

Syn~Settlements

Syn~Settlements live at JPMorgan Cazenove

JPMorgan Cazenove has gone live with **Syn~ Settlements** from Coexis. JPMorgan Cazenove is using the system for both UK and non-UK equities covering a range of securities processing functions. According to Glenn Martin, chief technology officer at JPMorgan Cazenove: "We went live on the first markets in the first week of March and finished with the UK in mid April."

He told STP this was a complex project, as replacing a settlement system is a considerable task. "Putting in a settlement system is the most complex thing you can do in terms of banking technology. There's no such thing as a turnkey settlements solution. I expected that, and we've had our challenges," he says. However, he claims the implementation has already simplified its operations, as it has "now replaced two settlements systems with one".

Yet he says that there was no other option but to replace its settlements systems with something more up-to-date. "Cazenove's UK settlement system ran on old technology hardware. Irrespective of how good or bad the systems were to use they were a challenge to support." It needed to replace these systems before the costs of maintaining them became too excessive.

The project to implement the Coexis system has completed successfully. "We started the project in 2003, and we've gone live in 15 or 16 months. That's an extremely rapid time for a system of the complexity we put in because of the business mix we're accommodating."

The process of replacing the system was however far from simple. Richard Hurst, chief information officer elect at JPMorgan Cazenove, explains the background to the implementation of the Coexis system. He says JPMorgan Cazenove had previously tried to improve its settlement systems. "We had one settlement system for a number of years, and we tried to replace it in 1999. We moved the non-UK business on to a different platform. That worked well, but after some years of operation the vendor decided not to continue with the development of the system in the UK."

"The system's had a considerable impact. We're now operating on an STP exception management basis."

*Glen Martin
Chief Technology Officer
JPMorgan Cazenove*

JPMorgan Cazenove decided to go back to the market to look for a new solution that would have a wider remit to automate both its UK and non-UK business.

However, the timing of the change was stalled pending a major office relocation project which was used as an opportunity to refresh the company's technical infrastructure, which included new networks, voice over IP telephony, new data centres linked by dark fibre and a refresh of server and desktop hardware. "It was as this project was nearing completion in the summer of 2003 that the focus turned to improving the applications used in the company. The first priority was to replace the settlements systems." Hurst says.

"We considered the offerings from the traditional vendors, but the Coexis solution uses new technology. Under the covers, many of the other offerings in the market are built on old technology. Their focus appears to have been to improve the user interfaces, but the underlying technology is much the same as it was years ago." Martin claims JPMorgan Cazenove elected to use a vendor solution to avoid the risk in starting such a large bespoke project. Martin says, however, that, "many big banks have their own inhouse systems, as many of the systems on the market don't fulfil their needs."

"At the smaller end of the market, there are systems, services and bureaux that are aimed at small stockbrokers. At the other end of the market there are systems aimed at the large institutional brokers and large investment managers. However, we believe our mix of business is unique, covering both sell side institutional broking and buy side fund management and private client broking, meaning there are very few off the shelf systems that would be able to meet our requirements." He says its requirements meant that it needed a solution that was flexible, and one that could be easily adapted to its needs. **Syn~ Settlements** system fulfilled this requirement across all of its businesses and markets in which it operates.

Coexis has since worked with JPMorgan Cazenove to build additional functionality on to its core product so that it meets the needs of the differing settlements operations of its client, and to complete the implementation project. The **Syn~ Settlements** system now provides enrichment, messaging and settlement functions for domestic and international securities operations for all of JPMorgan Cazenove's businesses. At JPMorgan Cazenove, **Syn~ Settlements** interfaces with existing order management systems, receiving both individual executions and blocks from those systems, and sends and receives blocks and allocations through Oasys. Other external interfaces include

Crest and Swift for settlements and payments are also automated via BACS. **Syn~ Settlements** generates the accounting entries for the company's settlements accounting and feeds a number of downstream management information and portfolio management systems.

Reference data is provided from a number of sources, including FTID's Extel service. By standardising on one master repository JPMorgan Cazenove addresses reference data by default and helps manage static information. "Most of the data is now electronically fed into the system and we're now at a stage where we're just looking at exceptions," says Hurst.

The system has improved STP considerably at JPMorgan Cazenove. "For example, ETC confirmations no longer require any manual intervention," he adds. "There are still some elements that continue to use the manual interfaces as we took the decision not to automate all interfaces on day one." Hurst however states that it is already considering adding interfaces to further STP.

Martin is happy with the implementation to date: "The system's had a considerable impact. We're now operating on an STP exception management basis."

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