



STRATEGIC WORKFLOW PLATFORM DISCUSSION PAPER

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OPERATIONS PROCESSING OBJECTIVES

The processing Objectives of Trade Operations is to ensure that all valid trades transacted by the bank, are processed and settled on the agreed date for the agreed amount / delivery with the greatest efficiency and the minimum of cost.

STEPS TO ACHIEVE THOSE OBJECTIVES

TRADE DATE

1. Collect the trade (or any amendments / deletions) from the Trading Room.
2. Validate the Data
3. Send Confirmation/Allegation to the Counterparty
4. Receive and Match the Confirmation from the Counterparty
5. Book the Trade
6. Update other ledger systems as may be required
7. Reconcile all trades posted
8. Nostro Reconciliation

VALUE DATE

9. DVP (Deliver vs Payment) or PVP (Payment vs Payment)
10. Nostro Reconciliation

COMMON PROCESSING BOTTLE NECKS

Owing to technology restrictions, contemporary Trade processing was predominantly manual with specific ledgers providing the data retention for Trades.

This was enhanced with external and internal systems that assisted various parts of the processing.

Invariably, these numerous systems required more and more reconciliation. Additionally repetitive exceptions occurred with weak and non-collaborative architecture which meant that Operations personnel were hampered in their efforts to streamline both the Exceptions and reduce the reconciliation.

Markets generally realised that the best solution was to have a consistent view of the processing and to be able to minimise Trade handling by Operations staff.

STP became the Holy Grail. However the solutions were fragmented, creating further checks and balances, as they moved away from the primary premise of hands off processing.

MANAGING PROCESSING USING STRUCTURED WORKFLOW

Structured Workflow provides hands off processing by taking the responsibility for all entry, update and execution of tasks that are required to complete Operations Processing Objectives.

In other words, Workflow simplifies the processing. Workflow focuses on the actual core tasks and duties. Ultimately repetitive and redundant activities are removed; exceptions are presented focussed on the whole trade. Costs are reduced and the business finds itself ready to grow.

Workflow arguably is only truly beneficial when it is adopted strategically to provide one Process Control, Monitoring and Exception Management infrastructure. However this same strategic platform must have the facility to deploy tactical business solutions as it builds towards its strategic goals.

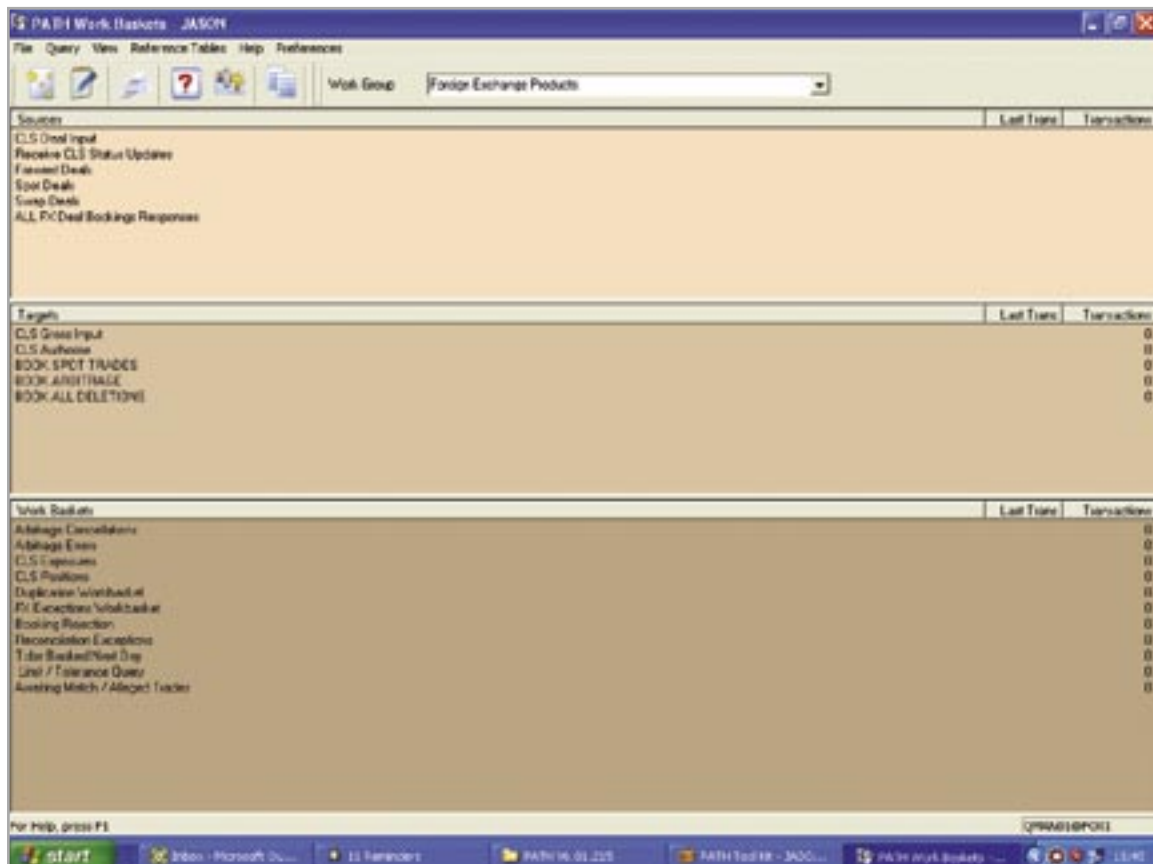
Workflow wholism (Oxford definition, something that is greater than the sum of its parts) is the design focus that sound Workflow software and support design should embrace. Time and consideration must be put into the whole product so that its deployment provides a safe, totally scaleable and flexible environment to first reduce costs and then grow the business. This deployment should be delivered in projects of no greater length than 3 months. Each deployment should provide a quick ROI.

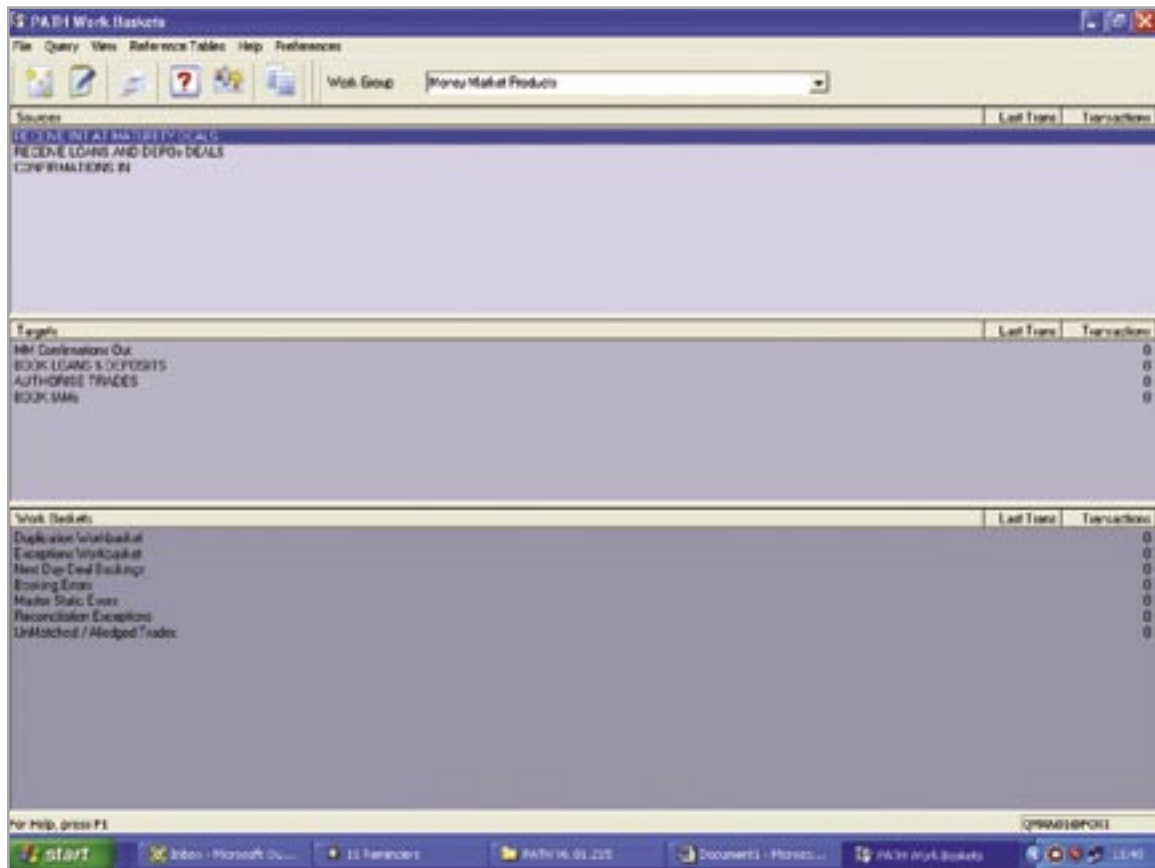
Budget restraints also demand that Workflow should be designed in such a way that the business is able to take the strategic decision to adopt Workflow and then deploy the strategy in short term deliverables that provides an immediate return on investment.

**BUSINESS VIEWS FOR SUCCESS
OPERATIONS EXCEPTION AND STATUS MANAGEMENT**

The Following screens are examples of the window that Operations should be able to view to determine:

1. The overall processing status of each part of the business
2. The status of Individual Trades
3. Exceptions that have occurred
4. Exceptions that will potentially occur



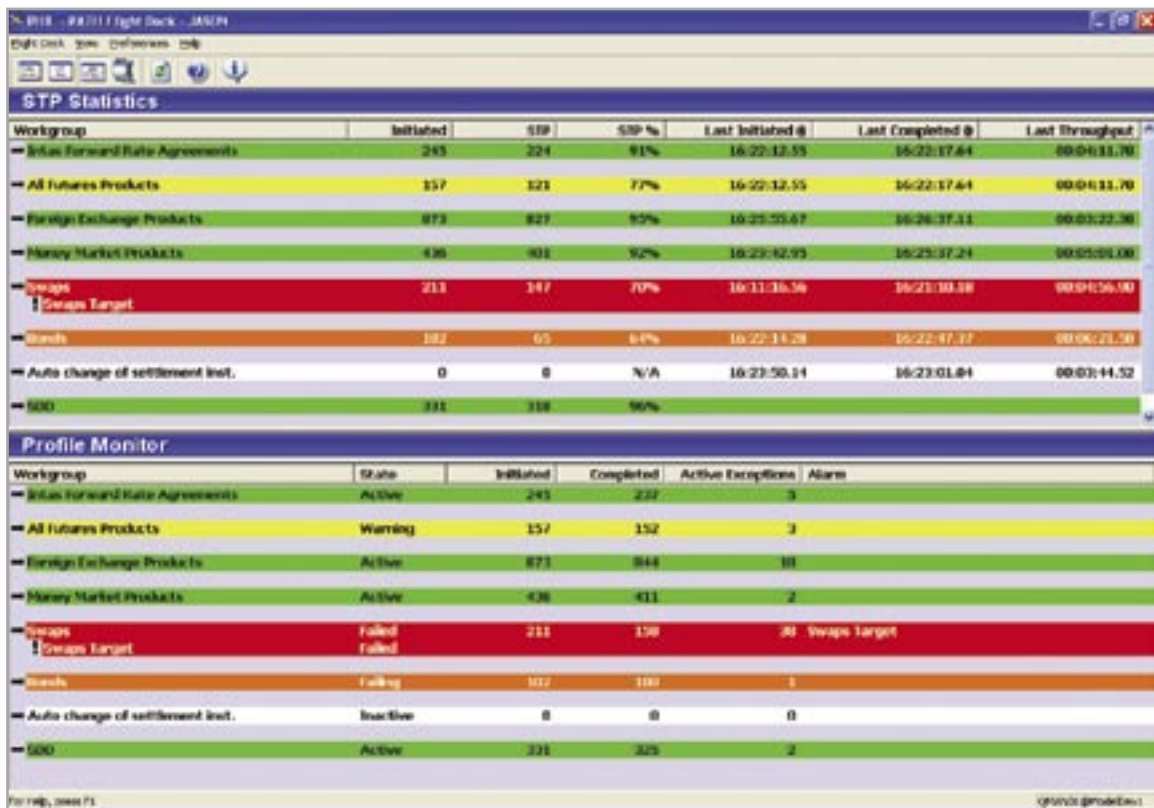


Source	Legals	Work Baskets	Last Time	Transactions
RECEIVE INITIAL BASKET REQUEST	MM Confirmations Out	Duplicate Workbasket		0
RECEIVE LOANS AND DEPOSIT DEALS	BOOK LOANS & DEPOSITS	Exception Workbasket		0
CONFIRMATIONS IN	AUTHORISE TRADES	Next Day Deal Bookings		0
	BOOK MMs	Booking Errors		0
		Make Static Errors		0
		Reconciliation Exceptions		0
		UnMatched / Hedged Trades		0

MANAGEMENT VIEWS

Processing transparency becomes more essential the more that Workflow becomes entrenched in the day to day activity of the Business.

Therefore, there should be predictive monitoring so that Operations can react quickly to issues, identify potential bottle necks and provide the best possible Service Levels to the Trading floor and the market.



The screenshot displays two tables from a software application. The top table, 'STP Statistics', shows performance metrics for various workgroups. The bottom table, 'Profile Monitor', shows the operational state of these workgroups.

Workgroup	Initiated	STP	STP %	Last Initiated @	Last Completed @	Last Throughput
Atlas Forward Rate Agreements	243	224	91%	16:22:12.55	16:22:17.64	00:00:11.70
All Futures Products	157	121	77%	16:22:12.55	16:22:17.64	00:00:11.70
Foreign Exchange Products	873	827	95%	16:22:22.67	16:26:37.11	00:03:22.38
Money Market Products	436	401	92%	16:22:12.93	16:25:37.24	00:03:04.00
Swaps ↓ Swaps Target	211	147	70%	16:11:36.56	16:21:30.58	00:09:56.00
Stubs	102	65	64%	16:22:14.28	16:22:47.77	00:00:21.50
Auto change of settlement inst.	0	0	N/A	16:22:50.14	16:23:01.84	00:03:44.52
SBO	331	318	96%			

Workgroup	State	Initiated	Completed	Active Exceptions	Alarm
Atlas Forward Rate Agreements	Active	243	222	3	
All Futures Products	Warning	157	152	3	
Foreign Exchange Products	Active	873	844	10	
Money Market Products	Active	436	411	2	
Swaps ↓ Swaps Target	Failed Failed	211	150	0	Swaps Target
Stubs	Failing	102	100	3	
Auto change of settlement inst.	Inactive	0	0	0	
SBO	Active	331	325	2	



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SUMMARY

It is the writers' experience that a commitment to Workflow means a long term commitment to enabling the growth of a business.

There is independent evidence that the fastest and most accurate trades that are delivered to market today achieve this success because of their commitment to Workflow.

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