CASE STUDY

GLOBAL DERIVATIVES CLEARING: FROM “ZERO” TO FULLY INTEGRATED PROCESSING
Global Derivatives Clearing: From “Zero” to Fully Integrated Processing

Unifying middle- and back-office operations through next-gen technology and managed services

A global trading company reinvents its post-trade derivatives clearing operation, automating and streamlining their processing using FIS® Cleared Derivatives Suite.

Who
FIS’ global derivatives processing team helped a new client, a global commodities trading company unify more than 70 trading desks, across North America, Europe and Asia.

What
Our solution replaced disparate proprietary legacy technology and systems, enabling consistent, centralized futures and options (F&O) operations in a streamlined, standardized process for improved data quality and reporting on a managed services framework.

Why
The client’s multiple, dispersed operating systems posed high operational risks, difficulties in managing compliance, and limited ability to scale the business, not only during peak periods, but moving into new markets and products. A unified middle- and back-office system would help minimize end-of-day batch processing and manual interventions, support straight-through processing, and set the stage for self-clearing operations in the future.

The approach
Cleared Derivatives Suite unified the client’s middle- and back-offices for seamless post-trade derivatives processing, real-time performance and accelerated ROI, backed by FIS’ dedicated managed services.

The project is managed in phases covering validation of the project scope, plan requirements and team responsibilities. On-site teams inventoried existing middle- and back-office assets, from North America to Asia, identifying assets needing standardization, replacement or upgrade.

From there, data, including those in spreadsheets, were converted to comply with the FIS format and migrated from siloed locations to the central cloud, where the information would be merged into streamlined workflows within a client’s newly defined account structure.

Test automation procedures accelerated solution deployment, from check-clearing to back-office reporting. At each acceptance point, corrected functional deliverables were deployed to the client’s cloud container structure and validated through user testing.

SPECIFIC CHALLENGES INCLUDED

- Unify multiple back-office systems and processes.
- Manage all cleared derivatives trades on a single system of record.
- Enable trade automation to support full straight-through processing.
- Reduce manual processes, along with operational and compliance risks.
- Improve exception management and introduce standardized workflows.
- Integrate Cleared Derivatives Suite withclient’s ecosystem for consistent, centralized F&O operations.
- Set the foundation for future self-clearing operations.
- Create a scalable, modern system, suitable for bespoke workflows and future expansion.
The results
Utilizing an accelerated implementation approach, FIS completed the installation, tested it and launched it by Q1 2020. The first go-live took place in Europe and is one of several businesses in various regions scheduled to launch over the next months. The initial launch was achieved with a single system of record, unifying the client’s entire post-trade derivatives clearing process, and setting the stage for a global roll out.

A no-risk migration strategy, with a detailed, “from scratch” definition report of the entire enterprise software project and fixed-price validation of scope, facilitated a smooth transition, allowing the client immediate access to numerous benefits.

1. **Increase operational efficiency** – Employing RPA, governed by user-defined rules for system-guided resolution.

2. **Reduced risk and maintenance costs** – Supported by open system design for easy access, interrogation and extraction.

3. **Reduced total cost of ownership and time-to-market** – Continuous integration enabled by automated, end-to-end UI, API and functional testing.

4. **Improved migration transparency** – Automated conversion with real-time dashboard, integrated workflows and full audit trail.

5. **Unified middle- and back-office** – Increased efficiency with single point of technical, financial, operational, historical, intraday and predictive reference.

6. **High scalability and availability** – Using cloud-hosted software under a managed services contract with dedicated process outsourcing.

**Achieving next-gen Derivatives Processing**
Cleared Derivatives Suite is a strategic, real-time, post-trade solution that is designed to work across exchange-traded and OTC cleared derivatives. Our real-time integration with all exchanges in the market allows us to manage change as it happens across the life cycle from inception to reconciliation and can be deployed as a whole or in modular fashion, depending on client requirements and priorities. It leverages best-of-breed functionality with an open migration path from legacy solutions, such as Clearvision, GMI and UBIX, effectively unifying operations across middle and back offices for unprecedented efficiency, performance and ROI.

In addition, Cleared Derivatives Suite works with FIS® Derivatives BPaaS (formerly Full Services Operations) to expand functionality for added value.

**As part of Derivatives BPaaS, Cleared Derivatives Suite provides**
- **Scalability** to meet both current and future needs, ideal for expanding into new markets or products faster and with less effort and risk.
- **User-friendly operational controls** (customizable dashboards, granular audit trails, etc.).
- **Highly efficient straight-through processing**, which means lower and more predictable costs.
- **Access to data real-time and optimized workflows** for increased operational efficiencies and economies of scale.
- **Derivatives clearing** supported on more than 130 markets globally.
- **A deep knowledge pool of experts** who deliver unparalleled operational and technology expertise.
- **Conversion tools and processes** to ease and reduce the cost of migration from existing middle- and back-office systems.
- **Effectively bringing functionality** covered through the end-of-day batch to the real-time world.
- **Natively constructed to include business intelligence and predictive analytics** to drive operational processing and risk management to the next level.
About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our employees are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor’s 500® Index.