



Lyra

White label trading platform for online brokers

Introduction to the Retail Investing and Trading Sector

The retail investing and trading sector involves individual investors buying and selling financial securities, such as stocks, currencies, bonds, crypto, commodities, derivatives, and more through brokerage firms.

This sector is an essential component of the financial markets; providing liquidity, enabling price discovery, and allowing investors to achieve their financial goals and manage risk.



Key Components of the Retail Investing and Trading Sector

- 1. Brokerage Firms:** These are the intermediaries that facilitate trades between buyers and sellers. Brokers can be full-service, offering a range of investment advice and even portfolio management services, or discount brokers, which provide fewer services but charge lower fees. There are two main types of brokers:
 - **Market Makers:** These brokers actively participate in the market by buying and selling securities from their own inventory to provide liquidity and facilitate trading. They profit from the spread between the buy and sell prices.
 - **Agency Brokers:** These firms act as intermediaries between buyers and sellers without maintaining their own inventory of securities; they execute trades on behalf of their clients and earn commissions or fees per transaction for their services.
- 2. Trading Platforms:** These are the technological systems that brokers provide to their clients to place trades. Trading platforms can vary widely in terms of functionality, from basic interfaces to highly advanced systems with real-time data, analytics, and trading tools.
- 3. Regulatory Environment:** The sector is heavily regulated to protect investors and ensure fair and orderly markets. Regulations vary by country but generally include oversight of broker-dealers, trading practices, and financial disclosures.

How the Market Works

- 1. Market Participants:** Besides individual retail investors, the market includes institutional investors (such as mutual funds, hedge funds, and pension funds); market makers (who provide liquidity by buying and selling securities from their own accounts); and exchanges (where securities are listed and traded providing pricing information and serving as the market-wide venue to match opposite order sides).
- 2. Order Execution:** When an investor decides to open a position (buy or sell a security), they place an order through their brokerage's trading platform. The platform either routes the order to the appropriate market or exchange where the trade is executed, or if the broker is a market maker, they can opt to internalize the trade, subject to regulatory rules and their own exposure limits.
- 3. Trading Strategies:** Investors use various strategies based on their goals and risk tolerance. These can range from long-term buy-and-hold approaches to short-term trading strategies like day trading and swing trading. Advanced strategies might involve options, futures, and other derivatives.
- 4. Margin trading** allows investors to use leverage to purchase securities. This leverage can amplify gains but also increases the risk of losses. Brokers require investors to maintain a minimum margin level, and if the value of the securities falls below this level, a margin call occurs, which means the investor must deposit more funds or sell some of the assets to cover the shortfall. Margin trading is regulated differently across jurisdictions, affecting how much leverage can be provided and the types of securities that can be traded on margin.

Trends and Growth Drivers

Technological Advancements: Innovations in technology have revolutionized trading, making it more accessible and efficient. High-frequency trading, algorithmic trading, social trading, and the use of artificial intelligence and big data analytics are significant trends shaping the market.

Increased Participation: There has been a substantial increase in retail investor participation, driven by greater access to information, lower trading costs, and the democratization of trading through online platforms and mobile apps, facilitated by the reduction of minimum account balances and “zero-commission” trading offered by many brokers.

Globalization of Markets: Investors today can access markets worldwide, allowing for greater diversification and the ability to capitalize on global economic trends.

Education and Information: The proliferation of financial education resources and real-time market information has empowered individual investors to make more informed decisions.

Challenges in the Sector

Competition: The sector is highly competitive, with numerous brokers vying for market share by offering better services, lower fees, and more advanced trading tools.

Complexity: The wide and ever-increasing variety of asset classes makes it challenging even for large brokers to provide a single system that allows convenient and transparent trading across all their offerings. This complexity requires robust, flexible, and comprehensive trading platforms to meet diverse trading needs effectively.

Regulatory Climate and Changes: Different jurisdictions have unique regulatory environments affecting broker offerings. These regulations can influence the selection of securities available for trading, margin requirements, and transparency standards. Ongoing changes in the regulatory landscape necessitate continuous adaptation.



Lyra: White-label Trading Platform for Brokers

- **By offering a sophisticated, customizable white-label platform, we address the specific needs of smaller to medium-sized brokers who require advanced technology to compete but cannot afford to develop it in-house.**
- **Our solution, which boasts features superior to those of the largest brokers and often rivals investment banks' proprietary trading platforms, instantly elevates these brokers to the forefront of technology while allowing them to maintain their brand identity through white-label customization, which no other available/affordable solution can offer.**

Problems we identified:

- **Outdated Platforms:** Small and midsize brokers are constrained by basic, outdated platforms.
- **Functional Limitations:** Utilized platforms lack convenience, functionality, flexibility, and variety of instruments.
- **Regulatory Challenges:** Larger brokers often face regulatory limitations to their offerings.
- **Nature of the market:** Brokers with decent platforms are reluctant to license them to other brokers, as they consider their platforms a competitive advantage.

Our Solution:

- **Trading Platform as a Service:** An advanced, flexible platform to enhance small-medium broker offerings.
- **White-Label:** Customizable to appear as the broker's own platform, maintaining brand integrity and fostering broker-client relationship.

Unparalleled Features (separate presentation)

- **Universal Asset Class Support:** All asset classes, from commodities to crypto, with or without margin trading. Pluggable exchanges, marked data feeds and news providers.
- Built for **market-makers, agency brokers, and hybrids:** the platform provides order routing to exchanges or internal handling based on asset type or exposure levels.
- **Advanced Trading Tools for clients:** Transparent trading and advanced order types with real-time portfolio-wide metrics in account currency, including real-time and historical risk metrics and tools for portfolio and scenario analysis - capable of handling diverse portfolios that span multiple asset classes.
- **Broker tools:** Real-time and historical exposure reporting, customizable limit breach policies with real-time responses, flexible margin call workflows, robust fee assessment engine, regulatory compliance.
- **Customization:** High degree of customization is possible for both visual branding and workflows.

Benefits for Brokers

Functional and Comprehensive: Transparent trading across all asset classes increases revenue.

Higher Customer Retention: Enhanced client-broker relationships and reduced churn through cutting-edge features.

Enhanced services: Some features can be offered at a premium to the clients (traders).

All channels: Stylish and functional design packaged as a website, a mobile website and an app.

Lower TCO and Transparent Pricing: clear, package-based pricing that includes maintenance and new features.

Business Model

- **Monthly charge:** Broker pays a flat fee per month to use the platform, depending on features and scale (\$5,000-\$50,000 per month).
- **Pricing strategy:** we can offer significantly better features at slightly higher price, or the same features at a lower price, capturing both segments (Support costs are at most 10% of the license fee)
- **Additional services:** Any services around the platform such as customization beyond built-in ability, hosting, news or market data, etc.

Growth Strategy

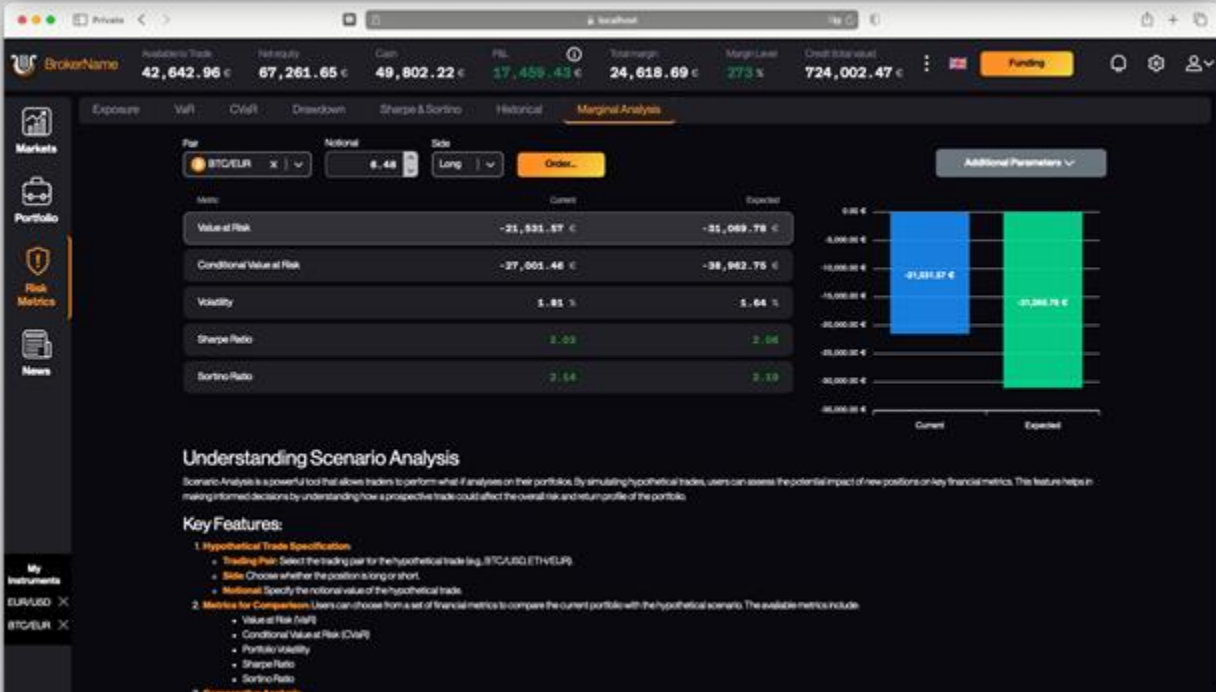
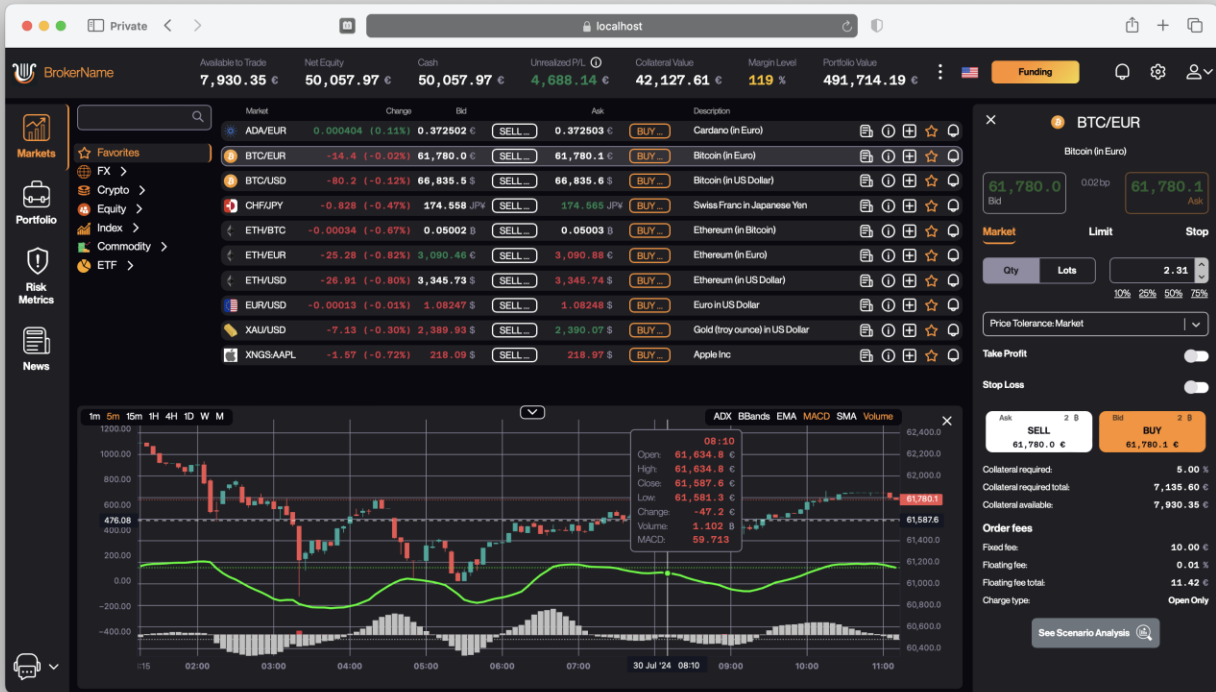
- **Customer Trials:** Platform core is ready; start trials three months after POC.
- **Client Acquisition:** Aim to onboard 6 clients within nine months after POC and become self-sufficient before that.

Market Potential

- **Global Online Trading Platform Market:** Estimated to grow from \$9.32 billion in 2022 to \$15.34 billion by 2030.
- **Serviceable Market:** \$3.12 billion (online brokers' market share).
- **Sale to an exchange or a large broker:** A comparable platform was sold for \$150 million in 2022.

Not Just an Idea

- **Combining Engineering and Financial Markets Expertise:** Creating such a comprehensive platform is challenging, requiring deep expertise in both engineering and financial markets. Our team has this unique expertise, having previously worked on proprietary trading desks and risk management (market risk and counterparty risk) for leading investment banks such as Goldman Sachs Asset Management, JPMorgan Chase, Bank of America Merrill Lynch, and Citigroup.
- **Not Just an Idea:** Our team has developed Lyra beyond the proof-of-concept stage, integrating all essential features: universal asset class support, real-time exposure/risk calculation and workflows, speed, security. Even at its current stage, Lyra boasts more features, flexibility, and scalability than most platforms used by brokers, including the larger ones.



How Lyra is Already Better

No other platform provides transparent margin and cash trading in all asset classes, from commodities to crypto, within a single portfolio, offering real-time, portfolio-wide metrics.

No other platform provides lightning-fast, professional-grade risk management tools including advanced metrics such as Sortino/Sharpe ratios, customizable VaR/CVaR and Scenario Analysis using different methods including Monte-Carlo simulation + and historical metrics analysis.

No other platform allows users to enforce real-time stop-loss and take-profit levels specified in account currency when traded pairs include intermediate conversion(s).

No other platform has a fee assignment engine that combines easy management with the capability for narrow granularity where required.

No other platform has real-time firm-wide exposure reporting (that does not slow down clients' trading) and real-time adjustments to quoting, order routing and margin requirements for new and existing positions if exposure limits are near breach or have been breached.

No other platform has such a flexible margin call workflow engine that maximizes broker revenue opportunities without increasing risk.

What is built:

- **Core Functionality:** Complete transparent trading for all asset classes with advanced trading tools and real-time tracking of required metrics through a localizable and customizable UI available via web or an app.
- **High Performance and Scalability:** Millisecond-range response times; efficient performance with architecture ensuring scalability, reliability and security.
- **Complex Financial Engineering:** Sophisticated risk management tools, real-time firm-wide exposure assessment, customizable limit breach policies, and flexible margin call workflows.
- **Compliance and Integration:** Robust fee assessment engine, most of the regulatory compliance features, and pluggable integration with exchanges, data feeds, and news providers.

What is left:

- **Extensive Yet Manageable Work:** Remaining tasks include a considerable amount of lower-profile work such as user profile management, localized templates for emails and statements, housekeeping tasks, social trading, indicators, user support tools, comprehensive testing. While extensive, these tasks do not pose technical or design challenges.
- **Sales Organization:** development of a sales team, marketing materials, establishment of sales processes and strategies to drive client acquisition.