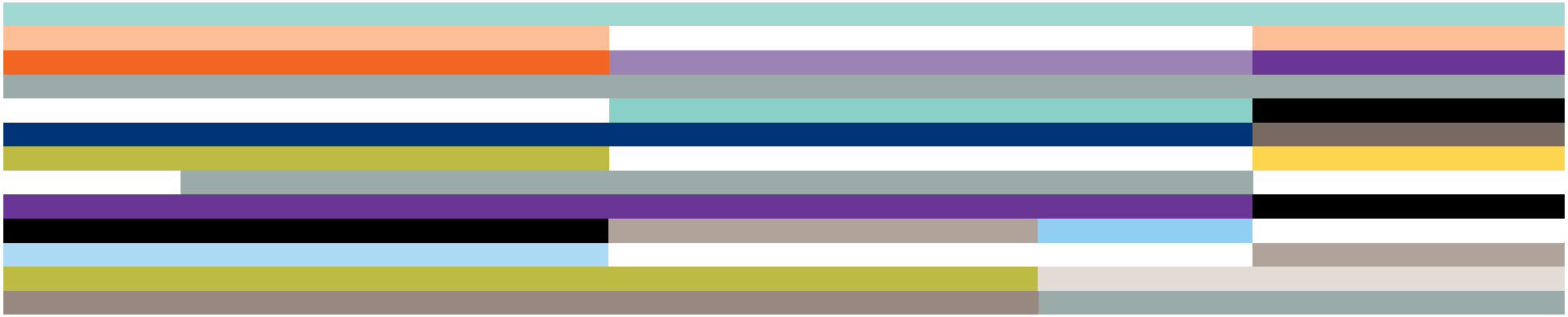
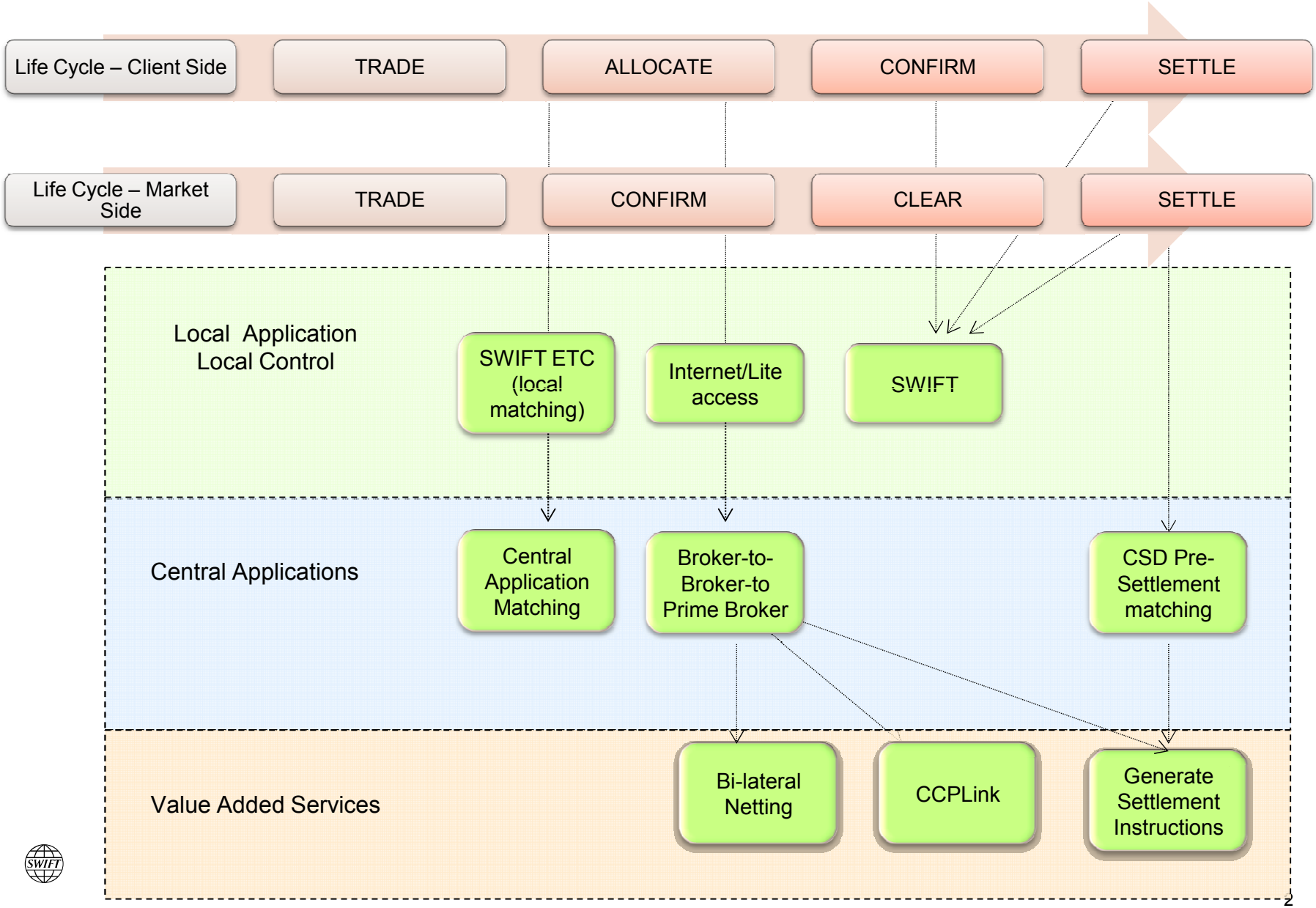


Equities & Fixed Income Post Trade

Nigel Evans. EMEA Post Trade Services

Post Trade in Equities and Fixed Income

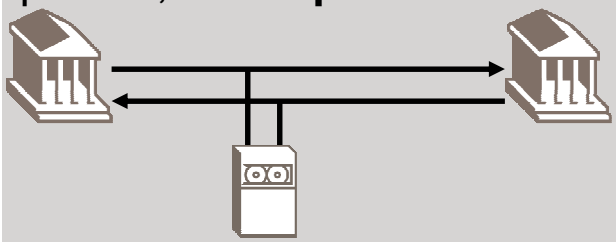
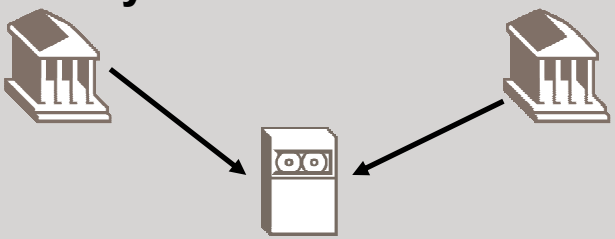


Accord overview

- SWIFT's central confirmation matching service
- **S**oftware **a**s **a** **S**ervice, covering 2 areas
  - –Accord for Treasury (MT 3xx)
  - –Accord for Securities (MT 515)
- Radically different models, one shared infrastructure

Accord: a family of services

Same infrastructure – different service structure

	Treasury	Securities
Flow model	Messages exchanged between the parties, are **copied to Accord.** 	Both parties submit messages **directly to Accord.** 
Choice	**Individual:** each party takes own decision as to how matching is done (Manually, on Accord, or on local application)	**Collective:** both parties must be Accord users, to obtain a match.
Reporting /integration	Exclusively Real-Time, in pull mode • GUI for operators • InterAct based API, for integration	• Real time towards GUI • FIN-based reports at 15 minutes intervals for integration in back-office applications (push mode)

Message types Matched in Accord

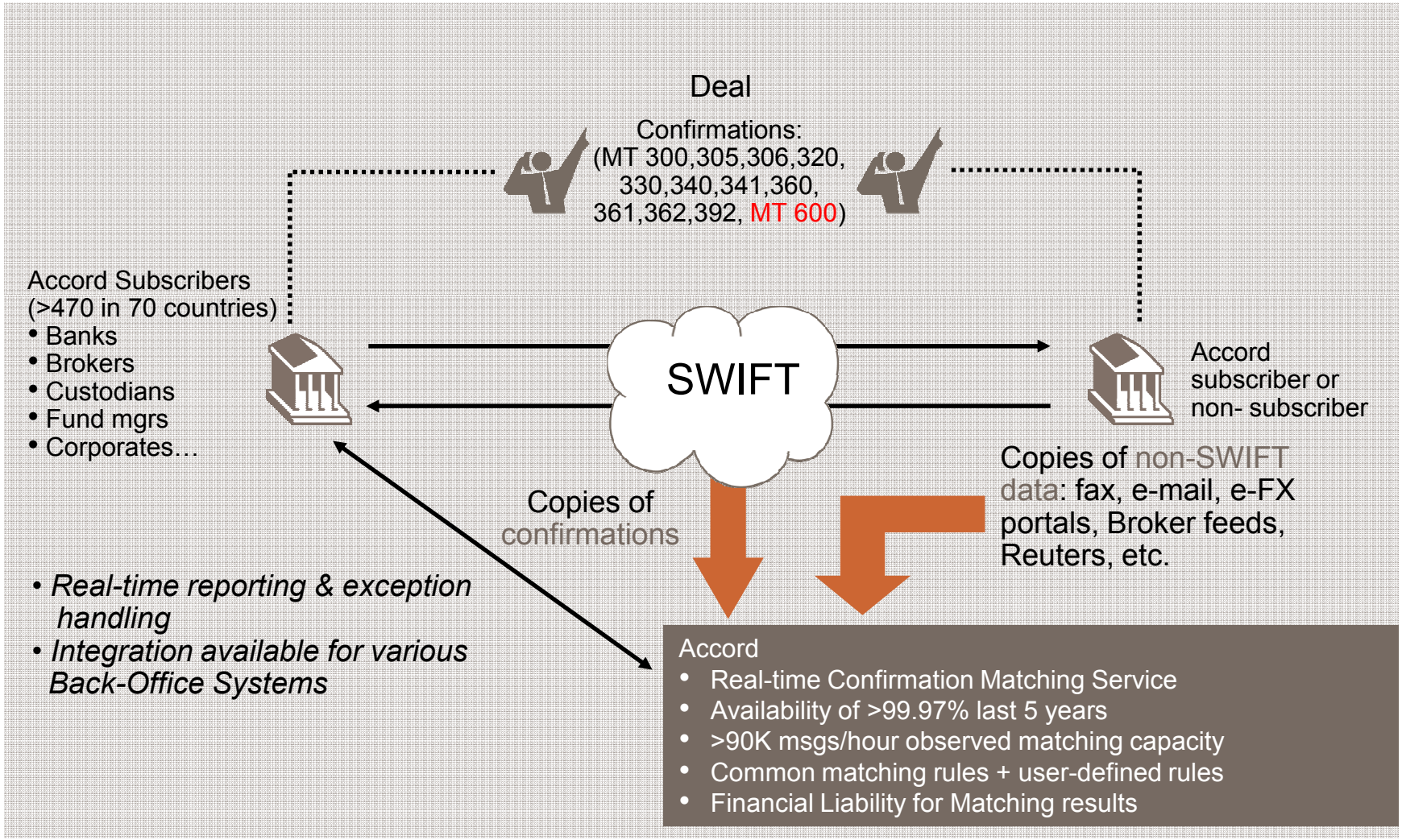
Foreign Exchange & Money Market	
MT 300	Foreign Exchange
MT 320	Fixed Loan/Deposit
MT 330	Call/Notice Loan/Deposit

Derivatives	
MT 305	Foreign currency option
MT 306	Exotic foreign currency option
MT 340	Forward rate agreement
MT 341	Forward rate agreement settlement
MT 360	Single currency interest derivatives
MT 361	Cross currency interest rate swap
MT 362	Interest rate swap reset / advice of payment

Commodities	
MT 600	Commodity trade confirmation

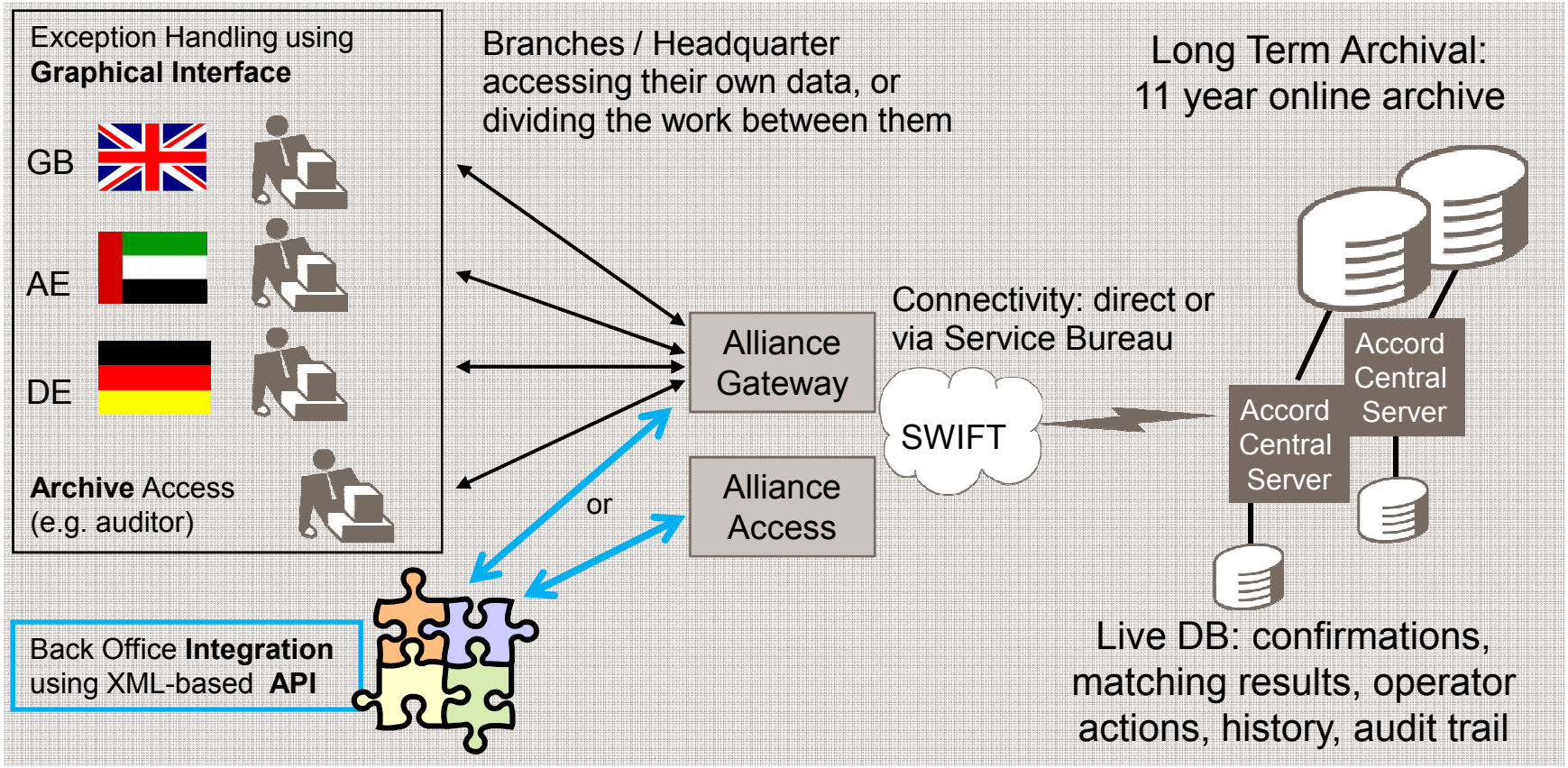
Securities	
MT 515	Client confirmation of purchase/sale

Accord for Treasury
Single-slide overview



Accord for Treasury

Accord from the customer's perspective



Accord for Treasury
Strengths: why do we have 470 customers? (1/2)

- **Complete outsourcing** to reduce both COST & RISK:
  - Installation, testing, upgrading, capacity planning, hardware/software/dbase management… SWIFT takes care.
  - Includes highly complex surprises: entity renames, mergers, global bank reorganisations

  ➔ Low **T**otal **C**ost of **O**wnership
- **Operator efficiency**:
  - rich, well-organised, continuously updated toolkit for exception handling
  - Highly sophisticated, frequently tuned, shared set of matching rules to minimise frequency of spurious exceptions
  - Ease of **integration**, frequently off-the-shelf
- Truly **global** system – fully **scaleable** – **flexible deployment** (central, hubbed, follow-the-sun, mutual resiliency….)

Accord for Treasury

Strengths: why do we have 470 customers? (2/2)

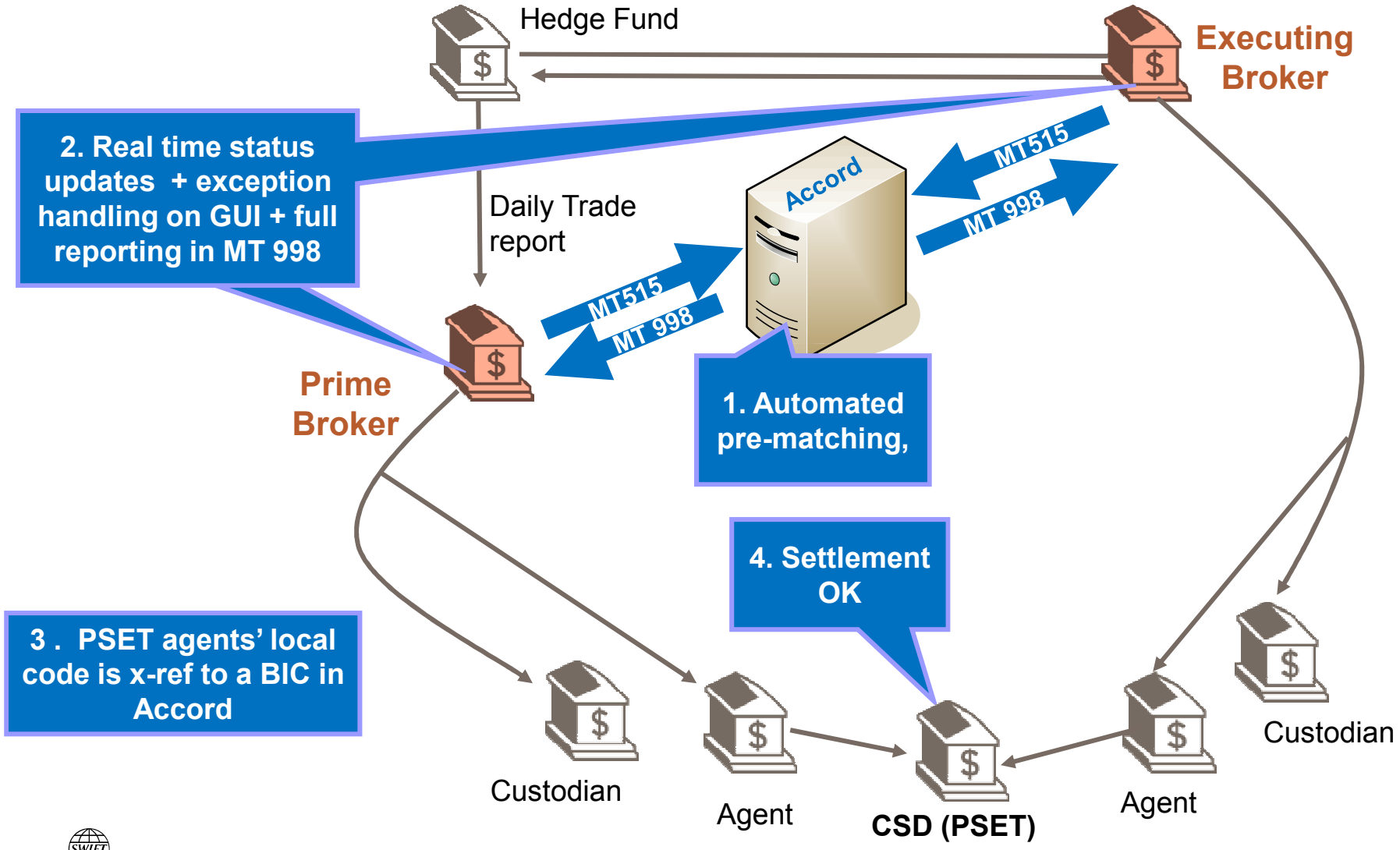
- **Unparalleled Reliability, Security and Availability**
  - SWIFT taking full financial liability for correctness (R&L policy)
  - My match = your match when both using Accord
  - 100% fraud resistant (complete central 11y audit trail, database records fully shielded from operators)
- **Award winning 24x7 Customer Support**
  - in minutes, an expert can see a problem they way I see it
  - pro-active monitoring of efficient usage
- **Stable provider, capable of tackling root cause of STP gaps**
  - working with community to upgrade Standards, increase Standards know-how where required, create usage guidelines, coach developers, intervene with “offenders”.

Accord for Securities

From problem statement to live service in 1 year

- Live since 18 May 2009
- Matching of MT 515 for Prime Broker versus Executing brokers, or between Executing brokers
- Radically different model:
  - Direct submission to Accord, no copies
  - Always with BOTH parties using Accord
  - Collective decision of community
  - No API, but FIN-based near-real-time status reporting (August 09)
  - GUI for smaller users / occasional usage
- Initially: top 10 Prime brokers/Executing Brokers; ramp up to include +/- 200 2nd tier brokers
- Also complemented with Long Term Archival (October 09)

Accord for Securities
Solution overview – PB/EB



Accord for Securities
Solution overview –Broker to Broker

1. Broker A trades with Broker B

2. Broker A copies trades + settlement info in MT 515

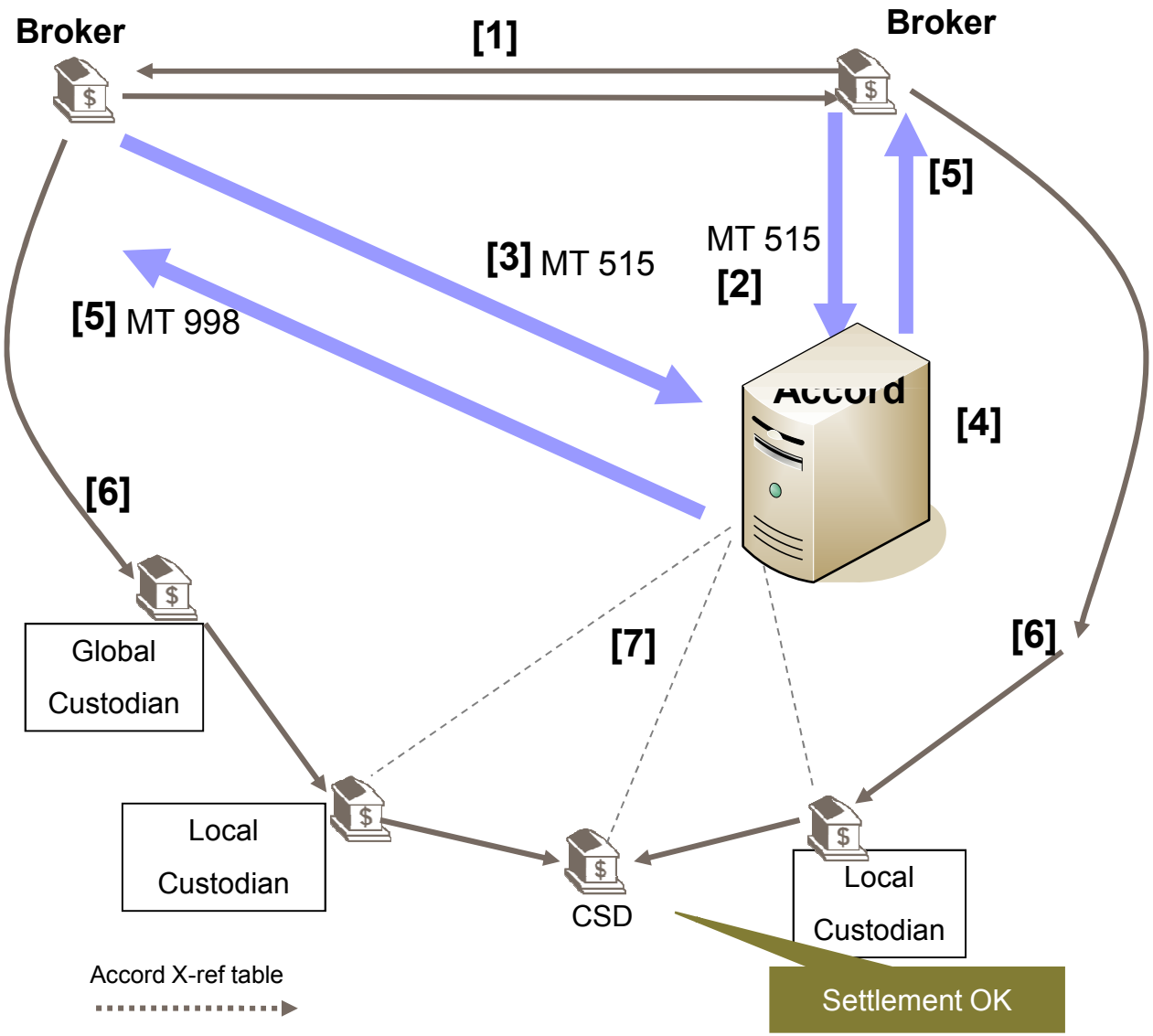
3. Broker B copies Trade & Settlement details in MT 515

4. Accord matches (MT 515) to (MT 515)

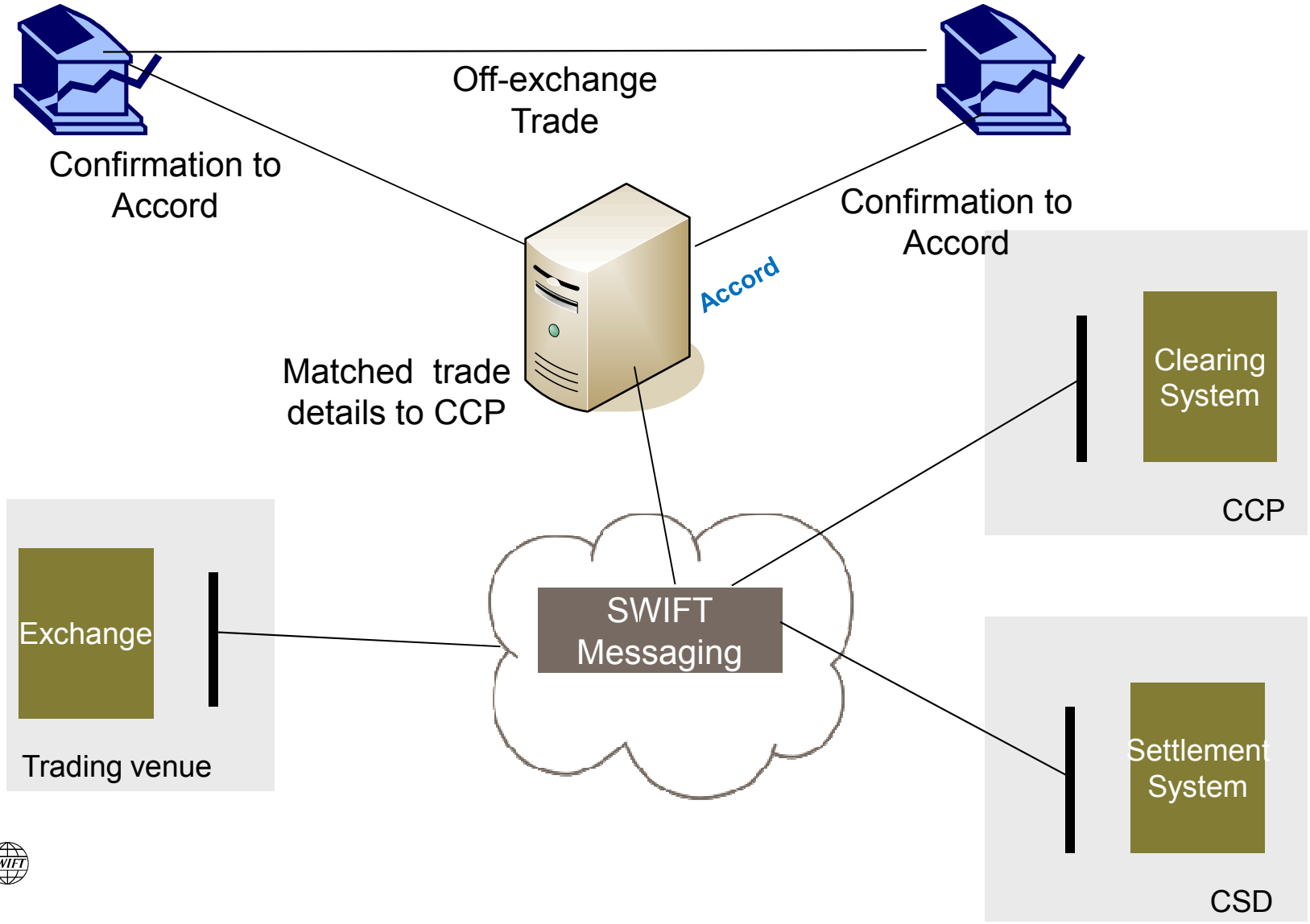
5. Accord sends match status updates via (MT998)

6. Brokers instruct settlements (MT 54x)

7. CSD agents' local code is x-ref to a BIC in Accord



Accord for Securities Upcoming Development
Feeding Central Counterparties



Thank you
Mulţumesc