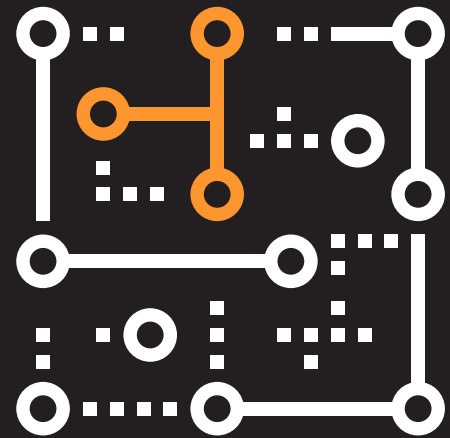


# WHY AUTOMATING POST-TRADE WORKFLOW IS ESSENTIAL FOR BUY SIDE FIRMS



For hedge funds and other buy side firms, post-trade workflows can be somewhat labour intensive. Processes such as allocations, matching trades with counterparties, reconciling commissions and fees, and generating an accurate shadow NAV and Book of Records, can often involve a number of manual tasks. Manual workflows such as these can lead to inefficiencies and a high level of operational risk, all of which can impact a firm's bottom line.

The good news is that this doesn't have to be the case. By incorporating relevant post-trade functions into front office workflows, and by automating many of these processes, time can be saved, errors can be limited, operational risk can be minimised and costs can be reduced. So how can this be achieved?

## EMBEDDING POST-TRADE WITHIN THE FRONT OFFICE

The key is to have as much automated post-trade processing as possible embedded within the PMS and OEMS systems used by the front office. Of course, to achieve this, it is essential that the PMS/OEMS systems support seamless two-way communication with third parties including prime & executing brokers, custodians, fund admins and central matching tools such as those provided by Omgeo and Triana. Transaction data can then be gathered from the trading platform in real time to be automatically allocated, matched and reconciled against external counterparty data.

Functionality such as advanced commission and fee schedule management, block formation and allocation, auto trade pairing and matching at block and allocation levels, and the ability to easily cancel and re-book tickets where mismatches have occurred, also significantly reduces the number of manual tasks that are typically involved in post-trade workflows.

TORA's post-trade module, which sits within the TORA OEMS, provides all of this functionality and more, thus enabling clients to follow this front office-centric approach.

## HANDLING COMPLEX ALLOCATIONS

One of the most important functions within any post-trade module is how it handles allocations. TORA provides the ability to pre-define complex allocation structures using flexible allocation and block construction engines, and to adjust them on the fly. Clients can set single-tier allocation rules at custodian, PB, fund or even strategy level, as well as define multi-tier allocation layers including any or all of the above. This makes it very easy and flexible for users to add additional strategy, settlement type, or cash versus swap layers, on top of those multi-tier hierarchies (as and when needed).

Allocations in TORA can also be linked into risk and compliance threshold parameters and adjusted accordingly. Pari-passu situations can also be handled, allowing accurate allocations between a commingled main fund and a managed account, for example. Furthermore, by providing the ability to set up priorities between allocation entities, both when building positions and unwinding them, clients can flexibly allocate based on fund mandates.

**TORA provides the ability to pre-define complex allocation structures using flexible allocation and block construction engines, and to adjust them on the fly.**

## ADDITIONAL POST-TRADE FUNCTIONALITY

TORA also delivers a wide range of additional post-trade functionality, such as automated matching and reconciliation with third parties, thus enabling true post-trade workflow automation directly from the front office. A key design feature of TORA is its API-centricity, which means that any information within the system can be extracted & sent to counterparties, and data from those counterparties can be ingested seamlessly. This means that trades from the front office, along with settlement instructions and allocations, can be transmitted to the relevant third parties (whether executing brokers, prime brokers, custodians, or fund admins) and quickly reconciled within the system.

**A key design feature of TORA is its API-centricity, which means that any information within the system can be extracted & sent to counterparties, and data from those counterparties can be ingested seamlessly.**

TORA also offers a fully customisable exception handling mechanism that accepts different thresholds for automatic matching. Whenever there's a mismatch outside of these pre-defined thresholds, users are notified of breaks. Correction files can be automatically sent to or received from counterparties, in a range of formats, including XML, CSV, and proprietary formats.

For synthetic positions, where buy side firms can have many bespoke requirements, TORA significantly reduces the overhead by taking care of both pre- and post-trade handling of swaps positions, either on a per trade basis, or utilising rules on funds, markets, shorts, counterparties, or other criteria.

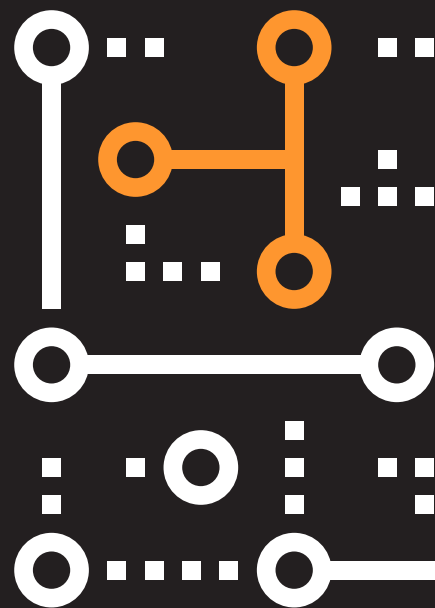
Another important post-trade process is position and cash balance reconciliation. TORA fully supports this, including reconciliations for stock borrowing against short positions. The system suggests borrow take-down instructions based on the quantities that are shorted and the e-locates available (including the cost of those e-locates), which can then be uploaded and reconciled against prime broker records. This means that a reconciled Book of Records, and a reconciled and correct shadow NAV, are fully maintained.

## CONCLUSION

Forward-looking hedge funds and other buy side firms who are thinking about their whole front office workflow and looking beyond pure trading, recognise that post-trade is a crucial part of the business. Trading functionality is certainly an essential piece of the jigsaw, but the front office also needs to ensure that their trades are accurately allocated, with the appropriate commission and fees, and that their brokers receive the correct allocations.

For firms looking to improve operations and efficiency in the front office, to minimise operational risk and to reduce costs, it is essential that their OEMS accommodates automated post-trade workflow. This is why the post-trade module is a key component of TORA's award-winning OEMS.

**For firms looking to improve operations and efficiency in the front office, to minimise operational risk and to reduce costs, it is essential that their OEMS accommodates automated post-trade workflow. This is why the post-trade module is a key component of TORA's award-winning OEMS.**



## ABOUT TORA

TORA is the leading global provider of advanced investment management technologies supporting the full trading lifecycle. TORA has a full suite of cloud-based SaaS delivered execution, analytics and compliance tools, as well as order, portfolio and risk management capabilities and a global FIX network.

TORA's products are utilised by hundreds of the industry's leading hedge funds, asset managers, proprietary trading firms and sell-side trading desks globally. TORA has over 250 employees globally. With its headquarters in San Francisco TORA has offices across the globe including New York, Hong Kong, Tokyo, London, Jersey, Romania, Singapore and Sydney.