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Electra Eases Post-Trade Data Collection, Reconciliation

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NEW YORK — Shouldering the burden of devilish data details, **Electra Information Systems Inc.** has carved out a niche in securities processing with no less than seven software solutions.

Electra specializes in data aggregation, reconciliation and settlement, and offers buy-side customers three products: STaARS [Securities Transaction and Asset System], RecCollect and ACTioN [Advanced Custodian Trade Notification System], and new modules.

Independence Investments, a Boston-based US equities institutional asset manager, has used Electra’s STaARS and RecCollect for two years, after switching from a competitor. “We turned to Electra for a number of different reasons,” says Hank DeSantis, Vice President, Operations. “They have a robust data gathering network which enables us to interface with our 22 custodians. It was more efficient and streamlined a lot of the processes. Our previous vendor was just scratching the surface. The Electra product was mature. It gave us the ability to get transactions and cash on a daily basis and do daily reconciliations. It was a big cost savings for us not having to dedicate resources to manual downloads from custodians.”

Previously, Independence Investments had to do its own data collection. RecCollect now gives the asset manager data from all of its 22 custodians automatically. “It has been wonderful,” says DeSantis. “It has enabled us to reduce risk and liability and gives a window into our accounts in one

snapshot. We don’t have to go to the various custodians and do inquiries. We can just look at our books on our ledger.”

New to STaARS’s line up is expansion into three versions of the reconciliation solution. “One is the classic version of software, which is a complete bundled solution,” says Ian Danic, Managing Director at Electra. “The second is a version of the software where a client can opt to use **Microsoft SQL Server** as the back end. That is an open system and draws on an open database. The third is a software service or an application service provider [ASP].”

Organizations with high data volumes and scalability and speed of processing issues likely will choose OpenSTaARS, says Danic. Clients that don’t want to operate hardware in-house or be responsible for the maintenance of hardware are likely to opt for e-STaARS, the ASP server version. STaARS users can reconcile security positions, cash positions, securities transactions, and cash transactions with data from banks and prime brokers. Reconciling the investment manager’s books of record with the official books and records maintained by the bank can be a tedious task.

“RecCollect is all about making the collection of data simpler for the investment manager,” explains Danic. Electra has developed connectivity with 170 banks and has feeds in place which allow RecCollect to collect data on behalf of its clients overnight before investment management firms are typi-

SECURITIES OPERATIONS

Investment managers with high data volumes and scalability and speed of processing issues likely will choose STaARS for their data reconciliation needs.

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cally staffed. “We can transform that data into whatever format the client needs,” says Danic. “We simplify the life of the investment manager by taking over the nasty task of getting the data in the door. Because we do it in the middle of the night, we can speed up their operations.” The investment firm can start working on exceptions when their reconciliation auditors come in.

Electra sees also growth prospects in the hedge fund arena. Typically, hedge funds are set up by traders and not back-office personnel. They find themselves in a position where they need to automate, particularly if they want to make their services available to institutional investors, says Danic. Institutional investors want to see systems in place and that the hedge fund is complying with reporting needs.

ACTioN, Electra’s trade matching and settlement solution, helps an institutional management firm automate its interactions with Omgeo’s OASYS-TradeMatch and CTM services. ACTioN extends the power of that automatic matching service with the local matching facility so when Omgeo matches items, all of the mismatches of the kicked out items can be pulled back into ACTioN and the client can match those items locally within a constructive framework.

Everything that Electra does helps the investment manager reduce risk and increase efficiency, says Danic. ACTioN replaces manual communication of trade and settlement from the investment manager to the custodians with electronic messages that can be automatically processed by custodians. “Whenever you remove a manual action and replace it with an automated process, you reduce the number of errors,” says Danic. “STaARS helps identify errors faster because it reconciles your data from the bank and prime brokers with the data held by the investment managers, in an automated process.”

San Diego-based **LM Capital Group**, which provides fixed income investment services to institutional, corporate, pub-

lic, multi-employer endowment and foundation clients, began using Electra’s ACTioN for trade management two years ago, says John Klinger, Associate Vice President, Operations. It allows LM Capital to speed up processing and provides another check for errors. LM Capital put all of its fixed-income trades into a Charles Schwab product which creates a data file, Klinger explains.

“ACTioN packages that (data) and sends it to the various broker dealers, so the trades can be affirmed, matched up and confirmed,” he explains. It also sends the data and settlement instructions electronically to the custodians. “Prior to using ACTioN, we were basically writing out trade tickets and sending them to the custodian bank. It definitely speeds up the process and provides more accuracy,” says Klinger. Since ACTioN files trades electronically, “not only do we have hard copies of the paper tickets, we now have an electronic version,” he adds.

Thomson Financial has signed a licensing deal to distribute Electra products to its PORTIA customers, helping the enterprise-wide accounting product to meet a wide range of client needs, says Christen Bremner, Global Managing Director, PORTIA. “The trend is more automation,” she says. “We have taken care of all the integration that needs to go on under the covers and license their technology.”

Thomson is offering ACTioN and STaARS PORTIA modules, called Notify and Reconciliation. What makes the Electra products desirable to Portia customers is that reconciliation and communications with the custodians are very important middle- and back office tasks. “Our customers are looking to do more and more automation with those functions than they have in the past,” says Bremner. “We selected Electra because it has been around for quite some time and we have had a loose arrangement with them the past years. Whenever customers are looking for this kind of capability, Electra is the obvious choice.” □