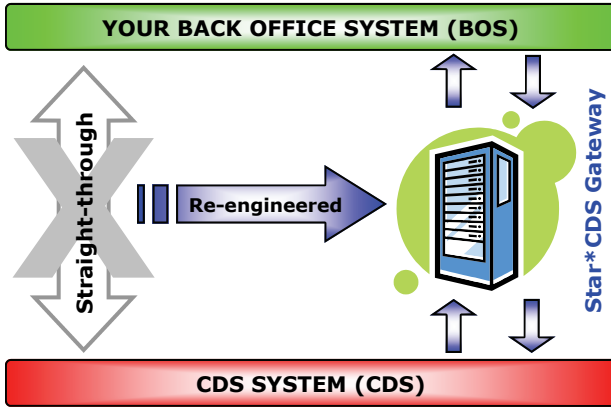


# BENEFITS OF STAR\*CDS



Star\*CDS enables an **automated, host-to-host** link to Bursa Malaysia's Central Depository System (CDS). It provides the capability for an organization or system to present and request transaction services with another organization or system **without** intervening manual operations. Present CDS operating environment sees ADA/ADM connectivity with BMD via prescribed terminals, operated manually. These terminals do not provide any link with the broker's back-office systems (BOS).



Due to this lack of integration, numerous operational activities are **duplicated** and require **extensive human intervention**. These have caused unnecessary delays, errors, risks, degradation in service and increase operation cost to the brokers.

These terminals do not provide any link with the broker's back-office systems (BOS). Star\*CDS provides integration to broker's BOS which results in **enhanced straight-through processing capabilities**. Star\*CDS was specifically designed to eliminate, reduce and/or minimize all the above, in total compliance with BMD's regulations.

The following chart presents a comparison of a broker's CDS operating environment, with and without Star\*CDS.

GENERAL BENEFITS OF STAR*CDS	
<b>INTEGRATION</b>	One major difficulty faced by ADA/ADM is that the existing CDS terminals do not lend themselves to integration with broker's BOS. Star*CDS <b>bridges this gap</b> by providing an automated link between these disparate systems. By bridging these systems, brokers are opened to a <b>wide range</b> of possibilities for broker's to change the very face of how they operate.
<b>CONFORMANCE</b>	<p>The design of Star*CDS incorporates the Capital Market Master Plan's (CMMP) calling for a more efficient capital market.</p> <ul style="list-style-type: none"> <li>★ <b>"End-to-end straight-through processing in the Malaysian capital market should be achieved with appropriate linkages with international systems to be facilitated."</b></li> <li>★ <b>"...to reduce processing inefficiencies and minimize their associated risks, thus lowering overall transaction costs."</b></li> <li>★ <b>"...there will be efforts made towards establishing STP across virtually every aspect of capital market activity."</b></li> </ul>
<b>SPEED OF EXECUTION</b>	<p>CDS operations has many cut-off times, e.g., for transfers and ISS settlements. Meeting cut-off times is a daily challenge and can cause operational nightmare. Star*CDS provides straight-through processing capabilities, enabling transactions to be started and completed <b>expeditiously</b> and <b>accurately</b>.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>★ A large volume of FDSS transfers can be completed within hours as compared to an entire day.</li> <li>★ In the areas of account management, Star*CDS <b>eliminates</b> keying in investors data twice for the opening of trading and CDS accounts.</li> <li>★ With the removal of layers of redundant processing and a focused processing point, CDS operations achieve a <b>faster turnaround time</b>.</li> </ul>

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# BENEFITS OF STAR\*CDS



## GENERAL BENEFITS OF STAR\*CDS

<b>OPERATION COST</b>	<p>Due to lack of integration between CDS terminals and BOS, many CDS activities are manually handled especially in the areas of opening accounts and ISS settlements. This inadvertently causes <b>bottlenecks</b> and <b>errors</b>.</p> <p>Brokers typically employ more people (<b>throwing money to the problem</b>) to cope with increasing volumes, raising operational costs without the benefit of speed and accuracy. With Star*CDS, operations and the use of valuable resources is streamlined, translating this to savings for the organization. The capability to generate existing CDS reports (or customized reports) in A4 or preserved as softcopy outputs provides further cost savings.</p>
<b>INCREASED SECURITY</b>	<p>A <b>secure channel</b> may be enforced between the communicating systems where existing security arrangements in the CDS application may be augmented through better security parameters, e.g., firewalls. This allows the CDS terminals to be secured down, or replaced by enhanced client PC software to perform similar or enhanced functions. This enhances the <b>optimal</b> use of an organization's available resources.</p>
<b>IMPROVED SERVICE</b>	<p>A more efficient operating environment and the optimal employment of valuable resources allow brokers to focus on <b>high value added services</b> to attain market and industry leadership. Real-time information attained through Star*CDS provides opportunities for brokers to custom serve their customers and dealers better.</p>
<b>ACCESSIBILITY</b>	<p>With Star*CDS, users can have access (subject to authorizations) the full suites of functionalities from BOS and CDS from a <b>common workstation</b> or desktop. These small steps goes a L-O-N-G way in improving the users and administrators productivity while enhancing security.</p>
<b>SCALABILITY</b>	<p>Star*CDS comfortably supports the <b>industry highest transactions</b> volumes (volume insensitive). With Star*CDS, broker's can manage any surge in the industry's volume without any additional capital outlay.</p>
<b>COMPREHENSIVE</b>	<p>Star*CDS supports the full suites of CDS functionality. This includes:</p> <ul style="list-style-type: none"> <li>★ <b>User management</b>, e.g., logon and logoff capabilities via valid user ID and passwords.</li> <li>★ <b>Account management</b> functionalities, e.g., opening, closing, updating (individual and bulk), reactivation, formalization, inquiries and CDS fees management.</li> <li>★ <b>Security Transfers</b> inclusive of inward inquiries to monitor incoming transfers from counter-parties.</li> <li>★ <b>ISS Settlements</b>, e.g., ISS acceptance, confirmation and affirmations.</li> <li>★ <b>CDS balances inquiries</b>, e.g., per-stock or all stock inquiries.</li> <li>★ <b>Download management</b>, e.g., the importing all CDS FIX files are supported.</li> <li>★ <b>Report printing</b>, i.e., reports can be viewed on screen or printed as hard or softcopies.</li> <li>★ <b>Auditing</b>. All Star*CDS transactions are logged into secure database tables.</li> </ul>

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# BENEFITS OF STAR\*CDS



SPECIFIC BENEFITS OF STAR*CDS		
	PRESENT OPERATING ENVIRONMENT	STAR*CDS ENVIRONMENT
ACCOUNT MANAGEMENT	Re-entering investor's data, e.g., name, NRIC, address, twice for the opening of trading and CDS accounts.	<ul style="list-style-type: none"> <li>★ A common function that facilitates investor's data to be entered once and the accounts are concurrently opened and automatically tagged in a straight-through manner.</li> <li>★ Same concept applies when updating an investor's information.</li> <li>★ With a straight-through processing, Star*CDS enables the BOS to gather the most up-to-data from CDS for improved risk management.</li> </ul>
BALANCES INQUIRY	Request for balance by dealers for investors balances. This usually triggers a chain of manual activities which includes validating the request and processing the inquiries at the CDS system.	<ul style="list-style-type: none"> <li>★ Star*CDS extends balance inquiry functions right to the desktop of dealers (subject to proper authorizations). Star*CDS automatically validates a dealers authorization levels and identity and retrieves balances on a real-time basis.</li> <li>★ Customers are better served.</li> <li>★ Eliminates the need for manual intervention by CDS operators.</li> <li>★ Balances retrieved will update the database for broker's reconciliation purposes.</li> <li>★ Star*CDS also facilitates bulk balance inquiries to be performed for brokers internal reconciliation purposes.</li> </ul>
SECURITY TRANSFERS	FDSS Security Transfers requires extensive manual interventions. CDS operators typically keys-in all transfer transactions via the CDS terminals. This is a slow, tedious, time-consuming and prone to errors. The problem is intensified when transfer volumes are high.	<ul style="list-style-type: none"> <li>★ Star*CDS retrieves an investors information for a transfer transaction from the BOS and executes transfers one-by-one or in bulk, instantaneously.</li> <li>★ Clients movement of shares can be captured and updated to broker's BOS for better reconciliation and risk management capabilities.</li> <li>★ Transfer forms and resulting CDS reports can be generated in A4 format.</li> <li>★ Reconciliation of current day's deliveries against receipts. Breaks, when detected, are logged for manual intervention.</li> </ul>

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SPECIFIC BENEFITS OF STAR*CDS		
	PRESENT OPERATING ENVIRONMENT	STAR*CDS ENVIRONMENT
INSTITUTIONAL SETTLEMENTS	<p>Institutional settlements is a process that requires extensive manual interventions.</p> <p>From the point of initiating ISS settlement until the completion of the transactions, ISS settlements is a slow, tedious, time-consuming and prone to errors.</p> <p>CDS operators are kept busy by "eye-balling" the status of ISS transactions throughout the day (serious misuse of human resources).</p>	<ul style="list-style-type: none"> <li>★ Star*CDS facilitates the bulk initiation of institutional settlements based on a brokers trade information supplied to Star*CDS.</li> <li>★ Pre-matching of ISS instructions by the system.</li> <li>★ The acceptance of transactions initiated can be automatically confirmed by Star*CDS (user-specified feature).</li> <li>★ Star*CDS automatically monitor the status of an ISS transactions (accept, final accept). User's responsibility is now reduced to only managing exceptions.</li> <li>★ Same Day vs Next Day Analysis. Same day analysis is performed using BMD's generated report and ordinary inquiry screens. Next business day reconciliations are performed using the FIX files provided by BMD.</li> </ul>
RECONCILIATIONS	<p>The challenge of reconciliations.</p>	<ul style="list-style-type: none"> <li>★ Balances retrieved will update the database for broker's reconciliation purposes.</li> <li>★ Reconciliation becomes very efficient.</li> </ul>

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