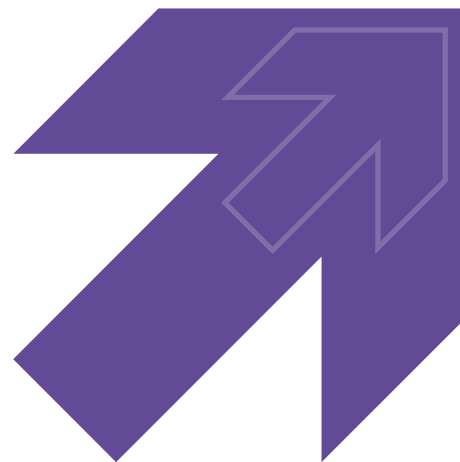




DEDICATED

# SOLUTIONS





# The product offering

- **Following GL TRADE's in-house product development over the last 20 years, coupled with acquisitions that have enhanced the product range, the group can now offer a unique range of integrated Front to Back solutions for all areas of the financial community.**

## Trading Solutions: our core business continues to evolve

In 1991 GLTRADE seized the opportunity created by Paris Stock Exchange's move to electronic trading to create its GL WIN trading software. For nearly 20 years, GLTRADE has taken full advantage of the shift to electronic trading in the international financial markets to develop and enrich its expertise. GLTRADE has always been able to offer its customer base of financial institutions the fullest and best performing products on the market.

Today we offer our customers multi-instrument systems (equities, futures, options, commodities, forex and bonds) and STP (Straight Through Processing) systems that can automate and optimise in real time the entire process of managing a securities transaction. Complete, powerful, fully secure and modular, our products are based on an open architecture that allows total integration of our solutions with the complex systems used by our clients via FIX (Financial Interface eXchange) protocol and, for those clients requiring maximum performance, via our APIs (Application Protocol Interface). We also offer a substantial share of our products via ASP, allowing clients who want to concentrate on their core business to access the best technical solutions.

The GL STREAM™ Workstation, a single trading and order management interface that combines client orders and market orders on a single screen, is the result of our own in-house development and the integration of the best technologies we have acquired to manage the order management value chain. This workstation, designed for equity and derivatives markets alike, provides an enhanced Front to Back solution that is fully modular and one of the most powerful and complete solutions available on the market (500,000 products listed on a single screen, visualisation of complete market data flows).

In derivatives markets, GL STREAM provides our clients with the capacity to meet the growing volumes in derivatives markets and the increased competition between exchanges for the trading of futures contracts. Designed with both proprietary and client account trading in mind, it combines a large number of functions adapted for all types of trading of derivatives, from the simplest buy or sell order through to highly complex, automated strategies on futures and options markets. In addition, it gives access to over 50 derivatives exchanges, including the major hubs of London, Chicago and Asia.

In the area of dedicated solutions for derivatives, 2006 also saw the acquisition of Nyfix Overseas, whose derivative order management tools have strengthened our existing offering. The substantial synergies between products and the compatibility of the two product ranges will enable us to make significant functional improvements.

## Client Connectivity: the perfect complement to our Trading solutions

The second pillar of our historical Front Office business, the Client Connectivity Business Line, covers all the connectivity tools supplied to our clients. It provides overall management of the GL NET network, our order routing and market data network, manages the development of ASP market connectivity solutions and distributes our offer tailored for the needs of the Buy Side community (fund managers, investment banks).

### **Record volumes on GL NET**

The GL NET community includes more than 650 of the largest international financial institutions and provides access to over 130 equity, derivative, commodity, fixed income and forex markets.

The GL NET network links the main (Sell Side) members of the financial community with the growing number of Buy Side users. It is accessible from GLTRADE workstations, but also from FIX applications or third-party software. It provides its members with optimum levels of security, reliability and availability for the transmission of orders. Its large bandwidth ensures average transmission times of 0.25 seconds around the globe with no loss or deterioration.

In 2006, the GL NET network carried record trading volumes, with more than 80,000 orders executed every day. The network opened access to several new pools of liquidity during 2006, most notably Hotspot FXi forex market, the Warsaw, Prague and Istanbul equity

markets, the Jade and Nybot (commodities) derivatives markets and the Safex futures and options exchange in South Africa.

In terms of market data, GLTRADE supplies essential financial information directly to users' screens. It offers, in real time, data from specialist information providers (AFP, AFX, Dow Jones, S&P MarketScope, Trading Central, etc.) and from connected markets: real-time pricing, order books and market depth. In particular it includes all US data flows (NASDAQ, NYSE, INET, Supermontage, Archipelago). GLTRADE is also one of the few suppliers to provide full market depth information for US data, with its rivals generally limiting their offer to the best limit by counterparty.

During the year we also introduced the GL NET 24 project, with a view to simplifying and speeding up GL NET connections. This allows full automation of the client-broker authorisation cycle.

### **Over a hundred clients connected to the ASP service**

In 2006, we finalised a European ASP electronic trading platform enabling rapid and inexpensive deployment of trading solutions for many capital market clients. GLTRADE offers brokers a cost-effective solution for trading directly on exchanges via the internet, a VPN or over GL NET. We are responsible for hosting and maintenance of all financial data collection and trading software and equipment, and now offer ASP access to more than 30 exchanges, following the notable launches in 2006 of connections to exchanges in Scandinavia, Ireland, Spain and Austria. Over one hundred clients have already licenced this solution, and we expect to see a strengthening of the ASP offering in 2007.

## Dedicated Buy Side tools: the quest for efficiency continues

Our expertise in serving Sell Side clients is a key strength in facing the challenges of the Buy Side market. Buy Side traders are now looking for the most advanced electronic solutions that will give them access to markets and real-time information whilst also helping them develop trading strategies.

In 2006, GLTRADE used its expertise to provide Buy Side managers with GL Execution Management System (GL EMS) a package offering a broad range of sophisticated execution tools. It is well suited to trading in all types of securities irrespective of the market they are traded on. GL EMS™ is able to communicate perfectly with our clients' existing internal order management and back office systems via Excel and FIX. It is integrated with GL NET and with various pools of liquidity and simplifies the selection of counterparties. GL EMS™ contributes to significant improvements in fund performance whilst allowing funds to comply fully with new financial regulations.

GLTRADE now generates 15% of turnover from the Buy Side community, with several thousand Buy Side workstations in distribution by nearly 80 brokers.

## Post-Trade Derivatives solutions: volumes continue to rise

Post trade solutions provide automated real time management of the entire deal settlement process and manage the allocation and delivery of all necessary information to the Back Office. They are the product of the integration of the GL CLEARVISION Middle Office and UBIX Back Office suites.

We are constantly optimising our technology to help develop the performance of our Post-Trade Derivatives solutions, at a time when trading volumes of listed derivatives continue to grow. Our development efforts for GL CLEARVISION were boosted by the arrival of staff from EMOS, a derivatives Middle Office specialist, in 2006, who are contributing to the development of the future version of this solution. The next-generation GL CLEARVISION suite will naturally include all the most powerful functions of the EMOS product. We have already demonstrated our progress in this area with certain clients, and have received very positive feedback.

We have also emphasised the development of new Back Office functions in order to take full advantage of GL CLEARVISION's dominant position with important international institutions and provide our users with ever better performance.

## Post-Trade Securities: A cross-border UK-USA platform

The dedicated equity and bond market Back Office product line bolstered the position of its flagship RIMS product by the addition of solutions from the 2005 acquisition of Oasis. We are planning the introduction of an ASP platform to help drive growth in the USA. This distribution model has seen significant success in the form of a major contract in Germany.

GLTRADE's solution enjoys a very strong reputation, provides very high levels of security and very low failure rates. In 2006 we focused on building on this reputation and developing business opportunities in both the USA and Continental Europe.

## Front to Back solutions for Capital Markets

GLTRADE's acquisition of FNX in March 2007 has strengthened its Front to Back offering for banks and major companies. The SIERRA, CAYMAN and ASPEN HEDGE products have enhanced TRADIX, our cash and fixed-income management solution which is distributed mainly in France for OTC markets. The FNX offering covers transactions in areas such as forex, currency options, treasuries, bonds etc. It is supplied to a very large client base in the USA, Japan, South East Asia and UK.

## Distribution of Fermat products: cancellation of the distribution agreement

GLTRADE had been the exclusive distributor in Germany of Fermat banking risk and Bâle II ratio management software since our acquisition of Ubitrade late in 2004. This agreement expired at the end of 2006, following two years of rapid growth in sales. As GLTRADE decided that it should focus its efforts on the development and integration of its own products, whether developed in-house or acquired, the two parties agreed not to renew this arrangement. Fermat also acquired the German subsidiary that was responsible for this activity.



# Competitive positioning

## Making 20 years' expertise available to financial institutions

Since its creation in 1987, GLTRADE has gone from being a supplier of market access and trading screens to a provider of complex integrated solutions for financial institutions spanning from the Front Office to the Back Office. The functional scope of our offering and our closeness to clients, through a presence in more than 20 countries, are unique in the market.

Our solid financial position, based on sound fundamentals and carefully considered expansion, puts us in a position to make continuous improvements in our product offering to maintain competitiveness and create value for our shareholders.

## Multi-instrument positioning

Our Sell Side and Buy Side clients are increasingly looking for multi-instrument solutions to help control costs. In order to meet these needs, GLTRADE decided very early on to develop solutions that could handle equities as easily as derivatives, bonds or OTC products. Today this covers more than 130 accessible markets and over 500,000 different tradable securities.

## Integrated Front to Back solutions

The acquisition of Ubitrade at the end of 2004, and its swift and successful integration, means that we have been able to add UBIX to our range to produce a complete STP solution for derivatives markets covering Front, Middle and Back Offices. In the Back Office segment, UBIX ranks third worldwide, behind GMI from SunGard and Rolfe & Nolan. In the Middle Office market, GL CLEARVISION

is the clear world leader, with an estimated 70% share of the market. We have made no secret of our ambition to establish ourselves as the outright leader right across the derivatives order chain.

None of our competitors can offer a global STP solution. Given the growth in the market traded assets managed by our clients, which is running at a rate of 20% to 30% per year, the automation of the entire order chain is becoming increasingly vital. Brokers are now adopting policies of reducing the number of suppliers used across the order chain. Our solutions meet the need for a global solution without sacrificing access to the best technology.

## ASP: a new vector of competitiveness

GLTRADE is continuing to expand its ASP offering, and now covers nearly 30 markets using this approach. ASP gives small and medium-sized Sell Side clients and Buy Side clients quick and cost-effective access to GLTRADE's technology; clients do not need to acquire servers or the relevant skills as GLTRADE hosts and operates the service.

The Group will continue to invest in this area to support its clients at each stage of their growth.

## A highly competitive market

In equity markets our systems face competition from Orc Software, SunGard, Royal Blue and RTS, whilst our main challengers in the derivatives field are Patsystems and Trading Technologies. However, none of these groups can offer coverage of equity

and derivative markets that is as extensive as ours. In electronic trading networks, our GL NET network is in competition with solutions from companies like Bloomberg and Reuters as well as systems developed in-house by financial institutions.

In the Derivatives Back Office market, the acquisition of the UBIX product has turned GLTRADE into the main challenger to the market leaders, Rolfe & Nolan and SunGard.

In the capital markets field, our positioning has been strengthened by the acquisition of FNX. We frequently find ourselves in competition with groups such as Calypso and Murex.

In the Buy Side market, competition for our flagship GL WINWAY product comes mainly from the proprietary solutions offered by Prime Brokers and from Trading Screen. Companies such as Flextrade and Portware are our main challenges in algorithmic trading, sometimes known as Execution Management Systems, or EMS.

