

Case Study: Successful business expansion thanks to smooth implementation of Murex using Formicary™ Connect



“Formicary provided a first class team to support MUSI in their implementation of a major new trading system. Formicary’s level of commitment and dedication to the task ensure the highest level of excellence, while also being one of the most dependable and supportive teams we have worked with. Formicary have succeeded in delivering their promise of full quality solutions”.

*Stephen Irons
Former Vice President, Technology
Mitsubishi UFJ Securities International plc
June 2009*

Company Profile

Mitsubishi UFJ Securities International plc (“MUSI”) is the English-incorporated European hub of the global securities and investment banking business of Mitsubishi UFJ Securities Co. Ltd, which itself is part of the Mitsubishi UFJ Financial Group, the biggest financial institution in the world. MUSI is based in the City of London with branches in Frankfurt, Milan and Zurich. It is active in most areas of the international capital markets, with specialities in debt, equity, derivatives and structured products.

Background

The team’s essential requirements were the ability to view a list of open positions and update the market value from any number of pricing sources, either from market data vendors such as Bloomberg and Reuters or using internal pricing sources. Authorised users needed to be able to access, manipulate and validate all data and export it to the trading system in order to calculate an accurate value of the bank’s P&L.

Solution

In 2008, post Mitsubishi Securities International (MSI) and UFJ merger in London, the organisation’s business plan was then to focus on Business Expansion. This expansion was to be achieved by increasing current trading volumes across the major business areas, as well as the introduction of new trading business such as Inflation Trading and hybrid products. To support this expansion, a project called MUSIC-IR(MUSI Corporate Infrastructure Reinforcement) was initiated. One of the objectives for the project is to investigate various strategic options and implement a strategic platform.

Business Requirement

The ultimate aim of this project is to implement a cross-asset front to back trading functionality within a highly integrated operational infrastructure. The focus throughout will be on delivering key improvements to the business, which included:

- Cross-asset deals capture system
- Data warehousing for reference static, market and transaction data
- Near-time risk and PL functionality
- User-interactive valuation and risk platform
- Optimal STP, front to back
- Consolidate business functions and processes within a single strategic system

Technically, the new system needs to provide:

- De-coupled architecture
- Support Rapid Change
- Transparent, Flexible and Scaleable Architecture



Solution & Approach

Together with the team led by internal MUSI staff, Formicary helped to deliver a strategic system plan which included evaluating third party vendors, internal systems, processes and functions. The new plan outlined a strategic system for supporting the cross-assets deal capturing systems that support STP front to back, which is Murex.

In order to avoid disruption of the existing day-to-day business activities during the implementation, a phased roll-out approach was deployed to provide evolution changes to the existing architecture landscape at MUSI. To realise this vision, Formicary Connect was deployed. Formicary Connect enables disparate systems to connect and communicate using a suite of interoperable components consisting of plug-in modules and connectors. These can be used alone or in combination to route and transform the data flow. This in turn automates and simplifies the flow of trade data reducing the amount of manual input and associated costs.

The project is phased over two years to individual business units. At each phase, all existing trades are migrated, reconciled, legacy systems are decommissioned and new processes and overnight batch runs are introduced.

Achievements

MUSI now has a single front to back cross-asset trading platform that is seamlessly integrated with key existing systems. The architecture allows any of these systems to be modified or replaced without creating a major impact to the business. This is a two years project and the key achievements of Formicary are:

- Hundreds of thousands of trades have been migrated
- Integrated platform for the Exotic Group to develop customised pricing models in any technology e.g. Microsoft .NET or Sun Java
- Consolidated Market data hub for accurate Profit & Loss reporting
- Murex has been rolled out to Hong Kong and other satellite offices globally
- Globally there are hundreds of users working off this platform
- Built custom interface to externally price a new class of exotic instruments, equity hybrids using Flex API

About Formicary

Formicary is an information technology company that specialises in building integrated applications/solutions to maximise business efficiency and streamline business processes for the Financial Services industry.

Founded in 2000, Formicary brings together a world class team of talented and dedicated professionals with industry experience covering Unified Communications (particularly Persistent Group Chat), business integration, trading and risk systems integration and Cross Asset Trading applications. This knowledge, coupled with technical excellence ranging from legacy client/server to cutting edge technologies, enables Formicary to offer innovative and sophisticated services and software to help clients improve their productivity and increase their return on investment.

Formicary has offices in Europe, North America and Asia Pacific.

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