to manage future growth.

About Haitong Securities

Haitong Securities is one of the oldest securities firms in China, established in 1988. It is also one of the largest companies with 8.3 billion RMB (US\$1 billion) in registered capital. The business covers trading, brokerage, investment management, investment banking, fixed income and research.

Haitong Securities brokerage divisions has a large sales network with 92 branches and 17 technology support stations across 48 cities in China. In 2003, FinanceAsia named Haitong Securities as the "Best local broker in China."

Since the Chinese government introduced the QFII (Qualified Foreign Institutional Investor) program in November 2002, Haitong Securities has been selected as the local broker for several global counterparties.

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