

# Shareholder Identification

## TCS BaNCS solution enables SRD II compliance



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Recent regulations have placed a stronger emphasis on timely processing of greater shareholder disclosures.

The EU Shareholder Rights Directive, or SRD II, requires EU asset managers to provide Shareholder Identification information on request to issuers.

The requirement, which came into effect in September 2020, states that at the request of a securities issuer, asset managers and other intermediaries must provide information about the identities of all eligible shareholders by the next business day. Considering the fast turnaround time for these data-intensive requests, an automated solution is the only way to mitigate the operational challenges and risks of SRD II.

Upon publication of the new regulation, TCS Financial Solutions conducted a detailed analysis of the full SRD II requirements, including the specific capabilities needed for compliance by asset management and asset servicing firms. Within a short span, TCS BaNCS Corporate Actions was upgraded to include a complete solution for Shareholder Identification compliance.



The TCS BaNCS Shareholder Identification solution has already been installed at eight leading institutions with EU operations. These deployments occurred well ahead of the annual meeting peak season, which generates the bulk of issuer requests for shareholder information. By automating the SRD II compliance process, firms can ensure that they can handle large volumes of issuer requests automatically, without the need for manual intervention.



An executive from **Societe Generale Securities Services** commented: "The new SRD II regulation came into force right in the middle of the unprecedented disruption of the pandemic, which created many uncertainties regarding existing milestones for many European projects. In this incredibly challenging context, thanks to strong collaboration and partnership with TCS teams, we successfully deployed an efficient solution, fully integrated into our information system. TCS teams have proven their in-depth knowledge of the SRD II Directive and helped us to understand both the business and technical stakes induced by this regulation. Proactivity and close collaboration between SGSS and TCS teams were two key success factors in this achievement, allowing SGSS to deliver a shareholder identification process in a timely manner and with a good level of service quality."





The SRD II solution in TCS BaNCS Corporate Actions draws upon years of corporate actions knowledge and experience, combined with the strong technology and engineering background of TCS. The solution is ISO 20022 compliant, meets market standards including SWIFT SR 2021 changes, and ensures full regulatory compliance with SRD II. To ensure continual process improvement, TCS Financial solutions continues to work with the EU Commission and with various Market Practice Groups, including ISSA.

The SRD II solution is suitable for any participant in the Corporate Actions lifecycle including issuers, intermediaries, and institutional investors, automates Shareholder Identification with:

- Automatic, verified sending/receiving of Shareholder Identification requests
- Identifying eligible shareholders under relevant domestic law, including classifications and full details on beneficial ownership
- Automatic response to issuers, agents, and intermediaries
- Detection, reporting, and automated repair on processing errors



## Moving toward full-lifecycle automation on the cloud

TCS BaNCS Corporate Actions, including the SRD II solution, is now available as a service through TCS BaNCS Cloud for Asset Servicing.

The cloud-based operating model offers several advantages specific to the asset servicing business:

**On-demand computing for peak capacity.** In our experience with traditional corporate actions systems, average server utilization is only 20 to 30 percent of the seasonal peak. With TCS BaNCS Cloud, firms can increase their computing resources to meet peak requirements, and then scale down during other times.

**Connect directly to data sources.** Instead of having to download, process, validate, and store market data and reference data, firms can connect directly to real-time, low-latency cloud-based solutions hosted by data vendors, as well as to analytical workbenches that make use of these rich sources of data. As the available cloud-based resources increase in breadth and depth, so will firms' ability to reduce costs and enable more powerful servicing resources to investors.

**Increased automation.** Cloud data works hand-in-hand with highly configurable AI and Machine Learning tools that can translate and normalize data, progressing towards automation of recurring challenges in processing. In addition, AI-based tools can be trained to automate digital extraction from manual documents. Together, Cloud and AI tools drive notable benefits throughout the asset servicing domain.

**Expand industry connectivity.** Industry groups are seeking to enable market players to actively exchange data in new and powerful ways. Already, APIs enable active data exchange between entities without the need for point-to-point connectivity. Soon, distributed ledger technology, or DLT, will be capable of unifying the distribution of common reference data, and as DLT evolves, we also expect that smart contracts will automate key decisions, especially in scenarios with default instructions such as in corporate actions.

**Support firm-wide/market-wide utilities.** Cloud-based utilities enable firms and industries to centralize common functions. As firms scrutinize their own operations, certain functions will be moved to firm-wide utilities that service internal operations, while other,



non-competitive areas would be suitable for a market-wide utility. Corporate event announcements processing is an obvious area to consider, and there are other viable candidates for the utility model across the corporate actions operating model.

**Maintain latest version of systems.** Using the latest innovative tools and latest optimized system configurations, firms can best position themselves for the highest levels of performance within their operating models. The shift to cloud facilitates continuous upgrades, and thus the quickest rollout of regulatory upgrades, feature enhancements, and process improvements designed to improve competitiveness and lower costs.

**TCS BaNCS Cloud for Asset Servicing provides clients with several approaches to enhancing their operating costs and business models by drawing on the manyfold benefits of cloud-based deployment. Our technological expertise in cloud deployments, combined with our depth of experience in asset servicing, ensure our clients a highly effective and future-proofed solution.**