



CLIENT EXPERIENCE

TCS B&NCS enables Link Up Markets to reduce complexity in European cross-border securities transaction processing

Customer
**Link-Up
Capital Markets S.L.**

Industry
**Central Securities
Depositories**

Offering
TCS B&NCS

Link Up Markets is a joint venture by eight central securities depositories (CSDs) in Europe set up with the objective of simplifying cross-border business as defined by the Lisbon Agenda. These eight CSDs came together to improve interoperability, reduce post-trade processing costs, and establish a common infrastructure for simple and secure messaging. Link Up Markets deployed TCS B&NCS products, i.e., Service Integrator and Corporate Actions for this purpose. The implementation was driven by Clearstream Services S.A., with TCS Financial Solutions, a strategic business unit of Tata Consultancy Services, providing TCS B&NCS, an integrated product suite. Service Integrator plays the role of the common messaging platform in Link Up Markets' infrastructure that validates, transforms and routes messages between securities depositories, while also tracking the message lifecycle. Corporate Actions (Announcement Capture) provides a common information platform to participating CSDs and their users, linking to securities, corporate actions and proxy voting associated with various markets. The solution was successfully delivered to Link Up Markets in a record time of eight months.



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Link Up Markets is a joint venture by eight leading CSDs – Clearstream Banking AG Frankfurt (Germany), Cyprus Stock Exchange (Cyprus), Hellenic Exchanges S.A. (Greece), IBERCLEAR (Spain), Oesterreichische Kontrollbank AG (Austria), SIX SIS AG (Switzerland), VP SECURITIES (Denmark) and VPS (Norway) – set up with the objective of improving efficiency and reducing costs of post-trade processing of cross-border securities transactions in Europe. Link Up Markets' CSDs hold a market share of 50 % in European settlement volumes.

About Clearstream Service S.A.

Clearstream Services S.A., located in Luxembourg with more than 500 IT specialists, has successfully served financial markets customers worldwide, including Clearstream's 2,500 customers for over 30 years.

Business Situation

Link Up Markets was set up with the objective of linking various CSDs in Europe, and beyond, through a common infrastructure, facilitating efficient cross-border processing in line with the integration of financial markets in Europe (Lisbon Agenda). This extended to include other services in the form of a common information portal for securities, corporate actions and proxy voting across local markets. It wished to offer best-in-class CSD services for all asset classes and multiple currencies and also reduce existing cross-border settlement costs by 80 percent, depending on market and business requirements.

Link Up Markets required a centrally deployed common messaging platform that would:

- Manage large volume transactions, which are expected to grow over a period of time.
- Enable cross-border exchange of messages
- Be flexible enough to minimize adaptations to infrastructure and leverage existing infrastructure
- Absorb variations in communicating standards across local markets
- Be scalable to extend the services to other CSDs
- Provide centralized reference data, a corporate actions calendar and basic information for general meetings

This required an application that would support the following features:

- Diverse message formats: ISO 15022, ISO 20022, proprietary message formats
- Validating, transforming and content-based routing
- Browser-based user interface to configure business mapping rules and to manage and monitor messages during their life-cycle
- Centrally hosted platform, accessed remotely by CSD users, IT systems and participants through messages/ bulk files
- Reference data module to provide a reliable source of reference data for users of Link-Up platform and services
- Securities data provides reliable data to CSDs and CSD participants to support their settlement and custody operations
- Corporate Actions and Event Storage Engine for a comprehensive view on Corporate Actions, independent of any holding position
- The Proxy Voting module for services to Link-Up CSDs and CSD customers relating to meeting calendar, and multi-casting of meeting notifications.
- Scalable and cost-effective to help manage the addition of any new CSD
- Increased efficiency to manage large voluminous transactions that are expected to grow in the future

This involved

addressing a host of challenges ranging from legal, regulatory, technical and cultural barriers, to cross-border clearing and settlement and increased operational complexity and risks. Some of these included:

- Lack of transparency and uniformity in costs, fees and pricing of post-trade services
- Comparatively high costs of cross-border settlements in EU
- Numerous point-to-point connections between CSDs
- Dependency on third-party gateways for secure transfer of messages, which is expensive for CSDs individually
- Discordant market practices and messaging standards

The biggest challenge for Link Up Markets was to implement the project in the market with the short timeframe of eight months, considering diversified market stakeholders involved in the initiative and the technical and functional complexity associated with the project.

The combination of the TCS BaNCS products (Service Integrator and Corporate Actions) with services from Clearstream has enabled Link Up Markets to achieve efficient exchange of cross-border settlement messages between CSDs.

Benefits

Link Up Markets achieved all that it set out to do on its journey of connecting CSDs and simplifying cross-border processing. TCS BaNCS solutions were delivered within a record time of eight months, with quick and minimal adaptations to participating CSDs. Further, the solution:

- Enabled market participants to access eight markets directly via a single window
- Replaced the complex mesh network with a simple hub and spoke topology
- Helped reuse existing local infrastructure of CSDs
- Absorbed differences in market standards
- Provided independence from expensive messaging gateways
- Delivered a sophisticated user interface that allows CSD-users to configure their own transformation rules
- Provided centralized reference data, corporate actions calendars and basic information for general meetings

As the venture leverages existing efficient infrastructure, more CSDs within Europe and beyond can join the initiative. This will enable CSDs to improve their operations and offer better services to their participants. Also, this project is a fine example of how TCS BaNCS has facilitated the replacement of a mesh network by a hub and spoke model that can, in turn, be replicated in multiple scenarios in different financial institutions.

“ We set ourselves a very aggressive target of 12 months time-to-market, and it was crucial for our credibility to deliver in time. Working with TCS and leveraging their products and industry understanding enabled us to succeed - and underpinned our key principle of delivering efficiencies and cost-benefits by leveraging existing solutions.”

Tomas Kindler
Managing Director
Link Up Markets

About TCS Financial Solutions

TCS Financial Solutions is a strategic business unit of Tata Consultancy Services. Dedicated to providing business application solutions to financial institutions globally, TCS Financial Solutions has compiled a comprehensive product portfolio under the brand name of TCS BANCs. With a global customer base in excess of 240 institutions operating in over 80 countries.

For more information, visit us at www.tcs.com/bancs

About Tata Consultancy Services

Tata Consultancy Services is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development.

A part of the Tata Group, India's largest industrial conglomerate, TCS has over 143,000 of the world's best trained IT consultants in 42 countries. The company generated consolidated revenues of US \$6 billion for fiscal year ended 31 March 2009 and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

For more information, visit us at www.tcs.com.

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