

Automated online trading system from July 17

Nepal Stock Exchange (Nepse) has announced that it will bring the fully-automated online trading system into operation from July 17 in parallel with the existing computerized trading system.

According to the Nepse, the much-awaited fully-automated online trading system is now almost ready for implementation. The stock exchange company, which has been facing criticism from the investors for its delay in implementation of the modern online trading system, has released a new schedule for implementing the system.

The fully-automated trading system developed by YCO Pvt Ltd, an information technology firm, will allow investors to place their orders to buy or sell shares online, while everything -- payment, clearing and settlement – can be carried out electronically.

Murahari Parajuli, the spokesperson for Nepse, told Republica that the new system can handle nearly 23,000 transactions in a millisecond compared to an estimated 150,000 orders that the current system can accept in a day.

According to the new schedule, Nepse will make a presentation about the new system to the brokerage firms on July 3 and to investors group the next day. The fully-automated online trading system will undergo internal test between July 2 and July 4. From July 5 onward, the fully-automated trading system will come into operation through Nepse server.

Nepse has already invited bids from eligible bidders for user acceptance testing (UAT) of the new system to ensure that the system delivered by the YCO Pvt Ltd can handle required tasks in real-world scenarios in line with Nepse's specifications. UAT will also go hand in hand with parallel implementation of new and existing trading systems, according to Nepse officials.

The full-fledged implementation of the new system will start upon completion of UAT, according to Parajuli.

Parajuli says that Nepse was hopeful that at least 10 brokerage firms will be able to immediately provide the new trading system in parallel with the old computerized trading system.

From July 17, investors can place order from both fully-automated online trading system and the old computerized trading system.

However, the enforcement of the Nepse online trading system largely depends on the readiness of the brokerage firms who have been saying that it takes them at least few months to set up necessary infrastructures as required by the Nepse.

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“None of the brokers have the hardware and infrastructure to implement the new system. Nor it is something that can be done overnight. However, talks are underway to get data center and other necessary services in lease as it takes some time to procure it which will allow us to provide our service through the automated online trading system in parallel with the computerized trading system,” Priya Raj Regmi, the president of Stock Brokers Association of Nepal (SBAN), told Republica. “However, we have to see the scalability and the volume of the business for setting up infrastructure,” he added.

He estimates the cost of setting up infrastructure and other hardware could be at least Rs 20 million and that it would take at least three months for the new system to meet the specification prescribed by Nepse.

“We have to do cost-benefit analysis of the investment that is nearly equal to our paid-up capital. Nepse should not prescribe high-tech specifications. It should review it,” he added.

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