

# Customer Profile

iWay Software's suite assembles powerful, pre-built components for enterprise-class integration scenarios – without custom code – delivering the fastest, most cost-effective, and simplest way to integrate business processes and achieve the promise of SOA: true reusability.

## BT

### Snapshot

#### Organization

BT, the leading provider of secure, reliable, and scalable communications and connectivity to the global financial community.

#### The Challenge

Eliminate inefficiencies and back-office costs for cross-border trade settlements by winning a bid to provide two-way, secure communications for Euroclear's new central Common Communications Interface.

#### The Strategy

Create a secure messaging gateway with straight-through processing that adheres to standards and business protocols.

#### The Results

Further progress in delivering €300 million in savings through a single-settlement platform: significant back-office savings and higher levels of confidence through secure interactions.

#### iWay Software Solution

iWay's Secure Messaging Option.



## BT and iWay Software Deliver Cost-Effective, Secure Global Trading

### Facilitate Cross-Border Trading in Europe

Since the 2000-2001 market downturn, many investors have looked internationally for better opportunities. However, many elements within the European capital markets still reflect the different national origins and traditions, which can hamper market integration. This is particularly the case within the securities market infrastructure, which has developed in ways to reflect domestic needs, but has not adapted well to meet the needs of an integrated European capital market.

For example, once a security has been transacted, the trade must be cleared and settled to complete the transaction. Each country typically has its own centralized and integrated structure, or central securities depository, to carry out this service. Handling cross-border settlements means the clearinghouse must deal with institutions that have different payment systems, message formats, and policies to handle trades.

**iWay Software's service-oriented architecture (SOA) platform and Secure Messaging Option was selected to enhance BT's Secure Messaging Services across the STP chain.**

These differences have resulted in high costs and inefficiencies to access cross-border clearing and settlement, thus hindering market globalization. From a European perspective, the infrastructure was in need of radical change. Despite moves during the prior technology boom to develop cross-border trading platforms and market connectivity, infrastructure, up until now, was lacking.

Efforts by technology vendors to facilitate global trading are finally bearing fruit, thanks to initiatives by Euroclear and strategic partners like BT.

Euroclear, the world's largest settlement system for domestic and international securities transactions covering both bonds and equities, has developed the Secure Settlement Engine (SSE). The SSE consolidates five disparate processing platforms into one and provides a Common Communications Interface (CCI) to serve as the single gateway interface for clients to access all Euroclear settlement services. The CCI is an integral component of the new infrastructure to help harmonize cross-border business practices.

To develop the CCI, Euroclear needed a strong partner to build the communications network and more important, provide secure messaging services for its clients. BT was selected as one of the key providers to facilitate two-way client communication through secure gateways.

To meet stringent technical requirements while providing an adaptable platform, BT built their solution using iWay Software's Secure Messaging Option. Rather than using multiple platforms with different message types and security procedures, customers will now be able to link to the Euroclear depository of their choice through a single, secure communications interface.

### **Surveying SOA Platforms to Enable Secure Messaging**

Connections between the financial depository institutions and clearinghouses are complex and often hard-coded, requiring significant effort and associated costs when changes are required by either the bank or the clearinghouse.

In addition, messaging solutions had used a store-and-forward approach, resulting in time delays to either process or communicate the status of a transaction. The new platform called for a straight-through processing (STP) approach that would send transactions to Euroclear and immediately provide an acknowledgement once it was received. Then once the transaction is processed, the system instantly sends a receipt to the customer.

BT wanted to provide a solution that would isolate the financial institutions from the costs and complexities of any back-office changes, while still meeting Euroclear's requirements for secure, real-time communications. As a result, BT looked to a partner with the right technical skills and tools to handle the complex connectivity needs of the various financial institutions.

iWay Software's service-oriented architecture (SOA) platform and Secure Messaging Option was selected to enhance BT's Secure Messaging Services across the STP chain. iWay is a critical component of the solution, providing significant improvements in the levels of security, scalability, and performance to process more than one million transactions per day with guaranteed delivery and comprehensive non-repudiation.

Euroclear had specific requirements for how the interaction and message exchange would be developed. For instance, specific protocols on how long messages could be held, time restrictions for the exchange of archived information, and how PKI security topologies were to be configured had to be implemented within the solution. In addition, it was critical that messages be processed according to specific standards within Euroclear systems, while remaining flexible to meet a broad range of options for their customers. BT, using iWay Software, is the intermediary to implement these standards and minimum set of requirements, while allowing a range of alternatives on how the financial institutions could send and receive messages with Euroclear.

Financial institutions connecting to Euroclear through the BT gateway can now benefit from reduced back-office costs. By leveraging iWay's extensive connectivity experience and a comprehensive toolbox of adapters and facilities, BT addresses the complex integration needs for the Euroclear gateways and its customers. The gateway addresses a variety of protocols and messaging types, to handle different interactions with customers:

- Real-time messaging channel to handle immediate stock settlements
- Screen channel that enables customers to dynamically interact with Euroclear from various back-office applications
- File channel that can accept various file types for customers sending batch transactions such as end-of-day trades

BT looked at many solutions to handle the complex connectivity, message types, and security requirements from Euroclear and the banks. iWay Software was selected not only for meeting technical and functional requirements, but also because it has the most adaptable platform featuring an extra thin footprint. Meeting advanced security requirements, iWay's Secure Messaging Option provided end-to-end auditing and non-repudiation of all messages, along with reliable, synchronous delivery. BT was also looking for a partner who could deliver a highly customized solution with flexible licensing models.

### **Delivering Secure Message Exchange for STP**

Using iWay's Secure Message Option built on its SOA middleware platform, BT deployed managed, multi-channel gateways operating over its shared market infrastructure for open, standards-based, authenticated messaging. The two-way messaging service runs through Euroclear's new CCI gateway, acting as the single interface for customers to access services provided by all of Euroclear's businesses. The CCI gateway will allow both screen-based and STP traffic to connect to both the legacy platforms and Euroclear's evolving single platform. These multi-channel gateways have support for sending and receiving messages via several technical channels with different message types, such as files, applications (e.g. JMS, MQ), or SOAP/HTTP.

With iWay, BT was able to enhance its offering with greater scalability, deployment options, and enhanced security.

Features of the BT messaging solution include:

- Secure authenticated messaging exchange with non-repudiation for all CCI communication channels

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**By leveraging iWay's extensive connectivity experience and an extensive toolbox of adapters and facilities, BT addresses the complex integration needs for the Euroclear gateways and its customers.**

## Find Out More

To see how we can help you succeed, visit us at [iwaysoftware.com](http://iwaysoftware.com), e-mail us at [info@iWaySoftware.com](mailto:info@iWaySoftware.com), or in the U.S. and Canada, call toll-free **(866) 297-4929**.

- Two isolated security environments:
  - Banking customer to BT
  - BT to Euroclear
- End-to-end automated or manual auditing and message non-repudiation of all messages
- Reliable, synchronous delivery directly from customers to Euroclear
- Digitally signed PKI configuration
- Custom deployment runtimes
  - Separation of signed/secured BT configuration from customer deployment parameters
  - Customized customer monitoring console
  - Standalone deployment images with remote update facilities
- High scalability
  - ~225 msg/sec of WS channel over SOAP/HTTP
  - ~175 msg/sec of File&Messaging channel over AS2

### Making Cross-Border Settlement Secure and More Efficient

The new secure messaging service and Euroclear CCI gateway will consolidate five existing platforms into one, in a move that is expected to reduce settlement costs by more than €300 million in annual savings to the market.

BT's CCI gateway offering provides financial institutions a more cost effective messaging solution that is flexible to meet back-end requirements while increasing the speed to process transactions. With iWay's Secure Messaging Option, BT and its customers leverage enhanced security and a hardened integration infrastructure to exchange messages. Euroclear and their customers can rest assured that messages are only delivered once through non-repudiation and guaranteed delivery. This mitigates the potential liability from holding a message while accepting responsibility in the event of a technical breakdown or disaster in the network. Not only was BT able to deploy a targeted solution with the highest reliability and security available today, they also benefit from the most flexible deployment that can be tailored to specific gateway needs.

The biggest benefit of BT's new messaging solution will be opening up the markets, creating a domestic market for Europe by eliminating barriers for more efficient cross-border settlement. In the past a UK retail broker was unlikely to participate easily in the French market. With BT's new secure messaging services and flexible gateways, financial institutions have access to more securely and efficiently interact across borders. By further eliminating fragmentation in Europe's settlement infrastructure, financial institutions can look to reduce the risks and costs of cross-border settlements down to domestic levels.



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