



Efficient failed trade management to comply with CSDR and gearing up for T+1 in North America

- > A case study in trade settlement excellence and collaborative development between a vendor and leading asset manager.



AUM
US\$224 BILLION
(as at the end of June 2024)

FIRM TYPE
ASSET MANAGER

CORFINANCIAL SOLUTION
SALERIO AND SUREVU

CHALLENGE

Back in 2018, Baillie Gifford selected **Salerio**[®] by **corfinancial**[®] to automate its global trade processing management, replacing a dated proprietary settlement system.

Salerio automates processes that match and confirm domestic and international securities, as well as creating structured settlement instructions - presenting trade exceptions in a single dashboard. The use of just one system within a global operating model has generated substantial cost savings for Baillie Gifford, in addition to reducing its operational risk.

Stepping forward to 2022, the CSDR's (Central Securities Depositories Regulation) Settlement Discipline Regime heavily impacted the landscape of securities trading. Baillie Gifford recognised that the changes CSDR would bring made it critical that prioritising 'failed trade avoidance' over 'failed trade management' was the optimal approach. They wanted a solution that empowered them to proactively prevent trade failures rather than just manage them after the event.

SOLUTION

SureVu[®] by corfinancial was integrated with Salerio, providing Baillie Gifford's Settlement Team with real-time trade status data at transaction level, leveraging the company's local trade records and ensuring a seamless process. It consolidated centralised settlement tracking and penalty fee management into one solution via a modern dashboard.

Daryl Salmon, Equity & Bond Operations Manager at Baillie Gifford, based in Edinburgh: "SureVu provides us with an 'early warning system', highlighting the status of problem trades in a pre-settlement window before settlement day, which gives us the opportunity to resolve any issues and prevent potential failures."

RESULT

Outbound Swift settlement instructions from Salerio to custodians are presented with structured data requiring no human intervention and go directly into the custodian's settlement system and then on to the CSD. The settlement agent acknowledgement is sent straight back to the custodian. The custodian generates a Swift message status update that is then imported into SureVu - all in a matter of minutes. Baillie Gifford's Settlements Team are therefore receiving trade status updates on deals that they only processed a few minutes earlier. This is the benefit of real-time failed trade information through SureVu.

"As soon as we process a trade in Salerio and instruct the custodian, the custodian is sending back a status update on it," explains Salmon. "Salerio has interfaced with SureVu to inform it of the trade, and the custodian's update has arrived as a status update almost instantaneously."

Another critical benefit is that SureVu pinpoints problems with trades from among the 'noise' of all the other settlements, ensuring a seamless process based on 100% of Baillie Gifford's executed trades, leaving no room for doubt.



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“We really like the dashboard visuals within SureVu that informs the team of all the key trade settlement indicators at any given moment,” explains Salmon.

The excellence of Baillie Gifford’s operational processes, combined with corfinancial’s systems, has resulted in 98 per cent of all trades being matched on trade date. “This is up from 70 per cent prior to Salerio and SureVu’s implementation as well as our decision to add operational settlements presence in New York in addition to our team in Edinburgh. This meant that we were fully prepared for T+1 in the US and should there be a similar move to T+1 in Europe, with Salerio and SureVu in place we are already primed,” said Kris Lusk, Settlements Manager at Baillie Gifford, based in New York.

The real strength of this story is the partnering relationship between Baillie Gifford and corfinancial. An example of this occurred when corfinancial developed some additional functionality within SureVu, automating the

failed trade information supplied to brokers or custodians into an email update facility. “We know that corfinancial is always looking to add enhancements to the system, in support of Baillie Gifford’s pursuit of continual operational improvements. Their team listens to what we say we are trying to achieve and then come up with several viable solutions,” said Lusk. “We’ve always found that working alongside corfinancial, they can take our initial ideas, get into our space and guide us in a direction that is both pragmatic and effective.”

ABOUT BAILLIE GIFFORD

Baillie Gifford, based in Edinburgh, Scotland, is one of the UK’s oldest independent investment management firms, having been founded in 1908. We believe we are unique for a company of our size, being an independent partnership with no outside shareholders and unlimited liability to our clients, for whom we invest US\$224 billion as at the end of June 2024. The firm employed 1,738 people at the end of June 2024.

For more information or to discuss how Salerio and SureVu can truly benefit your business, please contact info@corfinancialgroup.com

corfinancial.





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ABOUT CORFINANCIAL

corfinancial provides software solutions and advisory services to banking and financial services organisations worldwide. The firm has offices in London, New York, and Boston.

There are five key problem areas corfinancial looks to solve through its primary software and service offerings:

BITA Risk provides Investor Profiling, Portfolio Analytics, ESG Management and Portfolio Monitoring solutions to wealth managers through the BITA Wealth application. Available as individual modules or as an end-to-end solution.

SureVu empowers buy- and sell-side firms to efficiently monitor and track security trades throughout the settlement lifecycle, enabling users to proactively manage and oversee settlement exposure.

salerio is a post-trade processing solution that enables asset managers, hedge fund managers and securities/fund services firms to automate the flow of securities and treasury trades from matching through settlement.

costars is an investment administration platform for third party administrators, fund supermarkets and wealth management companies.

paragon is a comprehensive front-to-back office fixed income portfolio accounting, processing, and reporting solution for banks.

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End to end private client suitability, ESG, risk and portfolio management with enterprise monitoring and oversight.

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Fixed-income accounting hub delivers front to back office portfolio accounting and processing solutions.

 **costars.**

Retail fund/transfer agency solution providing end-to-end administration for collective investments.

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