

Buy Side

TECHNOLOGY WEEK

Volume 2, Number 11 • March 15, 1999

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PUBLISHED BY:

Wall Street & Technology

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UPGRADES & ENHANCEMENTS

Delaware Investments to Overhaul Reporting, Trading Technology

Delaware Investments, a Philadelphia-based fund manager with \$45 billion in assets under management, is using its \$10 million annual budget to work on four major technology initiatives—one of which is revamping its institutional client reporting system. James Shields, chief information officer, said the asset manager is revamping the system to move away from its mainframe-based system and toward client/server processing. A client/server-based system will give the firm more flexibility with reporting and graphics and it will allow

Delaware to distribute monthly reports via the Internet. Delaware hopes to have the bulk of the project completed early next year.

Also on its plate is the creation of a centralized database housing all mutual fund information for its retail clients. Delaware distributes proprietary and nonproprietary mutual funds through brokers and financial planners. The database will include fund managers names, rates of return, prospectuses, financial statements, sales information, commissions, and other

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STRAIGHT-THROUGH PROCESSING

Scudder Kemper Investments to Join GSTPA in Time For RFPs

Scuuder Kemper Investments has committed to join the Global Straight-Through Processing Association (GSTPA) within the next few months. Officials at the New York-based investment adviser plan to be on

board before the GSTPA issues requests for proposals for vendor-participation in its collective industry-wide STP solution in May.

Formed last year as a follow-up to the Global Straight-Through Processing

Committee, the GSTPA is a group of investment managers, broker/dealers and global custodians. The organization's main directive is to streamline institutional trade information flow

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MATCHING SERVICES

County Investment Brings AutoMatch Live

County Investment Management recently brought online Thomson ESG's AutoMatch global trade matching service. With AutoMatch complementing Thomson's Oasis Global trade confirmation system already in place at County Investment, the firm is now inline with the introduction of a reduced T+3

settlement cycle, which took effect on Feb. 1, 1999 for Australian equity transactions. County Investment, the investment management arm of National Australia Bank, manages assets estimated at some \$6.5 billion.

County Investment has been using

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Scudder

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between cross-border players, making it possible to present domestic markets with electronic settlement instructions on trade day plus one day (T+1).

Scudder Kemper is the latest buy-side firm to sign on. James Hiatriades, Scudder Kemper's managing director, announced his firm's intent at last week's Industry Standardization for Institutional Trade Communication (ISITC) annual conference, held at The Four Seasons Hotel in Boston, Mass. Afterwards, Hiatriades explained why he places such value on participating.

"It is tremendously important for us to participate to make sure that the proper direction is set," says James Hiatriades. "This is certainly not a knock on what's been accomplished by the GSTPA so far. We have vast invest-

ment activity all over the world and can contribute greatly."

Scudder Kemper, the investment adviser for Kemper Funds, manages more than \$245 billion in assets globally for mutual fund investors, retirement and pension plans, institutional and corporate clients, insurance companies and private, family and individual accounts. It is one of the 15 largest mutual fund companies in the United States.

The GSTPA's solution involves three core components, which would be within the domain of a utility that would be owned and governed by the industry, says Albert Petersen, executive vice president, global strategic projects at State Street Bank.

According to Petersen's white paper on the solution, the three components of the project include: (1) An interactive network that would support the multilateral connectivity required; (2) A 'transaction flow manager' that would deal, one trade at a time, with

the flow of information through all steps of the trade life cycle; and (3) The standards that are necessary to operate this collective process."

The GSTPA is close to finalizing the project's requirements, research that has been ongoing since last year. To facilitate the fact-finding, the GSTPA tapped KPMG, and both are putting the finishing touches on the business requirements and technical requirements. At the ISITC conference, Petersen laid out a tentative timetable for the completion and release of the solution.

Petersen says the RFPs will be issued in the spring, and that vendors, or "partners" will be selected before the end of the summer. The RFPs will solicit proposals for network provider, applications development and facilities management. Petersen says a pilot operation is slated for launch by the end of year 2000, and full production could begin as early as 2001.

Delaware

Continued from front page

ers. This project will be rolled out in phases and first will be accessible by the firm's in-house customer service representatives. "The Internet is driving this project. This type of data needs to be produced quickly and has to be flexible," Shields says.

Delaware—a subsidiary of Lincoln Financial Group, acquired 4 years ago—is also transferring 200-300 of its parent company's 401k plans to its in-house accounting system it calls Retirement Subaccounting System. Because the system was home-grown it has special functionality created for the firm's 401k plans. As a result, Lincoln Financial decided to transfer its accounts from its off-the-shelf system OmniPlus, by SunGard Employee Benefit

Systems. Some of Lincoln's 401k plans—which were not on Omni—will still be administered at Lincoln's headquarters in Fort Wayne, Ind. The migration is expected to be complete by July.

Delaware is also planning to switch trading systems, from a proprietary system it calls Equity Trading System to the MacGregor Group's Predator, an equity trading and order management system. The firm has started the conversion and plans to go live in August. Before the transition can be completed, Delaware has asked the vendor to create compliance, commission and modeling-related enhancements. The firm is switching systems because its home-grown system did not give it the flexibility to connect with its brokers and it was not flexible enough for the firm's traders. Predator is a client/server-based system.

Buy Side TECHNOLOGY WEEK

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Risk Technology Weekly is published by *Wall Street & Technology* magazine. Corporate offices: Miller Freeman Inc. (MFI), 600 Harrison Street, San Francisco, Calif. 94107; (415) 905-2200. MFI is a member of United News & Media. All rights reserved. Periodicals postage paid at San Francisco, Calif., and additional mailing offices.

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**Wall Street &
Technology**
in Miller Freeman
A United News & Media publication

STANDARDS

FIX, S.W.I.F.T. "Managing Double Standards"

While not setting any specific schedules, high ranking officials from the Financial Information eXchange (FIX) Committee and the S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication) agreed in principle to work towards convergence. The budding courtship was on display during the annual Industry Standardization for Institutional Trade Communication (ISITC) conference, held last week at The Four Seasons Hotel in Boston, Mass.

The FIX protocol is a messaging standard developed specifically for the real-time electronic exchange of securities transactions. S.W.I.F.T., via its global network, supplies its own messaging standard to investment managers, brokers, stock exchanges, securities depositories and clearing organizations.

"How can we manage double standards," asked Peter Guldentops, S.W.I.F.T.'s director of standards? "Well, certainly not by eliminating them right away." Guldentops says S.W.I.F.T. representatives will work with FIX officials on a variety of subjects to facilitate convergence of the two standards.

Defining mapping rules to link the protocols, agreeing on the underlying business directives and establishing a common architecture, are all key components if collaboration is

to work, says Guldentops. "Those discussions point out what you can reconcile, and what you cannot," he explained.

For their part, FIX U.S. Committee Co-Chair James Leman says the FIX organization is focusing on the stability of the protocol. "We have made a decision to work towards the stability of the standard," says Leman. "That means there will be no additional incremental functionality releases for 1999 as we work to migrate users to more recent releases of FIX."

One key project Leman sees as facilitating "a path to convergence" between the standards is the use of extensible markup language in FIX messaging. The FIX Technical Committee has already set a tentative schedule for the pilot release of FIXML, including an upcoming deployment at six firms (BSTW, 2/1/99).

Meanwhile, FIX and S.W.I.F.T. aren't the only organizations working towards convergence. "We are also looking to work with Peter [Guldentops] because we know of a number of middleware vendors working for customers who require translations," says Leman, managing director of Salomon Smith Barney's Capital Markets Division. ●

County

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AutoMatch in a live environment for the past five months. Installed in September last year and tested for three months, AutoMatch was brought into full production in January and currently 70% of the firm's trades pass through it. The firm is Thomson's first AutoMatch client in the Pacific Rim region.

With AutoMatch, County Investment now receives equity block trade notifications electronically from brokers, rather than in the form of multiple contract notes. These notifications are then automatically matched against

data from County's Orders Module, with manual intervention now required only on an exception basis.

"AutoMatch has been linked to the Australian Equities Front End dealing system," says Chris Yates, head of information services at National Investment Services, the IT services division of National Australia Bank. He explains that when a trade is finished, it is then transferred to AutoMatch, which in turn sends the deal to the broker for confirmation.

Yates says that while this functionality was available with Oasys Global, there are two key differences.

"First, the orders are all transferred electronically both to Oasys and to the back office," says Yates. "Secondly,

AutoMatch handles block orders...[and] allows the allocation across the funds to be transferred with the order. This therefore significantly decreases the amount of information that is required to be entered into the Oasys."

Previously at County Investment, deals were phoned through to the broker, the deal sheet was filled out and faxed to the broker and the confirmation notes were received the following day, says Yates.

County provides investment management services and manages a range of funds including balanced and protected portfolios, Australian and international equities and fixed interest, indexed bonds, listed property, cash and high-yield securities. ●