

## Misys Confirmation Matching Service

# OTC Derivatives – Reducing the risk window for buy side and sell side

### The market situation

#### Rapid expansion and growing regulatory attention

The OTC Derivatives market has grown dramatically over the past few years, which has brought greater focus on regulatory and compliance issues in the major markets: U.S., Europe (mainly U.K.), and Japan. The magnitude of the value of outstanding contracts, which is in the range of \$26 trillion and rapidly growing, has caused concern with regulators about the operational processing risk of OTC Derivatives, particularly credit derivatives. It is evident that if the major players in the market do not step in to fulfill this need, the regulators will.

The primary need is to reduce the length of the confirmation process for both interbank and commercial customers, which will reduce the window of risk between trade date and confirmation thereby lessening the operational and market risk inherent in such trades today.

#### Lack of standardisation

The single greatest hurdle in finding a solution for the quandary of OTC Derivatives confirmations is the degree of non-standardisation of instruments. While ISDA has created templates to address many instrument types, it is up to each institution to interpret these templates for processing purposes. Because of this variability, a flexible tool is needed that can define critical fields in each instrument for confirmation with the counterparty. When a template is inadequate, attaching the actual contract or trade document would allow for the best chance of communicating the important details.

#### Pain Points

- + High cost and error-prone process of manual confirmation between bank and non-bank
- + Need to comply with regulatory requirements
- + Risk window between when a trade is executed and independently confirmed
- + High cost investment required for development of proprietary systems
- + Complexity and cost of dealing with multiple platforms for similar tasks in real-time
- + Multiple regions and instruments require multiple post-trade processes

**With the new OTC Derivatives** module of Misys Confirmation Matching Service, you can rely on the speed and innovation of the gold standard in confirmation matching services for an even greater variety of capital markets instruments.

“

As the market leader in post-trade solutions, Misys Confirmation Matching Service has put the power of our experience and expertise into developing an innovative confirmation matching engine to close the costly risk window in OTC Derivatives trades.

”

## A revolutionary solution

### Single window speeds confirmation

By linking buy side to sell side with existing infrastructure over the internet, Misys Confirmation Matching Service (CMS) is able to reduce the confirmation cycle dramatically, from as many as ten days down to fewer than 24 hours.

### Instrument Wizard can replace standardisation

Through the use of our revolutionary Instrument Wizard, Misys CMS allows instruments to be defined and stored in the application for delivery, translation, presentation and confirmation by the counterparty. Both sides of the trade can even submit the trade details in their own formats and let Misys CMS handle the translation. And a document can be attached and presented to the counterparty electronically for affirmation.

With the new OTC Derivatives module of Misys CMS, you can rely on the speed and innovation of the gold standard in confirmation matching services for an even greater variety of capital markets instruments.

### Why choose Misys?

- + Service architecture: SaaS (ASP) application requiring no upfront investment in infrastructure enables buy and sell side institutions to automate confirmation processing across multiple instruments and markets through a single window
- + Auditable process with annual SAS 70 Type II review
- + Input can be automated from both counterparties using existing infrastructure in near real-time
- + Common processing environment across multiple instrument sets, i.e., FX, Money Markets, Options, OTC Derivatives and Commodities
- + Global coverage through a single window to all clients
- + Large existing customer base of financial institutions, corporations and asset managers

For more information on how Misys Confirmation Matching Service can help you, please contact:  
[misyscms@misys.com](mailto:misyscms@misys.com)  
or visit:  
[www.misys.com](http://www.misys.com)

'Misys' is a trade mark of Misys Plc, a mark registered in various countries worldwide. Confirmation Matching Service is a trade mark of Misys International Banking Systems Limited and/or Misys group companies. All other product and company names may be trade marks of their respective owners.

Copyright © 2008 Misys Services Limited. All rights reserved.

Misys Services Limited is a member of the Misys group of companies.

Registered in England, No. 01941076 Registered Office:  
One Kingdom Street, Paddington, London W2 6BL.