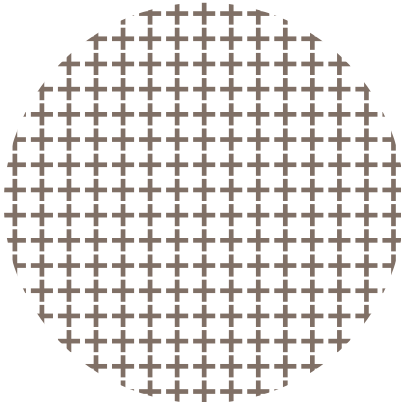


Q&A

How are you coping with the impact of the global economic downturn?

By cutting costs, implementing improved operational risk management firm-wide, and minimising counterparty risk. SWIFT can help by enabling you to use one communications channel with all your counterparties and service providers worldwide. SWIFT's solutions help you minimise counterparty risk by giving you accurate reporting on your holdings and cash in a timely and standardised manner.



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“We invited SWIFT to assist Schrodgers in standardising or optimising parts of our processes in various operating hubs. This leveraged SWIFT’s internal knowledge beyond its perceived *raison d’être* as keeper and promoter of messaging standards.

We have introduced significant changes as a result, taking advantage of the possibilities offered through reuse of the SWIFTNet ‘single window’, both for internal and third-party messaging.”

Markus Reutimann, Group COO, Schrodgers

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“SWIFT is at the core of the messaging industry in financial services. Messages are essentially information flow. Our industry depends on being able to capture as much information as possible in a format we can analyse, especially when that information is multi-layered. SWIFT’s ability to deliver a faster flow of structured information is increasingly valuable to our industry.”


Adam Lessing, Head of European Business Development, Morley Fund Management

.....
“For a business manager, one of the best things SWIFT can be is invisible. Services that just run without fail are exactly what we need. If we know it works, we don’t have to think about it.”

Geoff Towers, Chief Executive, Standard Life Savings
.....

SWIFT for Investment Managers

— *How can SWIFT help you?*



Bringing investment managers peace of mind in troubled times

Benefits

- > Better risk controls
- > Reduced operational costs
- > Increased flexibility and scale
- > Support for operational outsourcing

In the current difficult economic environment, you are facing a number of serious challenges. SWIFT can help you address them.

Risk management and compliance

Risk has become a critical focus as regulation drives new operating and investment practices. You must cope with a shift in business emphasis towards derivatives products, handle the additional burden of new regulations and reporting requirements, and make management of exposure across asset classes a priority.

SWIFT can help you by providing a consistent industry solution for collateral and risk exposure management, and standards for transaction reporting and regulatory compliance.

Operational efficiency

This is a top priority, to cope with variable trade volumes in a cost-efficient, low-risk manner. You need to reduce fax and other proprietary communications to achieve high rates of straight-through processing (STP).

SWIFT offers standards for the entire lifecycle of a transaction, to eliminate costs associated with supporting multiple formats and connections to clients, service providers and counterparties across different products.

New instruments, more counterparties

You are investing in new instruments and dealing with more counterparties – many of which you have not directly chosen to have business relationships with, but have acquired as a result of investment mandates. Your back office needs to

become more flexible to handle new, complex, asset classes. Time to market becomes a critical element in order to ensure you are supporting the competitive needs of your front office.

SWIFT can help by supporting a broad range of asset classes across equity, fixed income and alternative investments, and providing connectivity to a wide array of counterparties for standardised messaging.

Operational outsourcing

This enables you to offload areas of the business that fall outside your core competencies to specialist providers. Accurate, timely and consistent reporting is crucial to maximise the benefits of outsourcing.

SWIFT can help by ensuring consistency of communication connectivity and messaging standards to all counterparties. This enables maximum efficiency, reduced risk and optimum timeliness of information.

Data management and reporting

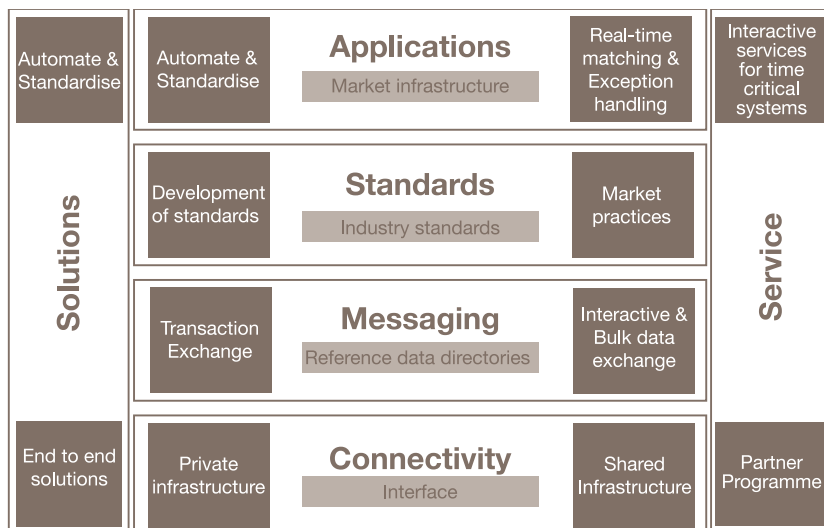
The requirements for data management and reporting are becoming more complex. You are required to prove best execution in response to regulation imposing new levels of transparency on the market, so you need a solid strategy for managing the variety of data you handle, including client and counterparty data and market data. You need seamless integration of different data sources as a prerequisite for efficient risk management and operational efficiency.

SWIFT can help by providing standardised messaging to ensure consistency in data management.

Through SWIFT, you can conduct your business in a cost-effective, secure, standardised and automated fashion — from end to end.

Pre-Trade / Trade	Post-Trade / Pre-settlement	Clearing and settlement, reporting	Asset servicing	Portfolio administration	Payments and cash management	Collateral Management	Financing: securities lending and borrowing
IOI/Quotes, Trade, Execution, Pre-allocation	Trade Allocation, Trade affirmation, confirmation, notification and matching, Transaction reporting	Settlement instructions, confirmation, Statements of holdings, Statements of pending settlements, Statements of movements	Data Distribution, Corporate Actions, Proxy Voting	Total portfolio administration	Payments initiation, Cash reporting, Exception and investigation	Margin Calls, Response, Administration	Repo, Reverse repo, trade confirmation and matching, settlement and reporting
ISO, FIX	ISO, FIX, FpML	ISO	ISO	ISO	ISO	ISO	ISO, FIX
Equities, Fixed Income, Listed derivatives	Equities, Fixed Income, Listed derivatives, FX, MM and FX options, Syndicated Loans, Commodities, OTC Derivatives	Equities, Fixed Income, Listed derivatives	Equities, Fixed Income, Listed derivatives	Cash, Funds	Cash	Cash, securities and bank guarantees	Equities, Fixed Income, Repos

SWIFT's portfolio enables investment managers to automate business processes and communications, reducing costs and risks.



SWIFT provides:

Solutions

For Cash Management, Corporate Actions, Derivatives, Funds and Proxy Voting, among other functions.

SWIFT's solutions help you reduce your costs, mitigate your risks and improve your service levels.

Applications

Your SWIFT connection offers access to a wealth of applications, including Accord for real-time matching and exception handling of foreign exchange, money market, derivative and securities trades.

Standards and market practice

These are developed in co-operation with the securities, payments and treasury industries, to streamline messaging and increase efficiency of communications.

Messaging

Enabling investment managers and their counterparties to automate the delivery and receipt of information required to conduct their business, ranging from equity trade execution and settlement through to foreign exchange and money movements.

Connectivity

Via SWIFT, investment managers and their counterparties (broker/dealers, electronic trade confirmation providers, banks, central securities depositories, transfer agents and fund administrators) can communicate over a single network.

Services

Including our Partner programme, to help investment managers choose the right third-party suppliers, and our Business Assessment Programme, which provides dedicated teams of experienced consultants to analyse your business flows or your infrastructure, or both, to help you reduce your total cost of ownership, eliminate operational and reputational risk and identify opportunities for business growth.

Solutions in focus – Cash Reporting

— *Providing a consolidated, real-time view of all your cash positions in all currencies*

Benefits

- Standardised file transfer platform
- Highly secure and cost effective
- Global reach
- End-to-end ISO 20022 XML formats

The problem

A number of factors are driving the need for standardised cash reporting solutions. These include the centralisation of liquidity management and treasury functions, growing volumes of cross-border payments, increasing volumes of ‘time payments’ (payment versus payment, delivery versus payment, real-time gross settlement systems), the emergence of cross-border real-time payment settlement systems, in addition to existing domestic systems, and increasing regulatory pressure to manage credit risk.

SWIFT’s Cash Reporting solution responds to the need to exchange real-time information on cash held in accounts maintained at various counterparties. It enables SWIFT customers to benefit from real-time intraday cash reporting and to communicate in a fully automated and standardised way with their counterparties.

.....
“Our Cash Reporting solution enables investment managers to obtain real-time account balance and transaction information from one or more service providers”



The solution

SWIFT offers a set of FIN messages for end-of-day and intraday cash statements. In addition, our Cash Reporting solution enables investment managers to obtain real-time account balance and transaction information from one or more service providers.

Cash Reporting supports the treasury management and intraday reconciliation business processes. The granular real-time information provided enables: just-in-time transaction management, allowing you to control reconciliation processes through use of selection criteria; detailed transaction information during reconciliation, including transaction number, payment amount and transaction description; transaction tracking, enabling you to track high-value and risky transactions; and multi-currency support, so you can reconcile transactions in real-time across all currencies and timezones.

Cash Reporting messages provide an industry-wide solution for the exchange of transactional and balance information between an account owner and its account servicing institution.

Investment managers can receive true end-to-end information in real-time from cash correspondents for transactions and balances. This gives a consolidated and instantaneous view of all positions in all currencies. Real-time information about incoming and outgoing funds enhances your ability to manage intraday liquidity. By integrating positions from multiple business areas, across multiple currencies, it is possible to present a complete overview of exposure in real-time.

Shorter reconciliation cycles improve error detection and resolution processes, enabling cost reductions linked to more efficient intraday reconciliation. End-to-end standardisation leads to improved end-to-end STP through interoperability and full automation across the entire lifecycle of the payment transaction.

Solutions in focus – Corporate actions

— *Streamlining your communications with custodians to minimise risk*

Benefits

- A global standard for corporate actions
- Efficient and timely processing capabilities
- Comprehensive coverage for event types
- Testing for global market practice compliance

The problem

Corporate actions processing is a source of considerable cost and risk for the investment management community. As an investment manager you must make decisions on optional corporate actions announcements, on behalf of your underlying clients. You have accounts held with a number of different custodian banks, depending on your clients' own preferred custodians. Your banks are sending you this corporate actions information via a number of different routes.

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“By standardising your electronic communications about corporate actions with your custodians over SWIFT, you eliminate reconciliation errors, improve timeliness of decision making and maximise the efficiency of your corporate actions processing”

So, for any given corporate action, you

have to handle multiple announcements of the same event, from many custodians. This presents a significant reconciliation – and therefore risk – issue.

Failing to respond to an election within the timeframe allotted by the custodian can jeopardise your right to participate in an event. Forgoing the opportunity to tender shares at a premium to the current market price is a clear risk.

There are a number of reasons why you might fail to act appropriately with respect to a corporate action, most stemming from operational errors. Most errors are the result of poor reconciliation of the position eligible for a corporate action, which leads to bad entitlement calculation and potential market claims.

Other operational errors include failing to pursue a claim for an entitlement on securities bought before the ex date, calculating the value of different options improperly, and not updating the accounting system accurately, which leads to a miscalculation of the net asset value of the portfolio. All of these scenarios expose you to financial risk.

The solution

SWIFT's Corporate Actions solution combines ISO 15022 messaging standards and SWIFT connectivity to enable the standardisation and automation of corporate actions communication flows between information sources, market infrastructures, local agents, global custodians and investment managers. In virtually all markets, ISO is replacing proprietary standards and is now the *lingua franca* for corporate actions for all players.

The ISO 15022 messages enable standardisation and automation of communications flows between you and your custodians, concerning details of corporate events affecting particular accounts, and your instructions on voluntary events.

By standardising your electronic communications about corporate actions with your custodians over SWIFT, you eliminate reconciliation errors, improve timeliness of decision making and maximise the efficiency of your corporate actions processing.

Standards + market practice = true corporate actions STP

To help the industry improve the quality of corporate actions messaging, and make it easier to automate around, SWIFT also offers customers the ability to test compliance with industry defined market practice using its Simulation Testing and Qualification Service (STaQS) for Corporate Actions. Market practice is vital for true end-to-end automation in corporate actions, as it ensures that all parties play by the same rules.

A number of custodian banks have already used STaQS to improve the data quality within their corporate actions messages, meaning the messages they send you are more predictable, it is easier for you to automate them, and the benefits of improved automation and reduced cost and risk are even easier to achieve.

Solutions in focus – Derivatives

— *Standardising and automating the derivatives post-trade process*

Benefits

- Reduces operational costs and risks
- Prepares you for additional counterparties, increasing volumes and new instruments
- Encourages adoption of FpML messages
- Helps you meet regulatory requirements

The problem

As investment managers' use of OTC derivatives has grown, the manual nature of processing for these instruments has become more and more of a problem from the perspectives of cost and risk. Increased regulatory pressure prompted by the global financial crisis is set to drive even more change in the OTC derivatives business, creating a requirement for more transparency. You need greater automation and scalability for processing OTC derivatives in order to cost-effectively handle this change.

The solution

SWIFT's Derivatives solution reduces cost and risk by enabling automation of notifications for OTC derivatives trades between investment managers and custodians. The solution replaces manual, faxed-based communication with standardised electronic messaging over SWIFTNet, to support higher levels of straight-through processing (STP).

The solution is based on Financial Products Mark-Up Language (FpML), the industry-recognised standard for derivatives. The development of FpML has been spearheaded by the International Swaps and Derivatives Association (ISDA). Rather than reinventing the wheel and imposing on the derivatives industry a

new standard, SWIFT has worked closely with ISDA and embraced the existing standard. We offer the same level of validation for the FpML messages on SWIFTNet as is offered for SWIFT formatted messages.

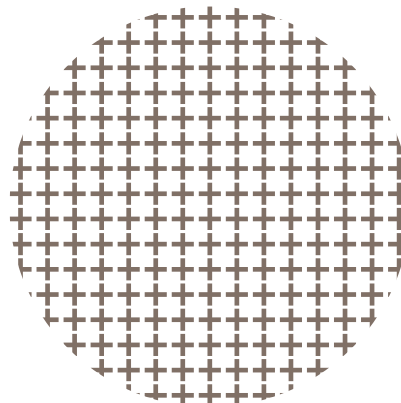
This means when you deploy the Derivatives solution you can use the industry standard for derivatives, while also leveraging all the benefits of

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“We will continue to see the coverage of FpML evolve, and the benefit of sending it over SWIFT is clear”

Neil Wright, State Street

SWIFTNet, such as security and resilience, and maximising your return on investment in your existing SWIFT infrastructure.

As Neil Wright, global product manager for derivatives at State Street, says: “FpML is the *de facto* standard for automated processing of derivatives, and it is a natural progression for it to be used by investment managers to advise notifications to custodians. As and when more information can be transmitted in the FpML format, the ability to send it via the secure SWIFT network becomes more of a benefit. We will continue to see the coverage of FpML evolve, and the benefit of sending it over SWIFT is clear.”



Connectivity – Alliance Lite

— *Connecting to SWIFT quickly, easily and at low cost*

Benefits

- Increases your reach to counterparties through a single and secure connection
- Easy to install and use
- Low cost
- Reduces operational risk and costs
- Enhances service levels, including:
 - Better reporting
 - Reconciliation
 - Guaranteed delivery

As an investment manager, you have a range of options for connecting to SWIFT, depending on whether you want to manage your infrastructure inhouse or entrust it to a third-party. Your decision about how to connect may also be influenced by your volumes. If you are operating in a lower volume environment, SWIFT's new secure, internet-based connectivity option Alliance Lite could be for you.

Alliance Lite enables you to easily and quickly start automating settlement instructions, statuses, confirmations and statements using industry-accepted, widely-adopted ISO standards, taking advantage of Alliance Lite's comma separated values (CSV) file upload/download mechanism. For you this means reduced operational costs and risks as a result of enhanced STP levels with your custodians and other account servicing agents, by contrast to what is possible with fax communications.

Why automate on SWIFT when operating in a limited volume environment?

Manual intervention in trade processing creates significant operational and reputational risks, and without automation it is very difficult to deal smoothly with volume peaks. In addition, the operational costs of manual processing are usually underestimated. These factors strongly argue for automation even if you have lower trade volumes.

Alliance Lite efficiently addresses the shortcomings of manual processing – offering an easy, low cost route to communicate via SWIFT in an automated way, using ISO standards, with custodians and other account servicing institutions.

What are the key features of Alliance Lite for Investment Managers?

- **Easy to deploy:** You just need a PC with a standard internet connection and a USB port for the SWIFT-issued hardware security token.
- **Easy to use:** Alliance Lite supports manual entry and display of commonly used settlement instructions, as well as integration with business applications, using CSV files. There is no need to train users on ISO standards: common language is used on the GUI input screens and reporting and file upload is in simple CSV pre-defined format.
- **Secure and reliable:** Alliance Lite meets the very stringent SWIFT security standards for financial messaging.
- **Low cost:** Alliance Lite is a cost effective route on to SWIFT for investment managers with smaller volumes.

What business can I conduct over SWIFT using Alliance Lite?

Investment Managers using Alliance Lite can send:

- Settlement instructions
- Payment instructions
- Foreign exchange confirmations
- Fixed loan/deposit confirmations

Investment Managers using Alliance Lite can receive settlement, payments, foreign exchange and loan/deposit confirmations, settlement statuses, statements of holdings and payments.

For information on other ways to connect to SWIFT, please visit swift.com



What's in it for you?

— Calculating your business case for using SWIFT

As an investment manager considering adopting SWIFT, ask yourself the following questions.

Are your trade volumes fluctuating?

By using SWIFT messaging, you reduce the manual effort associated with trade processing and thus reduce your sensitivity to volume fluctuations.

“Our transaction volumes vary significantly from one day to the next. However, the effort involved in generating our SWIFT-based settlement instructions that are sent to custodians is limited given the high level of automation we have achieved in this area. We therefore barely notice the volume of settlement instructions sent from day to day.”

An investment manager using SWIFT

Are you using several proprietary terminals?

Proprietary terminals often look like the most cost-effective way of communicating with counterparties. There is however an important hidden cost in terms of training and re-keying data.

“Before we had SWIFT, we had proprietary terminals all over the office. Staff needed to be trained on all these different systems, and data was re-keyed all day long. Now, we simply have one system.”

An investment manager using SWIFT

Are you still sending and receiving a lot of faxes?

Faxes are labour-intensive. Even if you are using an autofax facility, your counterparty will still be faced with manual input. This manual input increases the cost and the risk created by fax use.

“If we were to report everything over fax, we would probably need twice as many people to do this. We have increased our traffic tenfold without really increasing the headcount.”

An investment manager using SWIFT

Do you need to talk to a multitude of counterparties?

Setting up and maintaining communication channels with a multitude of counterparties is labour-intensive and costly. With SWIFT, you can be sure you always communicate using the same language, while adding another counterparty is done without additional effort or investment.

“The cost of SWIFT is insignificant compared to the cost of other more manual messaging means.”

An investment manager using SWIFT

Is reputation one of the most important assets of your institution?

Guaranteed and timely delivery of your instructions and other messages will make sure that your good reputation is not negatively impacted by failing settlements or late reporting.

“Without SWIFT we would certainly need to double the number of operations staff and maybe even more. Fluctuations in business cycles cause problems because you have to hire temporary staff to handle additional volumes. This increases risk and further reduces efficiency.”

An investment manager using SWIFT

Are you using email or the internet for confidential or time critical communication?

Email and internet are certainly the most frequently used communication channels of this day and age. The need for follow-up, the lack of standardisation and increased risk, however, put an additional burden on your operations staff.

“SWIFT brings intangible benefits as well. By automating the operations processes, operations staff can focus on more challenging tasks. Job satisfaction increases and staff turnover drops.”

An investment manager using SWIFT

Do you expect your trading volumes to grow significantly in the future?

Automation is the key to success for increased volumes. SWIFT will help you drive automation in your organisation.

“The scalability we get through SWIFT automation is huge. We would not have been able to support our growth and stay in this business without it.”

An investment manager using SWIFT

If you answered yes to any of the above questions, SWIFT can help you. To find out what your costs and potential savings from joining SWIFT will be, contact the SWIFT sales representative in your region. They can work with you to calculate and compare the costs of your existing environment to what it would be if you joined SWIFT.

If you are already a SWIFT user, we can work with you to find out what additional costs (if any) you will incur, and increased potential savings you can attain, through greater use of SWIFT.

Picking the right partner

— *SWIFT Partner Management helps investment managers find third-party solutions to support their SWIFT business*

As an investment manager joining SWIFT, how can you be sure that any third-party solutions you buy are compliant with SWIFT? How do you choose a provider to help you with any SWIFT-related integration, implementation and training, and be certain they have the right expertise to perform the job?

Our SWIFTReady certification programmes validate the solution providers and capabilities available to SWIFT customers. Today, there are more than 30 different label categories to recognise SWIFT compliance of products and services for a variety of market segments.

SWIFT has established a working relationship with various regional and global companies including application vendors, interface providers, integration experts, connectivity providers and local agents for sales. The community of SWIFT partners is there to offer complete customer solutions for the market segments in which investment managers are present, in different geographies.

All companies registered with SWIFT Partner Management are classified into one of three categories:

- SWIFT registered vendors. This is the entry level into SWIFT partner programmes. All these partners get access to the right SWIFT information, testing tools and development products from SWIFT.
- SWIFTReady solution providers have one or several SWIFT certified solution components: SWIFTReady applications, SWIFTReady services or a connectivity offer (interface or service bureau).
- SWIFT Regional and Global Partners have built a joint customer value proposition and a close commercial and marketing relationship.

To illustrate how you can benefit from our partner programme, let's take the example of SWIFTReady solutions providers. Within securities, there are four categories of SWIFTReady application labels: Corporate Actions, Funds, Securities

Settlement and Reconciliation. For each, there is a clear set of criteria that the SWIFTReady application supports. These criteria are SWIFT-specific and re-evaluated on a yearly basis. They are designed to reflect the capability of a product to provide automation in a SWIFT environment. The label granted to an application clearly indicates the market and the year for which the criteria were fulfilled.

We are further adapting our partner programme to better cope with the specific needs of the investment management community. Consult www.swift.com to get the latest information about existing labels as well as the providers who successfully completed their certification in 2008 and 2009.



Q&A

How are you managing new opportunities in global markets?

By improving your global architecture and integration, automating manual trade processes and adopting global standards, and refining your liquidity discovery. SWIFT can help by ensuring the consistency of your connectivity and messaging to all counterparts globally. This enables maximum efficiency, reduced risk and optimal timeliness of information. SWIFT also supports a broad range of asset classes, including equities, fixed income and alternative investments.

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 “If we don’t have automated information flows... both in and out, then our operating performance will suffer even if we have full STP within the four walls of our company. That’s where SWIFT plays a very big role.

John Davis, Managing Director and Co-Head of Global Operations and Administration, BlackRock

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 “We have a business called BlackRock Solutions through which we offer the systems and analytics developed at BlackRock to external institutions to help them understand and manage the risks and operational complexities inherent in their financial activities. We offer our SWIFT capabilities as part of a solution to many of the leading financial firms across the world. A lot of it is driven by the industry. We see particular opportunities in the areas of derivatives processing and corporate action messages.”

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 Kathryn Beard, Director, BlackRock Solutions

