

Factsheet

 SureVu.

Are you ready for the Settlement  
Discipline Regime (SDR)?



The Central Securities Depositories Regulation (the 'CSDR') came into effect on 17 September 2014. Among other things, the CSDR requires trading venues and investment firms established in the EU to increase settlement discipline by implementing measures to prevent and address failures in the settlement process.

The upcoming enhancements to CSDR, which must be implemented by February 2021, pushes the responsibilities even further. In particular, the Settlement Discipline Regime (SDR) within CSDR means that where a settlement fail does occur, CSDs must impose cash penalties on failing participants, as well as compulsory buy-ins after a short time. The impact of this change will only add to reputational damage for parties that are unable to apply effective measures and controls.

The procedures being implemented aim to prevent settlement fails and include: standardised matching criteria and tolerances across all CSDs; the provision of timely settlement updates from CSDs to market

participants; and the potential for increased usage of partial settlement. Although these processes are all being implemented by the CSD, all market participants should accept responsibility by introducing practices to prevent settlement fails.

Where prevention of settlement failure is not possible, SDR implements measures to address settlement fails. Cash penalties and mandatory buy-ins incur an obvious financial cost but also a processing cost (which in the case of the latter could be considerable given their compulsory nature). These costs will, of course, be passed down to the ultimate trading parties, whether that be on the buy-side or the sell-side.

## IT'S NOT JUST ABOUT AVOIDING FINES

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The perils of SDR are many and it's about more than just the fines – expensive though they may be...

### 1. The Regulatory Risk

CCP/CSD members will be fined for failed trades, but trading parties will potentially have these fines passed onto them if they caused the failure. Deploying the best risk mitigation measures now will avoid failure in the first place.

### 2. The Reputational Risk

CSDs will be required to report to the authorities on their failure rates on a periodic basis, which in some cases will include their worst offenders (a list that all trading parties will wish to avoid).

### 3. The Buy-In Risk

With the risk of movements in price, losses can soon amount to a significant and damaging total. The processing cost of managing an increase in buy-ins is perceived as considerable by certain parties; working towards the prevention of settlement failures in partnership with trading parties and other participants should be everyone's goal.

SDR means asset managers and brokers need to move nearer to real-time, but they also need to shift up the settlement cycle to become more pre-settlement in their approach.

**Just looking at trade fails now is not solving the problem.**

## SUREVU – SUPPORTING SDR AND MORE

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**No software can prevent failed trades, therefore any solution is about minimising that possibility. You need the best monitoring tool to mitigate the risk, at the right price.**

Available as a cloud-based, fully managed service, SureVu provides the means for your firm to become the proactive market participant that the regulation requires. Powered by Salerio, the SDR solution can be utilised standalone with a simple integration into your existing post-trade structure. Our SDR solution presents the facts that allow you to know your status for all trades:

- Have your trades matched in the CSD; if not, why not?
- Beyond matching, which trades have potential issues that could result in settlement failure?
- Which trades have been partially settled?
- What has failed and why?

No longer will any assumptions need to be made: through the provision of timely updates SureVu tells you which trades have settled, what problems need investigation and, ultimately, what has failed if prevention is not possible.

UNDERSTAND THE RISK OF FAILED TRADES

Not only does SureVu assist with SDR compliance, it also reveals the underlying risk created by failed trades.

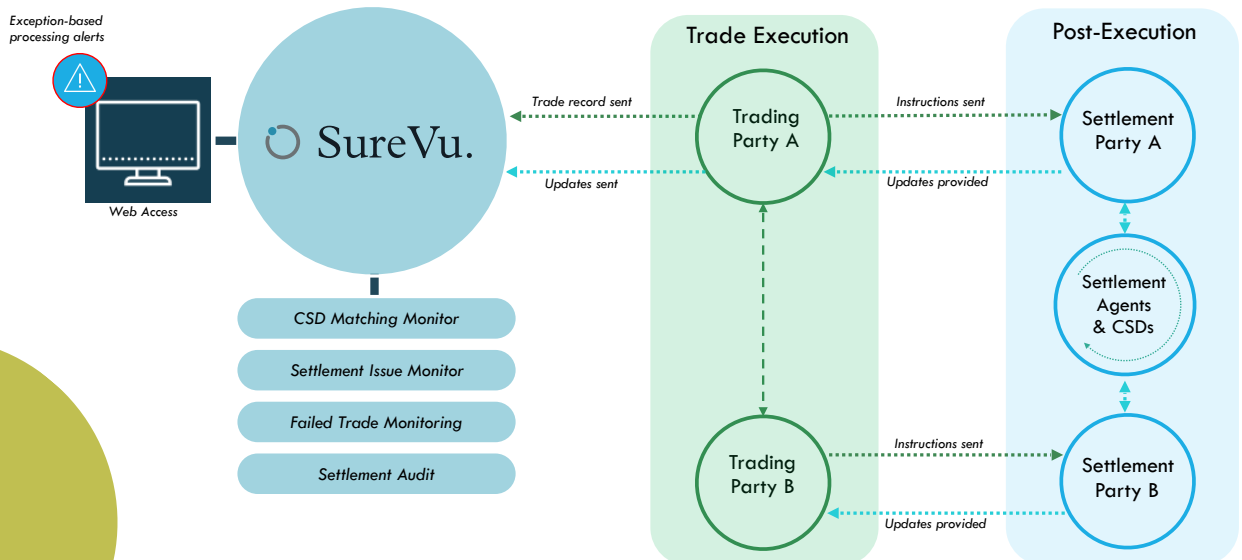
Our solution is the source of this information, linking your world to that of the CSD and enabling visibility of all trades throughout the full settlement period; something that is not currently available in a simple failure tracking model.

With our vast experience of post-trade processing, our team will deliver substantial added value throughout your implementation of SureVu; a value that can proactively prevent trade failures, improve your view of settlement risk and protect your company’s reputation.

BENEFITS

- **Proactive failure prevention:** every fail from now on will cost your firm. Settlement status tracking is now business critical, not a nice-to-have. Work towards prevention - don’t just track or report on fails.
- **Pre-matching:** we will show your pre-matching of trades in the CSD – an essential step in any monitoring process. SDR could be the cause of a greater number of matching exceptions.
- **Understanding your exposure to the market:** having a full view of failed trades enables you to not only meet SDR requirements better but also understand your exposure to all unsettled trades and the associated risk.
- **Cost savings:** remove the time-consuming, manual process of monitoring individual portals. Work to prevent settlement failure and avoid the inherent costs.
- **Scalability:** SDR-readiness will enable you to scale your business better.
- **Rapid deployment:** as a cloud-based solution, our software enables a brisk turnaround. Get the benefits now; there is no need to wait for the SDR deadline.

“In an environment that creates more penalties and buy-ins, it will be increasingly important for firms to easily identify the reason for trade failure. SureVu will provide this for all trades, not just those that had problems or ultimately failed. This full settlement audit will help in any retrospective investigations.”





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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 modular end-to-end private client suitability, portfolio management, risk, ESG and monitoring oversight solutions; brought together in BITA Wealth to mirror and systemise the investment process of wealth managers and private banks and available individually for CIO and investment teams.

**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.

**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.

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

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

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### salerio.

Automates the flow of securities and treasury trades from matching through to settlement.

### bitarisk.


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

### costars.

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

### paragon.

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

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