

Traiana Harmony expands market footprint with FX Options STP.

Traiana's Harmony service was launched less than two years ago to provide a secure, scalable service to efficiently manage the give-up process between prime brokers, executing banks and ECNs. It was initially offered to cover cash FX products, but was expanded to cover FX options based on demand from several major prime brokers already on Harmony.

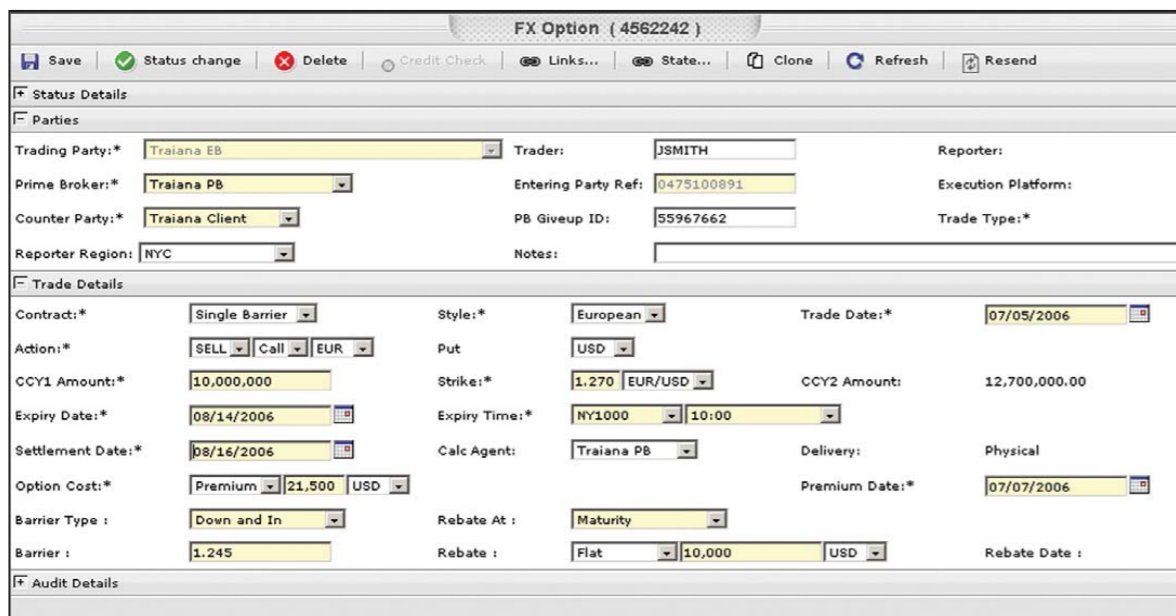
These prime brokers have been active in driving strategy for the product, including defining a common set of option valuations. Harmony's support for FX options is a relatively recent development, but already a number of major executing banks are live with the service. There are currently deals flowing through eight executing bank to prime broker relationships, and a significant pipeline of additional participants that are expected to go live in the coming months.

The service connects all trading partners using Harmony Message Center, a central hub that provides a single point of connection, replacing the manual processing of give-ups and the use of multiple interfaces.

Harmony quickly gained strong acceptance by transforming the transmission of trade data, streamlining tri-party processes and replacing costly, time-consuming and error-prone data entry.

"Harmony exceeded \$52 billion in volume in a single day on May 17, 2006 and recently recorded its one-millionth give-up."

The level of popularity and market leadership achieved by Harmony in such a relatively short time is illustrated by the achievement of two, recent milestones; it exceeded \$52 billion in volume in a single day on May 17, 2006 and also recently recorded its one-millionth give-up. These highlights were achieved during a period of ongoing, accelerating growth for Harmony in all key categories, including overall message and ECN volume, as well as the number of trading partner relationships logged into the system.



Traiana Harmony Message Center: FX single barrier option trade ticket.

NOE Option Tri-Party Limit Check Results								
Deal [REDACTED] Close								
Inquire Details								
Prime Broker	Counterparty	Product	Type	Traded CCY	Traded Amt	Counter CCY	Strike	Settlement Date
Traiana PB	Traiana Client	Vanilla	Call	EUR	200,000,000.00	USD	1.290000	07/27/2006
Limit Details								
Limit Type	Trades	Date	Line	Units	Utilization	Utilization %	Remaining	
NOP Shorts	Notional All Options	All		250,000,000.00 USD	319,659,000.00	127.86	-69,659,000.00	
Net DSL	Delta All Options	07/27/2006		50,000,000.00 USD	6,300,000.00	12.60	43,700,000.00	
Market data update received at: 21:15 06/13/2006 GMT								

Traiana TPL: Executing Bank pre-deal limit check to confirm resulting utilization of client's credit limits.

Expanding Beyond Cash Products – Enabling FX Options STP

Harmony's rapid adoption and growing popularity is due in no small part to a wide range of attractive features supporting straight through processing of FX transactions, which now include vanilla and exotic options. Building upon the core FX service, Harmony provides for the electronic routing of options trades, incorporating direct integration with banks' front-office deal capture and options processing systems. Harmony enables bank STP throughout the option lifecycle – including new option trades, option exercise and option expiry, that:

- Captures and routes options market events direct from the bank's options processing system
- Provides an STP feed to prime broker systems
- Offers intelligent linking between underlying options and the associated exercise/expiry messages
- Generates exercise or expiry notifications for bank participants

Other, key Harmony features that have fueled its growth include:

- Deal status and visibility to the trade lifecycle, consisting of:
 - Prime broker trade status, highlighting matched and unmatched deals, as well as processing errors
 - Option processing status – identifying live, exercised and expired options
- Options positions tracking
 - Visibility to positions across a bank's tri-party relationships
 - Sophisticated monitoring, including notional and delta-based positions
 - Continually updated valuations, reflecting trade and market event activity and current market rates

- Tri-party limit monitoring
 - Monitoring of participants' tri-party credit limits across cash and options products
 - Proactive alerts of credit limit breaches and warnings
 - Reporting and visibility to credit lines, utilization and exceptions
 - Sophisticated calculations, reflecting prime broker lines for net open position, daily settlement limit, tenor and permitted products and currencies

- MIS reporting, highlighting FX and options volume, including total deals and notional value

Options types supported by Harmony

Harmony supports vanilla options as well as the most commonly traded exotic options. Options types that can be routed through Harmony today include European and American vanilla options, NDOs (non-deliverable options), single barrier options (up & in, up & out, down & in and down & out), double barrier options (knock-in & knock-out) as well as digital options.

Benefits to the FX Community

With the inclusion of FX options, Harmony extends the rich set of benefits it provides to the FX community. As with FX, options processing on Harmony provides benefits such as reduced costs, increased trade transparency and visibility into available limits and trading power. Participants will enjoy faster execution due to end-to-end straight through processing that eliminates the need for manual keying of trades and a corresponding reduction of operational risk and related errors.