



# Launching e-FRRR

## Step 1 in achieving STP

**Andrew Sheng**

**Chairman**

**Securities and Futures Commission**



# Agenda

- **Launch e-FRRR**
- **Linking SDNet to form *FinNet***
- **Recognising contribution of pilot registrants**



## e-FRRR

- ◆ **Straight through Processing (STP) begins at home - SFC!**
- ◆ **Submission of FRR returns electronically**
- ◆ **Paperless submission:-**
  - **Convenient**
  - **Accurate**
  - **Secure**
  - **Timely**
  - **Lower cost**



# STP makes us more Competitive

## SCEFI Report (October 1999):

- **Straight Through Processing allows us to handle:**

- **Higher online trading volume**
- **Accurately**
- **Lower risks**
- **Lower cost**

**>> Making us more efficient and effective.  
..... more competitive**

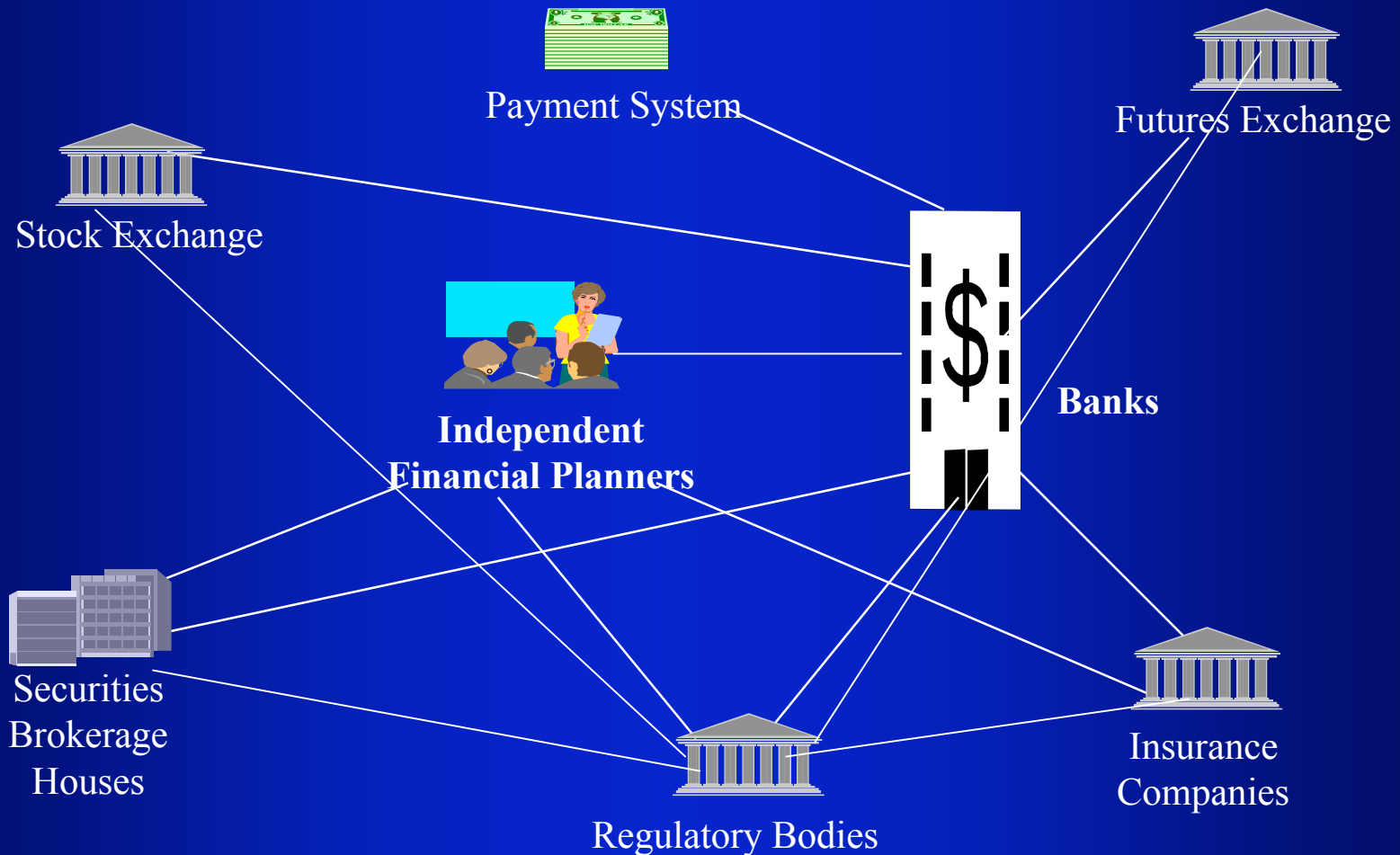


# *Launching FinNet*

## **SCEFI Report - Launch *FinNet* to help STP**

***FinNet* - A secure, open, scalable, high-performance community network, built to interconnect financial institutions, including securities, derivatives, banking, insurance and all other licensed entities in Hong Kong, to effect Straight-through processing of transactions**

# A Common Problem





# Current problem - Many connections and workstations

- ◆ For brokers participating in all 3 markets
- ◆ A dozen+ connections and workstations to:
  - Trade stocks, options, futures
  - Settle transactions with 3 markets
  - Make payments
  - Deposit/withdraw securities to/from custodians
  - Obtain market news

**>>> Inefficient, higher errors, and high costs**



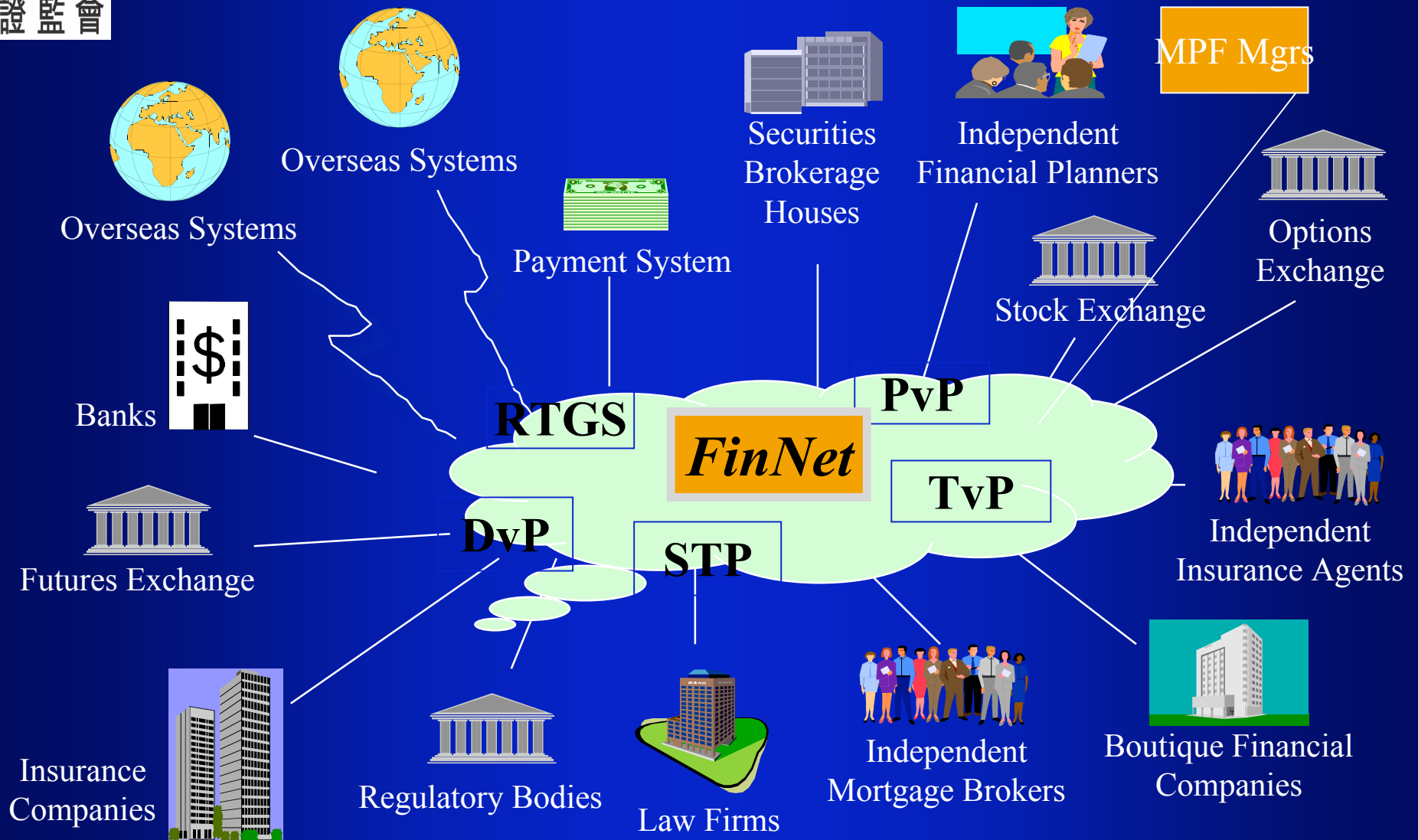
# **FinNet - One network, One connection**

**Common Extranet, linking  
market professionals**

**Accessing all systems,  
via one single connection?**



# How Nice - A Common Network





# *FinNet*

- ◆ **Open standards technology - Extranet**
- ◆ **Uniform user-interface**
- ◆ **Standard message formats**
- ◆ **Public key (PKI) security technology**
- ◆ **High availability and reliability**



# *FinNet*

- ◆ Available to all licensed financial entities  
=> *providing level playing field*
- ◆ Low cost - Allow easy entry by new service providers  
=> *cultivating innovation in financial services*
- ◆ Straight-through Processing  
=> *reducing risk and enhance productivity*
- ◆ Links to other international financial centres  
=> *making markets global, real time, round-the-clock*



## *FinNet* in Action

- ◆ Release of e-FRRR marks the start of *FinNet* in action
- ◆ Next Steps
  - Linking SDNet with STET (HKMA), MPFA network and OIC insurance network
  - Developing content on *FinNet*



# Demonstration of e-FRRR

–By Gary Hu



# Recognising contribution of pilot registrants



# **Model Registrants - model staff**

**(in alphabetical order)**

- ◆ **Goldman Sachs - Dorothy Cheung**
- ◆ **Hani Securities - Anthony Yeung**
- ◆ **Hang Seng Bank - Charles Hui, Sunny Leung**
- ◆ **HSBC - Stephen Moss, William Yue, Simon Lee**
- ◆ **Jospa Securities - Samuel Ng, Christine Pang**
- ◆ **Lee Tat Securities - Cheng Chi Lam**
- ◆ **Morgan Stanley - Chai Geok Hong, Peggy Li**
- ◆ **NSC Securities - Kenny Lee**
- ◆ **Tai Fook Securities - Patrick Lam**



# Small/Medium Sized Brokers are hi-tech too!

- ◆ Goldman Sachs
- ◆ Hani Securities
- ◆ Hang Seng Bank
- ◆ HSBC
- ◆ Jospa
- ◆ Lee Tat
- ◆ Morgan Stanley
- ◆ NSC
- ◆ Tai Fook



**Remarks by**

**Mr Paul Fan**

**Chairman**

**Hong Kong Stockbrokers Association**



*Thank You*