

MetraTech | Improving Insight, Accuracy & Auditability, and Control

DTCC



The backbone of America's Financial Services Infrastructure

The Depository Trust & Clearing Corporation (DTCC) plays a central role in America's financial markets. Its family of companies has helped automate, centralize, standardize and streamline processes that are critical to the safety and soundness of the capital markets worldwide.

DTCC was formed as a shared service organization 25 years ago among the large securities firms to increase efficiencies and reduce the paper involved in back office processing. DTCC has evolved into a key national organization safeguarding the transfer of securities ownership and the settlement of trillions of dollars in trade obligations. Its work is completed under tight deadlines every day. Its primary mission is to reduce costs while protecting and mitigating risk for its members.

DTCC, through its subsidiaries, provides clearing, settlement and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments and over-the-counter derivatives. In addition, DTCC is a leading processor of mutual funds and insurance transactions, linking funds and carriers with their distribution networks.

DTCC's importance can be seen through the role it played in the recent financial crisis. Following the Lehman bankruptcy in 2008, the firm played a critical role in protecting the industry from loss. Because

of its ability to manage risk and see exposure from a central vantage point across asset classes, DTCC worked with market participants and regulators to successfully wind down over \$500 billion in open trading positions from trades in equities, mortgage-backed and US government securities, without any loss to the industry – and avoiding additional burden on US taxpayers. Likewise, DTCC's overseas subsidiary, European Central Counterparty Limited (EuroCCP), closed out and settled €21 million in pending trades by Lehman Brothers International (Europe).

DTCC's depository provides custody and asset servicing for more than 3.6 million securities issues from the United States and 121 other countries and territories, valued at US\$36.5 trillion. In 2010, DTCC settled nearly US\$1.66 quadrillion in securities transactions.

The challenge of flexible pricing, fee management and billing

The financial crisis of 2008 created an immediate need for DTCC to provide increased transparency and provide the ability to report exposures resulting from multi-party transactions. In addition as it expanded globally, DTCC identified the need to simplify complex multi-business unit agreements, as well as provide a more flexible pricing, fee management and billing solution with multiple currency and language capabilities. The system would empower its IT team to handle pricing and billing internally versus relying on a vendor for changes. Furthermore, it would enable

“ Going live with MetraTech's billing and customer care product is a significant step for our organization. We recognize that a billing solution will be a key asset as we expand our product line, client base and geographic reach, and will allow us to manage our business in an efficient and cost-effective way. MetraNet will help us achieve those goals. ”

- Anthony Savarese, managing director, Finance, for DTCC



the single pricing, fee management and “billing as a shared service” across all the DTCCs subsidiaries to reduce manual processes and control costs. DTCC, in fact, operates through its 13 subsidiaries and joint ventures - each of which serves a specific segment, fee schedule and risk profile within the securities industry. Additionally, DTCC also believed a new system would better meet the requirements of the more than 30 regulators across the globe to whom it reports, including the Federal Reserve Bank, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the European Central Bank, the Banque de France, the U.K. Financial Services Authority, the Bank of Japan and the Hong Kong Securities and Futures Commission.

Accuracy, flexibility, and empowerment

MetraTech’s extensive track record of supporting business model innovation across multiple industries was unique in the industry. MetraTech’s flagship product, MetraNet® provides a highly flexible architecture that enables users to quickly react and adapt to industry change, giving DTCC a platform from which it can expand and adjust its service offerings to achieve competitive advantage. With regulatory requirements increasing and the need for control and transparency paramount, MetraNet’s support of full auditability across all product ranges ensures that timely and concise information is available to every party in the transaction chain - customers, regulators and DTCC itself. DTCC customers in particular benefit from comprehensive online fee analysis as well as being able to configure and manage their account data according to their own preferences and export it for further analysis.

MetraTech was able to provide DTCC with a highly configurable system to support all its requirements for charging and invoicing across its subsidiaries. Among the key aspects of the deployment were:

- Ease of insertion and integration.
 - The team consisted of seven DTCC personnel and two MetraTech full-time equivalents over 4 months.
- The implementation of MetraView Self Care for external customer access to the online bill.
- The development of a Reporting DataMart to support operational, analytical, and customer reporting.
- The development of interfaces with DTCC’s numerous existing financial and customer applications.
- Configurable Pricing Tables to manage DTCC’s 35+ pages of fees.
- MetraNet’s ability to accept usage from DTCC’s Unified Billing System (UBS).
 - Processing data from 100 source systems.
 - Producing unified feed format of transactions.
 - Configuring Unique Activity ID’s used to identify fees.
- MetraNet’s ability to support DTCC’s manual usage and contracts.
 - DTCC implemented manual usage entry GUI.
 - DTCC implemented contract entry, usage submission and approval.
- Support for “bespoke” monthly Bill Cycles.
 - Process by subsidiary on different dates.
 - Different invoice formats for subsidiaries (DTCC implemented).
- Provision of an Interactive Bill to DTCC’s member customers via MetraView Self Care module.

“ Tower Group has recently identified that many major corporate banking institutions are starting implementations of enterprise billing. This is because it is increasingly recognized that an enterprise billing system (EBS) can both enhance revenues and plug revenue leakage through end-to-end transaction monitoring. ”

- Steven Murphy, research director, wholesale banking at independent consultancy Tower Group, noting that DTCC is leading a growing and important trend in the industry



- Access to invoice details are a major benefit and advance for the organizations member customers.
- Authentication, user management, and account selection are implemented by DTCC through a DTCC customer portal.
- DTCC was able implement Metra View using its own branding.
- Ability to define exact requirements for different types of reports (EOP-related, customer, analysis).

Getting the results: meeting DTCC's goals

MetraTech's MetraNet implementation went live at the DTCC in late 2010. MetraNet is now used for both lines of business and clients. DTCC was able to almost immediately derive benefit from the extensive reporting functionality that resulted from MetraTech's flexible framework for report definition, selection, scheduling, and delivery/access.

The implementation was achieved with low impact integration that took information from the customer master for customer/account data, matched the summary transaction system to the account, applied fees and fed financials systems where invoice charges are sent out to Accounts Receivable; payment data comes in from AR, and GL codes are fed into MetraNet before feeding out to GL containing information for the DTCC's Financial Planning system.

MetraNet's capabilities are today enabling DTCC to focus on developing new products and expanding its customer base while achieving clear auditability across both new and existing offerings. New pricing and products are now introduced in weeks versus months, new geographies can be added easily, and new processing synergies have been identified and implemented. MetraNet has facilitated the delivery of world-class customer care by providing timely and concise account summary information with the ability to easily drill into granular detail. DTCC's customers are able to configure and manage account data according to their own preferences and export it to spreadsheets for further analysis. This also helps DTCC meet cost-saving and "green" objectives, by reducing the need for paper invoices.

The DTCC Finance Business Unit now runs the billing operation independently and MetraTech has no direct interaction with the system. This IT empowerment model is considered one of the key benefits of the solution MetraTech delivered. The IT group has been able to support the multiple business models of their 13 subsidiaries or joint ventures today and also help identify new efficiencies to align the business with IT to help drive new revenue streams for expansion.