Oklahoma State Treasurer's
Electronic Trading

State Treasurer
Scott Meacham

The Oklahoma State Treasurer's Electronic Trading System is a Web-based application by which the Oklahoma State Treasurer (OST) conducts real-time, electronic trading on state investments.

OST traditionally conducted trades by phone with a maximum participation of three brokers. This traditional trade process could take over half an hour to conduct one trade session.

With the new Electronic Trading System, OST can receive quotes from all authorized financial institutions at one time, thus increasing the competition and providing the state with the opportunity to earn the highest returns on its investments.

Features of the Treasurer's Electronic Trading System include:

- **System security features such as SSL encryption and password protection**
- **Report generating capabilities for auditing purposes**
- **Ongoing display of the current time synchronized with Bloomberg® time**
- **Screen display refreshes constantly providing up-to-the-second status of trading session**

Since the application went live in March of 2006, OST has conducted 36 live trades with a total of **$140.1mil** traded.

At this time, the application allows OST to buy and sell Treasury Notes and Treasury Bills. In September of 2006, four additional types of trades will be added to the application allowing OST to buy and sell Agency Discount Notes and Agency Bullets.

"Our new online trading system is bringing new efficiencies and increased earnings to our investment process. The new system allows all of our authorized financial institutions to participate in investment bids - helping to ensure the state will receive the best possible price and maximize our earnings."

- Scott Meacham
Oklahoma State Treasurer

"OSTbid helps to level the playing field from primary to regional dealers by allowing the broker community the flexibility to go directly to the trading desk. With built-in safeguards like the broker's 60-second quote confirmation, the application is also flexible to market movement. It certainly instills the e-bay mentality. It also takes away the paperwork."

- Mike Minahan
Vice-President,
JP Morgan Securities Inc.
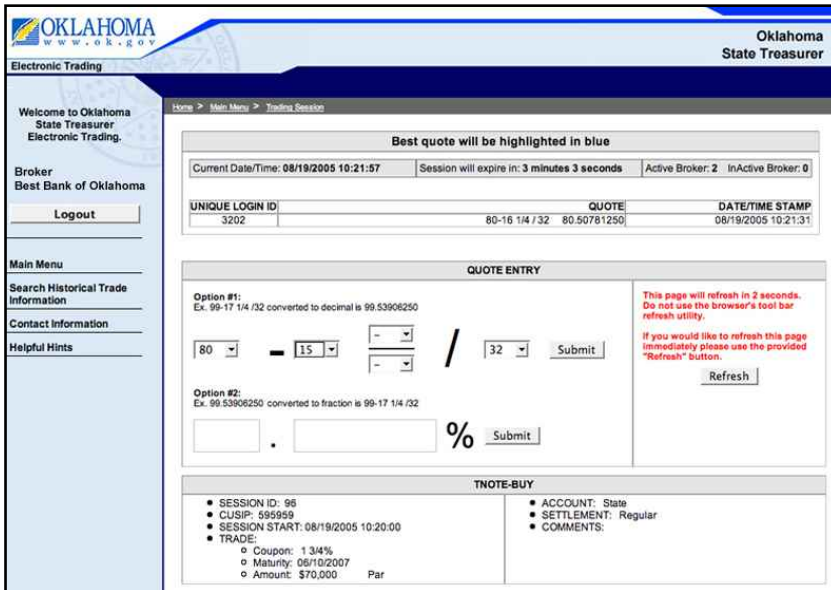
Image A: A broker's screen during a T-NOTE Buy trading session.

Electronic Trading Process

After the Investment Officer creates a session, an email notification is sent out to all brokers. The Investment Officer may set the session to run for 5 or 10 minutes.

Participating brokers then log in to the upcoming session.

Broker's View

Once the session begins, the brokers submit quotes utilizing one of two options:
1) fraction or
2) decimal (see Image A).

Their quotes are displayed at the top in chronological order. If they have a current best quote, it is highlighted in blue.
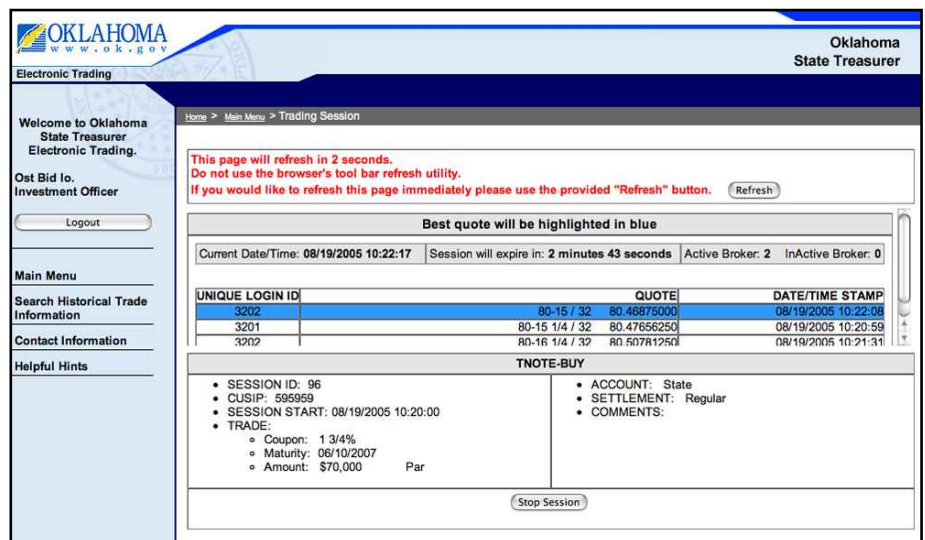
Investment Officer's View

The Investment Officer's screen displays the incoming quotes from the brokers. The best quote is highlighted in blue.

For compliance purposes, the Investment Officer screen only displays a Unique Login ID for each broker, ensuring anonymity. Each broker is assigned a Unique Login ID per session.

The built in automatic refresh function, updates the quotes every 2 seconds (see Image B). Once a session has expired, the Investment Officer may accept the best quote, or decline all quotes.

If the Investment Officer accepts the best quote, that broker will receive an acceptance notification and has 60 seconds to confirm their quote.

Image B: The Investment Officer's screen during a trading session.

Completing a Trade

Upon acceptance, the broker with the best quote receives a notification screen congratulating them on having the best quote. All other participating brokers receive a notification informing them they did not have a winning quote and what the winning quote was.

The ability of the application to generate reports is available to all users, allowing them to search previous trading sessions and review details of the session including the winning quote and what institution the quote was submitted by; as well as, other non-winning quotes and their respective institutions. The requested report appears with a "Printer Friendly" version and a "Downloadable CSV" version of the report.