



*Helping brokers to
reduce cost and risk*

Benefits

- Rapid error detection
- Reduced operational costs
- Reduced operational risk
- Better reporting to clients

Accord for Securities

*SWIFT's Accord extended to match equity
and fixed income trades*

Who can use Accord for Securities?

The solution is being used by major prime and executing brokers to match equity and fixed income trades executed by the global hedge fund community. Accord for Securities can also be used in other process flows, replacing faxed trade confirmations with electronically matched MT 515s.

The solution can be used between custodians and executing brokers, to match trades originating from investment managers, as well as between executing brokers to confirm and match OTC (over-the-counter) trades that are not automatically cleared by an exchange. Between two prime brokers, Accord for Securities can be used to handle the transition of a hedge fund manager from one prime broker to another.

What benefits does Accord for Securities bring?

Accord for Securities improves the timeliness of the pre-settlement matching process, and reduces settlement failure rates. The solution eliminates the cost of fax confirmations, reduces the risk of fraud in the trade amends process, and supports better customer service.

How does Accord for Securities work?

When the solution is used between a prime broker or custodian on the one hand, and an executing broker on the other, the hedge fund or fund manager will send, at the end of the business day, a report with all the trades of the day, to its provider (prime broker or custodian).

During the day, as trades happen, the executing broker creates an MT 515 message per trade, and sends it directly to the central Accord infrastructure at SWIFT; for each trade, a message is also sent to Accord by the prime broker or custodian.

Accord validates and matches all these confirmations in real time, and provides reporting via two channels: a graphical user interface that allows for easy exception handling for small to medium-sized users, and (from Q4 2009) detailed status updates via MT messages, for larger users, who can integrate these into their back offices.

Key strengths of Accord for Securities

Direct submission

MT 515s, formatted according to the rules agreed within the community, are to be submitted directly to Accord, and not exchanged between the parties; no local matching alternatives will exist.

Matching of trade financials as well as settlement details

Users can choose if they want to match simply the trade details, or both trade details and standing settlement instructions (SSIs) as used in the MT 515.

Rule book

To ensure the highest possible matching rates and the highest level of automation, the user community of Accord for Securities has agreed to a set of market

practice rules. The matching logic is community-driven: the same customers that agreed the rulebook also defined and agreed the matching rules, which means there is absolute clarity on what constitutes matched trade details.

A matching service with a proven track record

Accord for Treasury has provided the FX, money market and OTC derivatives industry's with a highly reliable matching service for many years. SWIFT developed Accord for Securities based on the resulting extensive know-how, and using the same technical platform.

Fraud prevention and audit

To prevent fraud, forging, modifying or deleting data records in Accord is totally impossible. Data access is ruled by SWIFT's PKI security. For audit purposes, Accord for Securities will also be complemented with a Long Term Archival service, in which all matching results and operator interventions will be kept available to auditors for 11 years.

Tables for static data

Included in Accord are tables used by the matching algorithm that a) set the settlement amount tolerance by Place of Settlement, and b) match a BIC of a settlement agent to a proprietary identifier used at a Place of Settlement.

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