

DENY ALL AND NET2S HIGHLIGHT SECURITY THREAT TO INVESTMENT BANKING COMMUNITY

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Tuesday, 26 April 2005

Investment banking brokers need to implement safe e-trading – or pay the consequences

Infosec Europe, Olympia, London, Stand 582

London, 26 April 2005 – Deny All, European innovator in web application gateways, and Net2S, a specialist systems integrator operating in the banking and capital markets, are joining forces to address the growing problem of e-trading security. Today at Infosec Europe they are issuing their top tips for establishing safe online trading.

“Security issues in the retail banking sector have been hitting the headlines hard – a few high profile incidents and emerging regulations such as Basel II and Sarbanes Oxley are urging the big banks in to action. The recent intervention of the NHTCU to prevent the massive eCrime heist at Sumitomo Bank in London has served to raise the scale and visibility of some potential dangers. Stakes in the investment banking arena however can be just as high – with a single average deal size for an institutional broker being well over £1 million. This area is increasingly looking to the Internet to realise competitive advantage and add client value. However, the majority of brokers do not have the manpower to be both responsive to their business and be able to consider all the security issues at the core of Internet trading. Now is the time to call to action” Said, Philippe Fauchay, International Development Director for Deny All

Commenting from his perspective as an experienced manager of IT security within both the retail and investment banking sides of the industry, John Meakin, Group Head of Information Security for Standard Chartered Bank, explained: “IT Security teams in banks and other corporations often have to balance two strong and mutually competing pressures. On the one hand they must respond quickly to the demands that the business experiences in the marketplace. In the investment banking markets, where business opportunities grow and wane with great rapidity, this is especially true. On the other hand, they are expected to ensure that all the mechanisms are in place to protect the business and the Board and ensure that the Directors are able to discharge their legal and fiduciary obligations to protect the bank's and customers' assets. A serious, and highly public, breach of security for a broking business could effectively kill their business overnight – you don't need a stronger reason for ensuring that all these bases are covered than that. After all, Banking is about trust and trust means secure systems.”

“Over the last two years, there has been huge growth in the professional on-line trading population: For example in the Tier-2 broker community there has been a 51% increase over the 2004 figure and their number now stands at 275 and growing. To meet demands for more efficient and speedy service, electronic trading has been developing at a rapid pace. In order to provide much demanded Direct Market Access (DMA) to their buy-side customers, many of the global players and prime brokers have pushed the specialist software providers who traditionally offered trading floor systems out of the DMZ (demilitarized zone) and these Tier-1 players are now making DMA a strategic part of their offering. Consequently competitive and economic pressures are forcing all the players to offer DMA. The Tier 2

brokers need to be able to offer this vital service as part of their standard offering in order to remain competitive. Over the next two years a 75% growth is anticipated in these smaller brokers offering online trading services to their client base. However, the rush to adopt new access technologies could blind these Tier 2 players to the need to adhere to some sensible security policies.” Explains Frédéric Ponzo, Managing Director of Net2S in London.

Bearing in mind that an ever increasing and significant proportion of these trading environments are running over public networks, poor security in the trading area can have serious consequences.

- A severe breach of confidentiality via critical exposure of executed trades
- Exploitation of a broker’s market position by rogue traders as a result of hacking into order books
- Malevolent order entry by an impostor leaving the firm open to huge financial losses especially on the derivatives market where options and futures contracts can quickly spiral in value due to their in-built multiplier effect.

Net2S – highly experienced at consulting and penetration testing in the investment banking market – and Deny All, the only specialist financial web application gateway provider - offer their top tips on how to establish a safe e-trading environment:

- Undertake a fresh risk assessment with input from a reputable security-aware consultancy
- Do not rely on your VPN alone to cover your endpoint security – although the pipe may be secure, the point of entry is not
- Do implement 2-factor authentication for more robust control. User names and passwords are simply not strong security
- Add Layer 7 filtering and control – so that the requests and responses exchanged between client and online trading front ends are checked automatically
- Combine access control with functions entitlement control .
- Perform regular and in-depth application penetration tests – so you identify the vulnerabilities inherent in the applications and not just the network
- Revisit your security policies and security infrastructure on an on-going and very regular basis
- Subject any proposed investment to the scrutiny of a ROI calculation using data gathered during the risk assessment phase

About rWeb

rWeb, the flagship product of European innovator, Deny-All, is a high performance web application gateway geared to the stringent security and performance needs of the financial sector. rWeb protects, accelerates and simplifies online transactions. It quarantines the server from Zero Day Attacks, “cloaks” configuration details from hackers, handles all user authentication, performs deep-level inspection and effectively denies any suspect requests. Through its reverse proxy architecture it also dramatically enhances performance. rWeb enables web server patches to be applied efficiently and enforces consistent best practice in the tightly regulated banking sector. It delivers four key benefits – protection, acceleration, cost control and ease of use. Its negative and positive rules security model provides double protection against even Zero Day Attacks – avoiding costly outages. Its reverse

proxy architecture protects against direct attacks and greatly accelerates performance through caching, load balancing, SSL encryption and compression. By freeing up server capacity it considerably slows down capital expenditure. It's instantly deployable – actually speeding performance on installation – and makes new, secure website launches effortless. It also greatly reduces management effort through simplified updates and centralised security management.

About Deny All

Deny All is a European software company, specialising in Web application security. The Deny All solutions – rWeb, rFTP and sProxy – meet important strategic demands such as the opening up of information systems to a company's employees, suppliers, customers and partners.

Deny All's application security solutions were originally developed to meet the stringent requirements of the banking sector. They are now well proven with over seven years live production experience in major banking environments and other sensitive industries.

Deny All is committed to a Global Channel Sales Model and is actively seeking specialist partnerships: Net2S has a pan-European agreement with Deny All to address the financial market and is a prime example of a value-added reseller.

Today, Deny All markets its solutions throughout the world and protects more than 1,000 websites in Europe, the United States, South America and Asia, in all industrial sectors (banking, commerce, large-scale distribution, web hosting, Government, etc.).

About NET2S

NET2S Group (Euronext - Euroclear: 7592) is an internationally recognized consulting firm that enables large corporations to leverage the advantages of Enterprise Connectivity to their fullest. Founded in 1996 to offer a customer-centric approach to Technology consulting in vivid contrast to the more traditional approach that dictates priorities and methodologies to clients, the firm serves more than 250 global companies, all dominant players in their sectors: Investment Banking and Finance, Insurance, Hardware and Software vendors, Service Providers and Energy Trading.

NET2S' Trading and Investment Banking Practice provides professional & support services for global financial markets in communications technologies, electronic order routing, market data distribution and implementation of Straight Through Processing and electronic banking solutions. NET2S is Europe's Premier Professional Services organization in Secure Trading Systems integration.

NET2S has offices in EMEA (London, Madrid, Paris, Brussels, Zurich and Casablanca), and in the United States (New York).

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