

ALERT®

Global Custodian Direct and How the Buy Side Onboards

OVERVIEW

In 2015, the ALERT® platform added a new Global Custodian Direct (GC Direct) workflow, automating the exchange of Standing Settlement Instructions (SSIs) between a Custodian's central repository and the ALERT host using dedicated ISO 20022 compliant messages. This enhanced custodian/prime broker 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.

KEY BENEFITS

- Improved data quality – SSIs will be sent from source of the data – the custodian/prime broker.
- Validated settlement instructions – Market rules and validations will be enforced through the ALERT platform, which will reduce the risk of passing inaccurate or incomplete instructions to clients.

SWITCHING OVER TO A GC

DIRECT ACRONYM

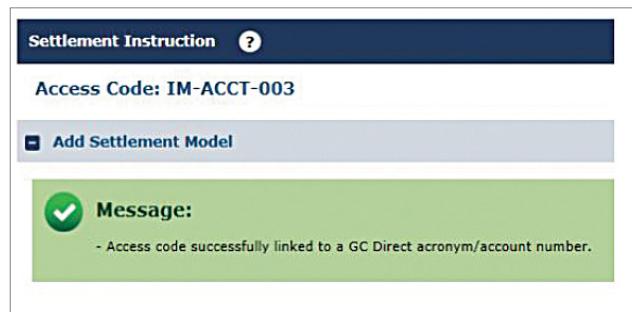
Step 1: Buy side clients who have funds linked to one of their own models today will be able to switch over to a GC Direct acronym very easily. Currently, Account specific SSIs will have an "A" (see right) and accounts linked to a Model will have an "M". To switch over, DTCC recommends that buy side clients download the SSIs for their fund in Excel first. When linking accounts to a GC Direct acronym, all SSIs from the prior account will be removed. This is to ensure that the account is set up with the markets that are truly open at the custodian.

- Simplified client onboarding – At account opening, clients will request all settlement instructions through the ALERT platform, then the custodian/prime broker will send the instructions back to the ALERT host. This solution greatly reduces the manual intervention required to provide instructions to clients.
- Reduced manual effort, lowered operational costs and added security – Automating the manual process of sending SSIs by email will not only save all parties time, but also lower their operational costs and add security by providing an auditable trail.
- A new SSI message standard – Currently, there is no accepted messaging standard in the industry to support all SSIs, this initiative will establish that standard.

Step 2: Once the current SSIs have been downloaded, the buy side client can change the Settlement Instruction Controller to the GC Direct Acronym as supplied by their custodian/prime broker. The model name dropdown box will disappear and they will be mandated to add an account number at the Global Custodian. This will be the code that the custodian knows for this account.

The screenshot shows a software interface titled "Settlement Instruction". At the top, it displays the "Access Code: IM-ACCT-003". Below this, there is a section titled "Add Settlement Model". Underneath, there are two input fields: "Settlement Instruction Controller" containing "KBBANK1" and "A/C# @ Global Custodian".

Step 3: Once these details have been saved, the buy-side client will get the following message:



Step 4: A request is then sent to the GC Direct Custodian and SSIs should flow back in very soon afterwards. All markets that are opened with the custodian will be returned. The buy side client still has the ability to add account specific SSIs, as long as this does not match an existing Country-Security-Method combination that the custodian is managing as duplicates will no longer be allowed.

FOR MORE INFORMATION

For more information, please visit www.dtcc.com/alert.

© 2024 DTCC. All rights reserved. DTCC, DTCC (Stylized) and Financial Markets. Forward. are registered and unregistered trademarks of The Depository Trust & Clearing Corporation DTCC.

The services described above are provided under the "DTCC" brand name by certain affiliates of The Depository Trust & Clearing Corporation ("DTCC"). DTCC itself does not provide such services. Each of these affiliates is a separate legal entity, subject to the laws and regulations of the particular country or countries in which such entity operates. See www.dtcc.com for a detailed description of DTCC, its affiliates and the services they offer.

Certain DTCC ITP LLC services are subject to regulation by the U.S. Securities and Exchange Commission ("SEC") and are offered by DTCC ITP Matching (US) LLC ("DTCC Matching"), which is set out in SEC Release No. 34-44188; File No. 600-32; 66 FR 20494 (April 17, 2001). TradeSuite ID and CTM are services of DTCC Matching and are subject to SEC regulation when used for trades in which either the broker-dealer or its institutional customer is a U.S. entity and the securities in the trade are issued by a U.S. issuer. No other services offered by DTCC ITP LLC are regulated. DTCC Public (White) 27759 GM120424.