

Case Study

DTCC

The Depository Trust & Clearing Corporation

CENTERSQUARE



CenterSquare Investment Management has been using various DTCC products for over 10 years. DTCC's analysis of the efficiency rates over the last five years showed a significant drop in trade affirmation rates.

Melissa Burk, Team Leader Operations, talks about how the DTCC Consulting Team has helped to improve processes and increase automation levels to get same-day affirmation rates up to consistently over 99%.

CenterSquare Investment Management is an asset manager focused on listed and private equity real estate and listed infrastructure investments, accessed via U.S.-only and global strategies. The firm currently manages USD 7 billion (as of July 2015) in equities with a regional focus in the US, but also in Europe and Asia.

CenterSquare is using CTM™, Settlement Notification, OASYS™, ALERT®, and TradeSuite ID™ services. For the global business, all equity trades are matched with their 25 broker/dealers via the CTM platform and settlement notifications are released automatically to 20 custodians after being enriched with up-to-date Standing Settlement Instructions (SSI) from ALERT.

FROM ANALYSIS THROUGH IMPLEMENTATION

The DTCC Consulting Team had reached out to CenterSquare after analyzing a drop in trade affirmation rates over the last five years. Especially over the last two years the gap between affirmed trades and matched trades was significant. The team suggested coming onsite to analyze the situation and discuss opportunities for process improvement. Based on the initial analysis budget was approved and the integration team started working with the CenterSquare operations team. The team helped analyze their entire workflow and provided recommendations that have improved the efficiency of their workflow. By doing so CenterSquare has reduced manual intervention and eliminated operational risk.

Key things that changed during the project included the expansion of some matching tolerances to allow more trades to match directly without manual intervention. Also settlement notifications are now released automatically as soon as the block and allocations are matched.

In general, the mindset of the operations team has changed from an "it is what it is" attitude to a solution-oriented approach to tackle process inefficiencies.

EASE OF USE

In general, CenterSquare appreciates the ease of use of the DTCC products and welcomes the updates and product enhancements applied to the services to add functionality, to make them more user-friendly or to implement client feedback. Using the products is straightforward. They flag the operations team as soon as there is something wrong making it easy to fix exceptions and to achieve high trade date confirmation rates. Also, setting up accounts and entering instructions in ALERT is very self-explanatory. It takes the user step by step through the process resulting in correct instructions and reduced trade failures. Features like that are especially helpful to keep efficiency rates on a high level when onboarding new team members.

"The consulting team has helped us by improving our processes and provided solutions for problems which we had not even realized having before the consulting team highlighted them to us."

Melissa Burk, Team Leader Operations, CenterSquare Investment Management

With the streamlined set-up of the DTCC products, the level of automation has even more increased and processes are running smoothly. CenterSquare feels well positioned to meet client expectations on technology, efficiency and risk management.

“Everyone internally was extremely satisfied with the results achieved by the consulting team. Our CTM process has required a lot of manual work before. After improving our set-up, things have changed: Now, it is rather monitoring than working in the CTM solution.”

Melissa Burk, Team Leader Operations, CenterSquare Investment Management

T+2 SETTLEMENT CYCLES

The DTCC solutions have helped to prepare for T+2 settlement cycles. Affirmation rates for trades processed on the CTM platform have consistently been over 99% over the last three months (as of August 2015). With all processes automated, CenterSquare now just has to make sure that all settlement instructions are available in ALERT and that trade exceptions are processed immediately after being flagged to meet settlement deadlines.

For a potential move to T+2 for the US market CentreSquare will need to re-evaluate processes, as allocations in OASYS are only sent to brokers once at the end of the day rather than in real-time at the moment. However, the company feels confident to be able to meet shorter settlement cycles for the US market after.

“It was good that the consulting team had proactively reached out to us after recognizing a drop in our affirmation rates over the last 5 years. Our whole process has changed drastically and is a lot easier and less time consuming now.”

Melissa Burk, Team Leader Operations, CenterSquare Investment Management

CENTERSQUARE INVESTMENT MANAGEMENT

Founded in 1987, CenterSquare Investment Management is a real asset manager focused on listed and private equity real estate and listed infrastructure investments, accessed via U.S.-only and global strategies. CenterSquare is the real asset investment subsidiary of BNY Mellon. As an investor and manager, our success is firmly rooted in aligning our firm’s interests with those of our clients, partners and employees, as well as our commitment to alpha-generating research. CenterSquare Investment Management is headquartered in suburban Philadelphia, with a regional office in Los Angeles and a local presence in London and Singapore.

FOR MORE INFORMATION

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