

BorrowMaster

Consolidation . Interpretation . Optimization

HedgeSpeed Technology

“Hedge funds paid as much as \$50 billion in fees to investment banks last year for securities lending, trading, financing, technology and other services, according to research from Dresdner Kleinwort. The fees accounted for up to a quarter of investment banking pre-tax profit, the research showed.” - *The Financial Times*, March 12, 2007.

Business Drivers

Reconciliation Across Multiple Prime Brokers

Hedge funds with multiple relationships face serious challenges in interpreting and consolidating position and borrow reporting from prime brokers. This leads to errors and delays in accounting and portfolio financing decisions.

Reducing Borrowing Costs

Hedge funds are challenged to manually gather the data from various prime brokers in order to scrutinize the best available rates. With the daily fluctuation of borrowing rates, funds are ill-equipped to analyze and seek out optimal rates. Similarly, it is very difficult to detect excess borrows and reduce their costs of carry.

Inefficient Stock Locate Processes

Although prime brokers offer electronic stock locate capabilities, the facilities provided are clumsy and time consuming to use. As the number of prime broker relationships increase, the “one-PB-at-a-time” nature of the queries discourage stock loan staff from finding optimal lending rates and availability.

Lack of Stock Borrow Transparency

While prime brokers may make quantities or rate information available, none of the prime brokers make it easy for hedge funds to gather and compare this information across potential lenders.

Inability to Accurately Allocate Costs

Prime broker reporting only provides “account” granularity, which does not reflect internal fund requirements for categorization. As a result, cost allocation is incomplete and/or inaccurate.

The BorrowMaster Solution

Consolidated Position View

BorrowMaster provides a single, consolidated view for all hedge fund long/short positions & borrows reconciled between the prime brokers’ standard files and firm-recorded positions. This view permits rapid verification and break identification.

Optimization & Advanced Reporting

BorrowMaster’s advanced reporting allows users to rapidly identify borrows that need further attention for excesses, rate reduction, or breaks. The reporting algorithms utilize data from new locates, availability files, and borrows held at other prime brokers in order to optimize the stock borrow function.

Reg SHO Compliant Request/Response

BorrowMaster provides a fully-automated stock locate capability with timestamped locate confirmations for Reg SHO compliance. BorrowMaster permits a “one-click” transmission of multiple securities to multiple counterparties - eliminating tedious faxing, prime broker websites, and manual phone calls.

Stock Loan Manager

Purpose-built application module which records real-time locates and all prime broker availability, providing a single consolidated view of rates and quantities for rapid review and decision making.

Integration Services - Firm Data Enrichment

BorrowMaster provides an advanced data enrichment process which captures firm-defined categories like “strategy” and “trader”, which permit fine-grained analysis and allocation for multi-strategy funds.

BorrowMaster Features

Reference & Market Data

Security Master Details
Counterparty Details
EOD Pricing, Bank Rates, & F/X Rates

Prime Broker Data Enrichment & Integration

Long/Short Positions
Borrows
Availability

Firm Data Enrichment & Integration

Firm Position Categorization Lookups
Firm Long/Short Positions

Interactive & Automated Stock Locates

Ad-Hoc Queries
Locate & Prime Broker Distribution Lists

Stock Loan Manager

Color, Confirmed Locates, HOLD's, and PTH's
Reg SHO Compliance
Rate Comparison and Analysis
Historical Record Keeping

Advanced Reporting

Optimal Rate Report
Excess Borrows Report
Daily Cost of Carry
Daily Stock Loan Accruals
Position & Borrows Reconciliation

Key Technology Features

Advanced Technology

BorrowMaster is built using Microsoft's .Net Framework and SQL Server 2005. HedgeSpeed is a Certified Microsoft Development Partner.

Scalable

BorrowMaster's high-performance component architecture takes advantage of Microsoft Windows multi-threading and multi-processing, allowing the application to scale both horizontally and vertically.

Standards Based

HedgeSpeed has adopted open and defacto standards in the development of BorrowMaster. We support TCP/IP, XML, ANSI SQL, and HTTP. Our commitment to interoperability ensures protection for your technology investments.

Customizable

The BorrowMaster solution provides a configurable, flexible, and robust infrastructure for data enrichment to incorporate firm proprietary cross-reference information. The reporting module permits custom selections and aggregations.

Rich User Experience

The BorrowMaster user application was built utilizing Microsoft .Net technology and best practices to create an intuitive and familiar look & feel.

BorrowMaster Technical Specifications (On-Site)

Database

Pentium-Compatible Dual-Core 1GHz, 4GB of RAM, 50GB* of free disk space, MS Windows 2003 Server Enterprise Edition, SQL Server 2005 Standard Edition.

Application Server

Pentium-Compatible Dual-Core 1GHz, 4GB of RAM, 50GB* of free disk space, MS Windows 2003 Server Enterprise Edition, MS .Net Framework 3.0.

Client PC Specifications

Pentium-Compatible 1GHz, 2GB of RAM, 50GB* of free disk space, Video Card & Monitor supporting 1024x768 resolution. MS Windows XP SP2, MS .Net Framework 3.0., Adobe Acrobat Reader 7.0.

*Minimum requirements. Proper sizing is dependent on the customer's business requirements.

BorrowMaster Technical Specifications (Hosted)

Network

Broadband Internet access greater than 2MB/sec.

Database

**The proper sizing of the hosted database server is dependent on the customer's business requirements.

Application Server

**The proper sizing of the hosted application server is dependent on the customer's business requirements.

Client PC Specifications

Pentium-Compatible 1GHz, 2GB of RAM, 50GB* of free disk space, Video Card & Monitor supporting 1024x768 resolution. MS Windows XP SP2, MS .Net Framework 3.0., Adobe Acrobat Reader 7.0. Citrix Metaframe Plug-In (provided by HedgeSpeed).

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For more information on how HedgeSpeed Technology can help your hedge fund, please call 203-834-2003
www.hedgespeed.com