

## Evare Enables Easy STP With Data-Mapping Solution

Evare simplifies electronic communications by mapping trade settlement information to the computer systems of counterparties.

Having a common data format enabled Breckinridge Capital Advisors to automate reconciliation of custodial and in-house data, and invest new cash quickly.

NEW YORK — A newly enhanced clearance and settlement solutions set developed by Evare LLC will enable Boston-based Breckinridge Capital Advisors, Inc. to automate trade processes all the way through to custodians for more than the current 50 percent of trades, and eventually for as much as 80 percent of the firm's trading activities.

"Evare identifies the appropriate custodian and sends the [trade notification] information to that custodian on our behalf," explains Andrew Meyers, Chief Operating Officer at Breckinridge Capital Advisors, which began using the Evare clearance and settlement solution set in November 2005. "Our goal is to move most of the custodians that have multiple accounts and are more active into the Evare processing. That's also proved to be very helpful in more efficiently processing trades and checking the accuracy of the transaction in a more timely fashion."

Thanks to Evare, which specializes in the acquisition, aggregation, rationalization and transformation of account and transaction data, Breckinridge can commit more resources to the ongoing management of clients' fixed-income portfolios, according to Meyers. "We can use resources that historically may have been needed to do some of this more standardized processing," he says.

Breckinridge began using Evare's reconciliation services at the beginning of 2005 to collect holdings and transaction information daily from multiple custodians and

standardize the data format, according to Meyers. Evare provides data at the custodial level for about 25 of the 50 custodians that Breckinridge uses, comprising about 80 percent of its accounts. "By providing us a common format for the data, it's enabled us to much more simply automate the process of comparing the custodial information and our in-house data for reconciliation purposes," says Meyers.

Breckinridge specializes in managing separate accounts in municipal bond portfolios — with about 2,400 separately managed accounts. Its business model is to solicit other financial services companies and advisors to bring in groups of accounts. The 2,400 accounts represent over 50 custodians, notes Meyers. "Evare helps manage that breadth of custodial relationships," says Meyers. "We can complete most of the reconciliations on a daily basis where historically we could not. We just didn't have the internal resources to collect the information that frequently."

Receiving most timely information allows Breckinridge to manage cash in accounts more accurately, explains Meyers. "Evare's data processing allows us to identify when there's enough cash for us to make a transaction," he says. "Frequently, the owner of the account will deposit cash to the custodian. We see the cash come in and we're able to use it in a more timely fashion. That's been a big improvement."

Additionally, Evare's transaction feed enables Breckinridge to confirm that the custodians have processed the transactions

## STRAIGHT THROUGH PROCESSING

**Metropolitan West Capital Management uses Evare to connect to 50 custodians and invest positive account balances faster, improving client returns.**

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as instructed. "That's cut down on discrepancies and let us find potential problems [quickly]," says Meyers. Investment adviser **Metropolitan West Capital Management** uses Evare's connectivity managed service offering to simplify communications with more than 50 custodians. The firm now receives electronic updates on client account activity daily, instead of monthly paper statements. As a result, Metropolitan West can invest positive account balances faster, improving client returns.

"At first, I didn't believe that Evare could deliver what they were saying, but was eventually convinced and have been grateful ever since," says Roberta J. Kistner, Director of Operations, at Metropolitan West.

Los Angeles-based investment management firm **Payden & Rygel**, which has more than \$50 billion in assets under management, works with a similar number of custodians as Breckinridge and Metropolitan West — about 55 different custodian banks, according to Greg Morrison, Director of IT at Payden & Rygel. The firm uses Evare's SWIFT connectivity managed service to convert trade data into ISO 15022 messages.

The service accepts and delivers data in any consistent format from a corporation, investment manager, custodian, broker-dealer, insurance company, industry utility or other counterparty and transforms it into or from the SWIFT format. Through the service, Payden & Rygel achieves full, straight-through processing (STP) throughout the post-trade lifecycle, fewer failed trades and reduced operational risk.

Converting its messages into the ISO 15022 format is necessary for Payden & Rygel to send them to the **Omgeo** TradeHub messaging system used to transmit trade notification and settlement information. Evare's service retrieves custodian acknowledgements back from

TradeHub for confirmation processing. Payden & Rygel is moving some of its custodians who use TradeHub to the Evare SWIFT service, explains Morrison. Payden & Rygel began using Evare's SWIFT connectivity managed service in December 2005 after six months of testing. The firm had been using Evare for proprietary FTP messaging since 2002. Payden & Rygel chose the service in part to better concentrate on its core investment advisory business, serving institutional and retail clients.

"The existing relationship we had with Evare on the TradeHub side certainly made it an easier decision, because our experience had been a very good one," says Morrison. "We feel like we have a really good communication flow with Evare. We haven't had any issues at all with the TradeHub offering. That's certainly worked in Evare's favor toward us selecting them. Also, cost is always a consideration in these things and their costs were certainly competitive."

**Loeb Partners**, a broker-dealer and SWIFT member that is a majority stakeholder in Evare, has contributed to its launch of the SWIFT connectivity managed service, by giving SWIFT a means to reach out to financial institutions worldwide to include their counterparty traffic and enable truly global processing. The service removes communication barriers that limit true STP to proprietary networks.

"SWIFT has been instrumental in pushing forward the vision for seamless STP, yet there are still gaps that need to be filled to make it all work," says Frederick H. "Ted" Stanley, President and Chief Executive Officer of Evare. "Our managed service offering completes the communication chain by providing data transformation, streamlining and managing what is otherwise a complex and expensive plumbing infrastructure, enabling firms to focus on their core competencies." □