ENHANCING POST-TRADE EFFICIENCY FOR CUSTODIANS
Enhancing Post Trade Efficiency for Custodians

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At DTCC, we understand the critical role that custodian banks play in helping to ensure the safety of assets in the global financial markets.

We also appreciate the challenges that custodians currently face, including the effects of flat asset growth, increased competition and the impact on earnings as well as evolving regulatory requirements. As custodians assess strategies to cope with these challenges, a key area of focus remains on achieving costs savings and operational efficiencies while still providing enhanced services to clients.

DTCC works with custodian banks to support the key role that they play in the global financial marketplace.

From optimizing trade and collateral settlements to delivering efficiencies in the settlement notification process, our market-leading suite of products helps to reduce risk and enhance post-trade efficiency for custodians.
OUR SOLUTIONS

CUSTODIAN PAIN POINTS

01 Delays to receipt of trade settlement notifications

02 Receipt of settlement notifications that contain inaccurate data

03 Inefficiencies across communications for settlement and collateral management

04 Risks and costs associated with holding physical securities

DTCC

SETTLEMENT NOTIFICATION VIA THE CTM™ SERVICE

DTCC EXCEPTION MANAGER

ALERT® GLOBAL CUSTODIAN DIRECT

MARGIN TRANSIT UTILITY (MTU)

* THE DEPOSITORY TRUST COMPANY’S (DTC) SETTLEMENT SERVICE

* DTC’S CUSTODY SERVICE

* U.S. Only Services
TAKING THE PAIN OUT OF POST-TRADE PROCESSING

DTCC WORKS, AT A GLOBAL AND REGIONAL LEVEL, TO OFFER A RANGE OF POST-TRADE SERVICES ALIGNED TOWARDS RESOLVING KEY PAIN POINTS FOR CUSTODIANS ACROSS THEIR POST-TRADE INFRASTRUCTURE.

1. TIMELY RECEIPT OF SETTLEMENT NOTIFICATIONS

Custodians are required to wait for confirmation of trade settlement from their clients. Delays can increase the likelihood of trade settlement failures and increase operational risks during the post-trade process.

DTCC’s Institutional Trade Processing (ITP) services help to improve the timely receipt of settlement notifications by custodians.

Trade data that has been matched via the CTM or OASYS platforms and enriched with standing settlement instructions (SSI), through the ALERT service, is communicated to custodians as a settlement notification via SWIFT format. This enables custodians to quickly process and settle trades on behalf of their clients.

In addition, the DTCC Exception Manager (DXM) platform provides additional value to custodians by allowing them to publish, manage and communicate on exceptions throughout the trade lifecycle process. Post-trade exception processing creates operational risk and drives a significant amount of inefficiency for all parties to a trade. In the event of trade exceptions, custodians can populate DXM with details of the settlement failure, which investment managers and brokers can utilize to address in real-time.
2. ACCURATE SETTLEMENT NOTIFICATIONS

Custodians often receive settlement notifications that contain inaccurate data. The most common cause of this is inaccurate SSI data. Custodians must work with the broker and investment manager to identify and correct this data, further delaying the trade settlement process.

DTCC’s ALERT service, the industry’s largest and most compliant web-based global database for the maintenance and communication of account and SSI data, offers a Global Custodian Direct (GC Direct) workflow that enables custodian banks to electronically manage settlement instructions on behalf of their buy-side clients via dedicated ISO 20022 compliant messages.

This enhanced access enables the global custodian/prime broker to become the owner and maintainer of the SSI data, effectively creating the “golden copy” within the ALERT platform. Additionally, market rules and validations are enforced through ALERT, which reduces the risk of custodians passing inaccurate or incomplete instructions to clients.

To learn more about DTCC’s Institutional Trade Processing services, including the CTM, OASYS and ALERT platforms, visit www.dtcc.com/itp

3. STANDARDIZED COMMUNICATIONS (COLLATERAL & SETTLEMENT)

Custodians are faced with inefficiencies, often driven by manual processing, across their collateral settlement processes which can result in collateral settlement failures.

DTCC’s Margin Transit Utility (MTU) offers straight-through processing of margin and collateral settlement for dealers and buy-side firms. This allows custodians to process and confirm collateral settlements quickly and securely. This helps custodians to enhance their own efficiencies so that they can better serve their clients.

MTU utilizes standardized, SWIFT-formatted messaging, eliminating the need for custodians to receive settlement instructions via fax or email. MTU also integrates the communication of margin calls with collateral settlement messaging and status updates, reducing the need for client-specific instruction communications.

To learn more, visit www.dtcc.com/mtu

Custodians utilizing DTCC’s ITP suite of services can standardize communications around the settlement process through its straight-through-processing workflow (STP). Once a trade has been effectively matched, a settlement notification (SN) is sent from CTM via SWIFT format to the custodian. The SN is enriched with accurate SSI data from the ALERT platform. This helps to reduce the costs and delays associated with failures during post-trade settlement.
COMMUNITY – DTCC is industry-owned and governed and our focus remains on offering cost-efficient solutions that help secure and shape the future growth and development of the global financial marketplace. Clients are connected to a global community of investment managers, broker/dealers and custodian banks in over fifty countries.

IT RISK, CYBER SECURITY & DATA PRIVACY – DTCC offers comprehensive information security controls, including role-based access. Our solutions have been designed to ensure the protection of your information and systems and offer an efficient defense against cyber risks and threats.

RELIABILITY – DTCC offers clients the highest service availability and back-up. We implement 24/7 monitoring and automated alarming to help maintain service availability of 99.99% and higher.

RISK MANAGEMENT – We continue to significantly invest in our risk management and legal/regulatory compliance infrastructure to ensure we continue to provide the highest levels of service availability and information security and that we conduct our business in accordance with all applicable laws and regulations.

LEGAL & REGULATORY COMPLIANCE – DTCC’s subsidiaries are subject to supervision and oversight by a number of regulatory bodies including the U.S. Securities and Exchange Commission (SEC), United Kingdom Financial Conduct Authority (FCA), European Securities and Markets Authority (ESMA), Ontario Securities Commission (OSC) and Autorité des Marchés Financiers (AMF).

INDUSTRY PARTNERSHIP – DTCC is an active member of leading industry associations where we help to create and implement industry standards, innovation and best practices.
FOR MORE INFORMATION, PLEASE CONTACT:

To learn more about how DTCC supports custodians, please contact your relationship manager or email us at solutions@dtcc.com

Visit us at www.dtcc.com/custodians