



# BT in Post-Trade

Security and Reliability for the Global Financial Community



## BT in Post-Trade

It's been said that you can trade all day but if you can't settle those trades then all of your work has been for nothing. Trading itself is just part of an overall set of processes that begins with market-moving data and ends with successful delivery into a client's portfolio. Straight-Through Processing (STP) is a never-ending goal of every investment firm in order to increase operational efficiency, to bring down costs and to serve clients better. But to achieve STP – a seamless, automated trade from beginning to end – an investment firm has to rely on many different counterparties and service providers. And one of those service providers is BT.

### BT Radianz Managed Infrastructure

The organisations involved in and around the financial trading process have come to use the BT Radianz Managed Infrastructure as a fundamental component of their own business infrastructures, to the point that the BT Radianz user community is now the largest secure networked financial community in the world. The world's leading market data vendors, banks, brokers, exchanges, ECNs and MTFs and investment managers. But the BT Radianz community also extends far beyond the trading room.

While speed and low-latency are terms that are much-used in the trading room, characteristics that are most sought-after in the post-trade environment tend to be reliability, security, integrity and non-repudiation. The BT Radianz Managed Infrastructure delivers reliability with a 100% Service Level Agreement, as well as the intrinsic security of a private managed environment. BT's range of services over this infrastructure also ensures the security and integrity of data and messages, and provides non-repudiable proof of delivery for the financial services community whose business is founded on trust.

### The benefits of the BT Radianz Community

Because the BT Radianz community is exactly that – a community made up of organisations providing services and organisations using services – its users themselves create a “virtuous spiral” effect, as more users attract more service providers to the community and more service providers attract more users. Today over 400 service providers can be connected with customers at more than 15,000 locations around the world, across all asset classes and covering all processes across the STP chain. That creates a business environment that offers both “best of breed” and choice to our users, with a wide range of competing service providers that are all supported by BT.

One aspect of BT's services that continues to surprise our customers in the post-trade sector is how many of their clients, business counterparties and service providers around the world already use BT's services. When we work with our customers to define how best we can help them, one area that we typically look at is which institutions they need to communicate with both domestically and internationally. More often than not, we find that 60-70% of those institutions are already BT users. For example, one customer said that for a new service that they were developing they would need to connect to all of the national central banks in the European Union – and almost every one of those central banks is a BT Radianz user already, along with the national central banks of many of the world's major economies. This approach allows us to connect new services to those existing users faster, and it allows the users to keep control of their network-centric IT services and keep down their overall costs of communication.

### Trade Processing



## Bringing down your TCO

Let's look at just one real-life example of how this approach benefits our users. A major European derivatives and securities clearing organisation recognised that it was paying a very large amount to another service provider for a secure network environment in order to reach its users internationally. It decided that it could develop and implement internally the security services that it needed, but it would still need a delivery infrastructure to reach its largest and most important users – the major securities trading firms around the world. The clearing house selected the BT Radianz managed Infrastructure as its service delivery infrastructure – one reason that it gave was that all of the major securities trading firms that it served were already members of the BT Radianz user community. Once it had migrated all of these large users to its own security environment and the BT Radianz Managed Infrastructure, the clearing house calculated that it was saving US\$1 million a year in operational costs as compared to its previous method of service delivery.

Over a million messages per second flow through the trading rooms of individual firms today – huge volumes of data where economies of scale result in a low cost-per-message. Though post-trade operations themselves are very different and separate from dealing room activities, message volumes tend to be much lower. By using the same communications and messaging infrastructure, economies of scale pass from the front office to the back office, helping to bring down overall operational costs even further for the firm as a whole. The BT Radianz Managed Infrastructure supports both front-office and back-office operations, enabling its users to achieve greater cost-efficiency.

## BT Secure Transaction Services

BT excels at providing additional services that are at the same time market-leading and common-denominator. When it comes to security and identity management, BT is a recognised world-leader not only in the Financial sector but across Government and Defence as well. On top of a private and secure managed network environment BT provides layers of added security to meet the needs of different organisation types and operational functions. Our Managed Encryption Service ensures that data remains confidential. Our Managed Secure Messaging services ensure that messages are delivered reliably and non-repudiably, as well as tamper-free – “for your eyes only”. And with over 16 million retail customers of our own to serve, BT has unequalled expertise in identity management services.

BT is not new to providing managed secure messaging services for the post-trade community – it's been doing it since the mid-1990s. For example, after “Big Bang” in the UK, when it was decided to invest in a new infrastructure for the settlement of UK securities transactions, one key aspect of this change was to provide financial institutions internationally with cost-effective access to the new settlement infrastructure. BT was selected by CRESTCo (which is now Euroclear UK & Ireland) to provide a messaging service that would ensure the secure, reliable, tamper-proof and non-repudiated message exchanges between the CREST system and its users. Today this BT SettleNET service handles messages with a value of about £250 billion each and every day – and it has never lost a single message.

Some of the largest post-trade service providers in the world use the BT Radianz Managed Infrastructure to link to their clients. They also use BT's additional services that lock down and secure communications with clients, including our Managed Secure Messaging services and Managed Encryption Service. This choice and flexibility allow our customers to decide which services they put in place themselves, which ones they rely on BT to deliver, and which ones they use from external service providers.

LCH.Clearnet is a leading independent clearing house group, serving major international exchanges and platforms as well as a range of OTC markets. It clears a broad range of asset classes including securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro- and sterling-denominated bonds and repos. It works closely with market participants and exchanges to identify and develop clearing services for new asset classes.

As a clearing house, LCH.Clearnet sits in the middle of a trade, assuming the counterparty risk involved when two parties (or members) trade. When the trade is registered with LCH.Clearnet, it becomes the legal counterparty to the trade, ensuring the financial performance: if one of the parties fails, LCH.Clearnet steps in. By assuming the counterparty risk, LCH.Clearnet underpins many important financial markets, facilitating trading and increasing confidence within the market.

LCH.Clearnet uses the BT Radianz Managed Infrastructure to link to its members internationally.

## Application Service Providers in the BT Radianz Community

Over 400 service providers use the BT Radianz Managed Infrastructure to deliver their services to their customers internationally. Many of these organisations would not think of themselves as “application service providers” – they are the world’s leading banks, clearing houses, securities depositories, exchanges, data vendors – but their clients and customers use applications to access their services. Many of them use their BT Radianz connectivity to receive services from other service providers as well.

The Community approach that BT adopts has created an environment that strongly supports commercial application providers as well. BT recognises its own areas of market-leading expertise, and understands that delivering the best solution to its customers means working positively and cooperatively with application providers. This is why so many application providers around the world use the BT Radianz Managed Infrastructure as a delivery platform. And our Secure Transaction Services help them to deliver their own services with the highest level of reliability and security that financial institutions expect.

The members of the BT Radianz Community have clearly taken to this approach – after all, it’s been a world-beater for over 10 years now. Look at some examples of how financial institutions use their BT Radianz service:

- major bank in Toronto accesses 14 application providers
- major broker in Tokyo accesses 25 application providers
- major bank in Italy accesses 16 application providers.

Application providers are recognising increasingly that being in the BT Radianz community helps them to improve their time-to-market and makes it easier for new customers to connect to their applications. BT recognises the benefits to everyone of this cooperative approach, and actively works with application providers to co-market their services to the BT Radianz community.

## Standards

BT supports industry standards, encourages their use and actively participates in their development. At the same time we recognise that our users have a journey to make in order to adopt those standards, and we therefore aim to help them along that journey together with the application providers in the BT Radianz community.

The BT Radianz Managed Infrastructure and Managed Secure Messaging service are standards-agnostic and can carry any format of message, including those created by industry standards such as ISO 20022 and FIX Protocol as well as proprietary message formats. Through working with providers of middleware and message transformation solutions we are able to help our customers move in a planned and controlled way, and at their own speed, from a non-standard environment to a fully-standardised environment. And at the same time we help them to rationalise their underlying technology to increase their overall operational efficiency and reduce the total cost of ownership (TCO) of their communications infrastructure.

## BT – supporting the post-trade and financial markets community around the world

BT supports the largest secure networked financial community in the world. Its services are available in over 160 countries for financial customers at over 15,000 locations. Its network-centric security services combined with its financial services-strength infrastructure make it the solid foundation on which major financial institutions are today building their post-trade processing architectures for the future.

Euroclear is a world-class provider of settlement and other post-trade services covering bond, equity, fund and derivative transactions. Its hallmarks are high operational efficiency, technical resilience and strong asset protection for clients in more than 90 countries. The group includes Euroclear Bank, the leading international Central Securities Depository (CSD), and the national CSDs of Belgium, Finland, France, Ireland, the Netherlands, Sweden and the United Kingdom.

Euroclear is user-owned and user-governed. At the end of 2010, Euroclear held client assets valued at €21.9 trillion, and settled more than 150 million transactions in over 50 currencies with a value of more than €500 trillion.

Since 1996, BT has provided Managed Secure Messaging services for Euroclear UK & Ireland’s clients to access the CREST settlement system. Euroclear has also selected BT to provide a proven communications channel for Euroclear’s user community around the world to access its Common Communications Interface (CCI).

## BT in Post-Trade

The BT Radianz Managed Infrastructure supports the largest secure networked financial community in the world. BT provides additional security services for the financial community, including Managed Secure Messaging and Managed Encryption. Over 400 services providers use BT Radianz services to distribute their services to their customers: below is a representative listing of some of these providers that address the needs of users in the Post-Trade sector.

### Clearing, Settlement, Depository & Post-Trade Services

<b>ADP</b> SWIFT Service Bureau	<b>Euroclear Bank</b> Settlement services for cross-border bond, money-market, equity and fund transactions	<b>Risk Metrics</b> Risk management
<b>Bank of New York</b> Custody and clearing bank	<b>Euroclear France</b> French central securities depository (CSD)	<b>SEB</b> Prime brokerage services
<b>Blue Frog Solutions</b> Compliance management	<b>European Multilateral Clearing Facility - EMCF</b> EMCF delivers central counterparty (CCP) clearing services	<b>SIX SIS AG</b> Clearing, settlement and custody of national and international securities
<b>BNP Paribas Securities Services</b> Leading provider of securities services and investment operations solutions	<b>Financial Models Company Inc.</b> Provider of business process outsourcing (BPO) services and ASP solutions	<b>SLIB</b> Front, middle and back office solutions for brokers, global clearers, custodians and portfolio managers
<b>Brown Brothers Harriman &amp; Co.</b> Infomediary, equity execution, FX, custody and clearing bank	<b>Fundtech Securities</b> Back-office services	<b>SMA Software</b> Back-office services
<b>CheckFree Investment Services</b> Provides investment management services and back office services	<b>GlobeOp Financial Services LLC</b> Outsourced back-office support and administration services to fund managers	<b>Société Générale Securities Services - SGSS</b> Clearing, custody, fund administration, transfer agency, outsourcing and other dedicated services
<b>Computershare</b> International equity transfer agent and registrar	<b>Integrated Trade Processing Co.</b> Back office services	<b>State Street Global Link</b> Online global electronic trading and research across all asset classes
<b>Crédit Agricole Titres</b> Custodian for the entire retail banking operation of Crédit Agricole Group	<b>LCH.Clearnet</b> Independent European central counterparty group (CCP)	<b>Synergy Financial Services</b> Back-office services
<b>Depository Trust &amp; Clearing Corp. (DTCC)</b> US clearing and settlement depository	<b>Network Controls Int'l. Ltd (NCI)</b> Provider of DDN trade notification service to banks and brokers	<b>The Clearing Corporation Inc.</b> U.S. clearing house for futures
<b>EquiLend</b> Global securities lending platform	<b>Omgeo LLC</b> Post-trade pre-settlement trade management solutions	<b>Traiana</b> Post-trade process automation across all asset classes
<b>Euro Securities Partners</b> Operator & developer of IT platform for securities custody in retail and private banking	<b>Premiere Global Services</b> Multimedia solutions	



## Offices worldwide

The telecommunications services described in this publication are subject to availability and may be modified from time to time. Services and equipment are provided subject to British Telecommunications plc's respective standard conditions of contract.

No content present in this publication forms any part of any contract.

© British Telecommunications plc 2011.  
Registered office: 81 Newgate Street, London EC1A 7AJ  
Registered in England No: 1800000

[www.globalservices.bt.com](http://www.globalservices.bt.com)