



QUALITY TRADING SOLUTIONS

REPLACEMENT OF THE SIX SWISS EXCHANGE TRADING SYSTEM TNA WITH GLOX FOR DIRECT AND AUTO- MATIC SECURITIES TRADING

CASE STUDY

E. Gutzwiller & Cie, Banquiers



THE SITUATION

In 1996 the SIX Swiss Exchange migrated from a traditional trading pit to a fully electronic system. Since then Bank E. Gutzwiller & Cie, Banquiers has been using the TNA Trading System provided by the SIX Swiss Exchange. TNA requires hardware components to be installed at the bank, which it must also maintain. Furthermore the TNA system does not provide any direct connections to the banks internal core banking system. This means that the traders must manually re-key all orders and trades from one system to the other and vice-versa. The connection to the SIX Swiss Exchange is therefore both time and cost intensive.

The SIX Swiss Exchange has decided 2005 to move focus to its core competence of order matching and in the context of its new Value Creation Architecture (VCA) project has decided to replace TNA with a FIX based order routing system. The TNA front end will no longer be available. The VCA project is planned for completion in 2009.

Small and mid-sized banks in particular must now make key decisions about their continued exchange connectivity strategy. As early as 2005 E. Gutzwiller & Cie, Banquiers had already began looking for an alternative solution and been making enquiries in the Basel region. Nonetheless they received a recommendation from Bank Wegelin & Co. (now Notenstein La Roche) that they were using the GLOX trading system from MACD for their connection to SIX Swiss Exchange and were very happy with it.

ANDRÉ GAUTHIER, MANAGING DIRECTOR,
E. GUTZWILLER & CIE, BANQUIERS

,In this period of radical change, a range of providers were offering solutions, which offered connections to larger banking systems. However, if we were going to have to make a change then we wanted to integrate the system with our own core banking system. This meant that we were looking for a substantial replacement for the front end. From a technical perspective, the simplicity of installation and the independence from other hard and software suppliers was very important for us. And, MACD was one of the few companies who could offer us a bespoke solution tailored to our needs.'

THE CHALLENGE

E. Gutzwiller & Cie, Banquiers are a founding member of the Union of Swiss Private Banquiers. They play a leading role in the development of the Swiss banking system and the provision of a healthy marketplace. Today in Switzerland only six banks belong to this renowned circle. All the owners of E. Gutzwiller & Cie, Banquiers carry personal and unlimited liability for the bank. Over four generations they have set high standards of performance, customer service and discretion in asset management which has characterised the bank's high renown. The relationship between customer and asset manager usually lasts for many years. Accordingly the quality expectations for their new partner MACD and the system to be delivered are very high.

The individual requirements of the bank will mean that several parts of the trading systems must be redesigned. In addition a new interface between the core banking system of E. Gutzwiller & Cie, Banquiers and GLOX must be developed to increase the efficiency of the business process and implement straight-through processing (STP). The goal is to enable real-time trading of customer orders and remove or minimise manual entry in the majority of cases and reduce the capacity of errors on the remaining exceptions.

The challenge for MACD in migrating from TNA to GLOX is to ensure the requirements of SIX Swiss Exchange are met such that the employees of E. Gutzwiller & Cie, Banquiers can continue to trade without any impact in quality during the process. MACD accepts the challenge of delivering the banks specification on time.





**DANIEL WOLF,
HEAD OF TRADING
E. GUTZWILLER & CIE,
BANQUIERS**

„For me as a trader this was not a big change. The look and feel of the front end was practically the same as the old system. It was structured in the same way and we were productive from day one. Any changes we needed were noted by MACD and implemented in the next release.“

THE SOLUTION

MACD und E. Gutzwiller & Cie, Banquiers sign the contract to implement the GLOX trading system in July 2005. In order to optimally fulfil the customer requirements a close working relationship between the employees of the bank and MACD will be necessary. An in-depth understanding of the bank's core system will be needed to modify GLOX to the specific environment of the bank's core system.

It becomes clear that the long term and open philosophy of E. Gutzwiller & Cie, Banquiers matches well with the company culture of MACD (formed 20 years earlier also as a family enterprise), which also emphasises sustainability, partnership and cooperation.

The MACD team are experts in customer order execution for exchange systems for many asset classes. They have undertaken many such projects with banks and exchanges and understand the trading process from end to end. This know-how and a wide network of partner companies is the optimal basis for a successful implementation. As an experienced Software as a Service Provider MACD is able to offer a complete package made to measure and take responsibility for the whole project, including:

- ✓ Analysis
- ✓ Project conception
- ✓ Software development
- ✓ Testing and QA
- ✓ Implementation
- ✓ Hosting
- ✓ Support
- ✓ Training

CONNECTION TO THE SIX SWISS EXCHANGE

The key feature of the new system is the development of a connection from the database of the E. Gutzwiller & Cie, Banquiers core banking system and the FIX interface of the GLOX trading system. Orders will be read from the database and sent automatically to GLOX for further processing. This is developed in close cooperation with the bank.

The implementation of this interface can already be completed in the period by the beginning of 2006. Thus allowing ample time for other aspects of the project to build on this component for a successful go-live after the receipt of a new Member ID on 16th October 2006.

BROKER CONNECTION TO UBS

In 2010 MACD offers the option of sending orders for foreign equities to a broker connected to a range of worldwide markets. They inform their customers of the potential this brings to further automate the order routing process. E. Gutzwiller & Cie, Banquiers agree this view and award MACD the contract to extend the GLOX interface to send orders to the broker UBS.

The addition of a second trading destination provided by UBS represents a significant challenge for the whole system. However, because the GLOX design is closely aligned to the requirements of E. Gutzwiller & Cie, Banquiers whilst being very flexible, this means that the changes can be made with relatively little effort on the part of the bank. There are some minor modifications, for example some fields sent by UBS are dependent on the context and may contain different information in different circumstances. This leads to small changes but the foundation of the system remains the same. The same applies to the core banking system, where with the exception of a few modifications to some entry dialogues, i.e. an option to select UBS as destination, there are no fundamental changes.

For the traders the direct connection to UBS as a broker constitutes a major improvement in their workload. Whereas before the order had to be manually keyed into the UBS 'KeyTrader' web tool, it can now be released in fractions of a second. The resulting trade had to be calculated by hand and re-keyed again. This meant that the customer had to wait before receiving notification of the trade and price. With GLOX this process can be done on-line and sent in real time to the customer. In addition the number of potential sources of error is greatly reduced.

DANIEL WOLF, HEAD OF TRADING E. GUTZWILLER & CIE, BANQUIERS

,The connection to UBS was a huge advantage for us. One effectively becomes a member of every exchange in the world which offers real-time trading. The trades are generated in fractions of a second and the client is informed of the price electronically without delay. The connection to UBS is a real success story and I would not want to do without it today. The nice thing is that I don't have to use the system, but I can when and as I need it. This flexibility carries a lot of weight for me.'



ANDRÉ GAUTHIER,
MANAGING DIRECTOR
E. GUTZWILLER & CIE,
BANQUIERS

‘The recommendation from Bank Wegelin and the resulting discussions with George Macdonald, CEO MACD were with hindsight the best thing which could have happened to us for this project.’

SERVICE

During the GLOX go-live phase MACD staff are regularly on-site in Basel and available to help with any eventual issues or unexpected teething troubles. The MACD support team is available every day from 7.30am to 6pm to help with any user enquiries. They monitor the stability of the system, record any issues and, in coordination with the development team, ensure that GLOX is constantly being developed further.

As part of the complete GLOX service offering, MACD takes responsibility for the maintenance and hosting of the software. Any software changes required due to the annual system updates from the SIX Swiss Exchange are included as standard at no extra charge. In addition, MACD documents any customer requests and feedback and works continuously on feature, performance and efficiency improvements to GLOX.

ANDRÉ GAUTHIER, MANAGING DIRECTOR
E. GUTZWILLER & CIE, BANQUIERS

‘Regarding technical and interface management: I don’t know any other company that reacts so quickly and flexibly to questions and problems that we communicate. It is very important for us to have such a partner. The manner in which they approach helping us is always very direct and unbeurocratic. Since 2006 we have only needed to make 3 or 4 changes to our own source code to cover the SIX interface changes. This has been one of the most important and successful factors for us. MACD promised that they would cushion us from the changes to the SIX Swiss Exchange, so that we could keep changes in our own system to a minimum. They have kept their promise to this day.’



THE VALUE - A RETROSPECTIVE IN 2017

DANIEL WOLF, HEAD OF TRADING E. GUTZWILLER & CIE, BANQUIERS

,In the trading room we have become used to how flexible our IT department is. Our requests are always implemented quickly and without fuss. In MACD we found a partner who works in the same way. MACD and E. Gutzwiller & Cie, Banquiers have a very similar mentality, this is the reason why we work well together.'

ANDRÉ GAUTHIER, MANAGING DIRECTOR
E. GUTZWILLER & CIE, BANQUIERS

,For me the cornerstones of MACD are: A very good service, very good customer care, prompt delivery and above all very friendly with the highest level of flexibility that can be achieved in software industry. Our requirements have been met practically to 100 per cent and any problems have been solved by MACD staff in a short space of time. Also the price-performance ratio is very good, especially when you consider that we had tailoring and special requests - they are very fair prices.'

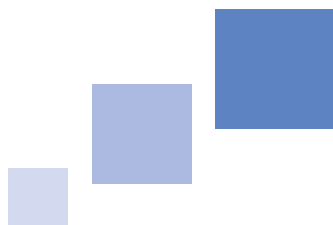
GEORGE MACDONALD, CEO MACD

,Of course we also profit from satisfied customers - we were able to win the custom of E. Gutzwiller & Cie, Banquiers due to the recommendation of another customer. The collaboration with Gutzwiller & Cie has developed into a very good partnership with a long-term focus. We want to keep our system as open and flexible as possible in order to adapt quickly to new developments and implement individual requirements. We look forward to the continued teamwork with E. Gutzwiller & Cie, Banquiers.'



GEORGE MACDONALD,
CEO MACD

,Every customer is important for us and we take all their requirements and wishes very seriously.'



SHAPING THE FUTURE WITH MACD!

Take advantage of our many years of knowledge in the securities trading sector and our comprehensive offering:

- ✓ We create process analyses.
- ✓ We carry out feasibility studies.
- ✓ We plan your individual project.
- ✓ We develop the software.
- ✓ We take over the hosting.
- ✓ We advise and train you.
- ✓ We support you personally.

ABOUT MACD

As one of the first application service providers in the financial sector, MACD has been successfully implementing IT projects for financial institutions for more than 20 years. MACD is the market leader in trading connectivity in Switzerland and supports more than 35 banks and stock exchanges across Europe and worldwide. Around 40 IT engineers, computer scientists and economists are working on innovative solutions at locations in England, Germany and Switzerland.

Since 2004, MACD has been a member of the non-profit-organisation FIX Trading Community, where George Macdonald, CEO MACD, is currently engaged as a Director.

WANT TO KNOW MORE ABOUT MACD AND GLOX?

Please feel free to contact us at any time!

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