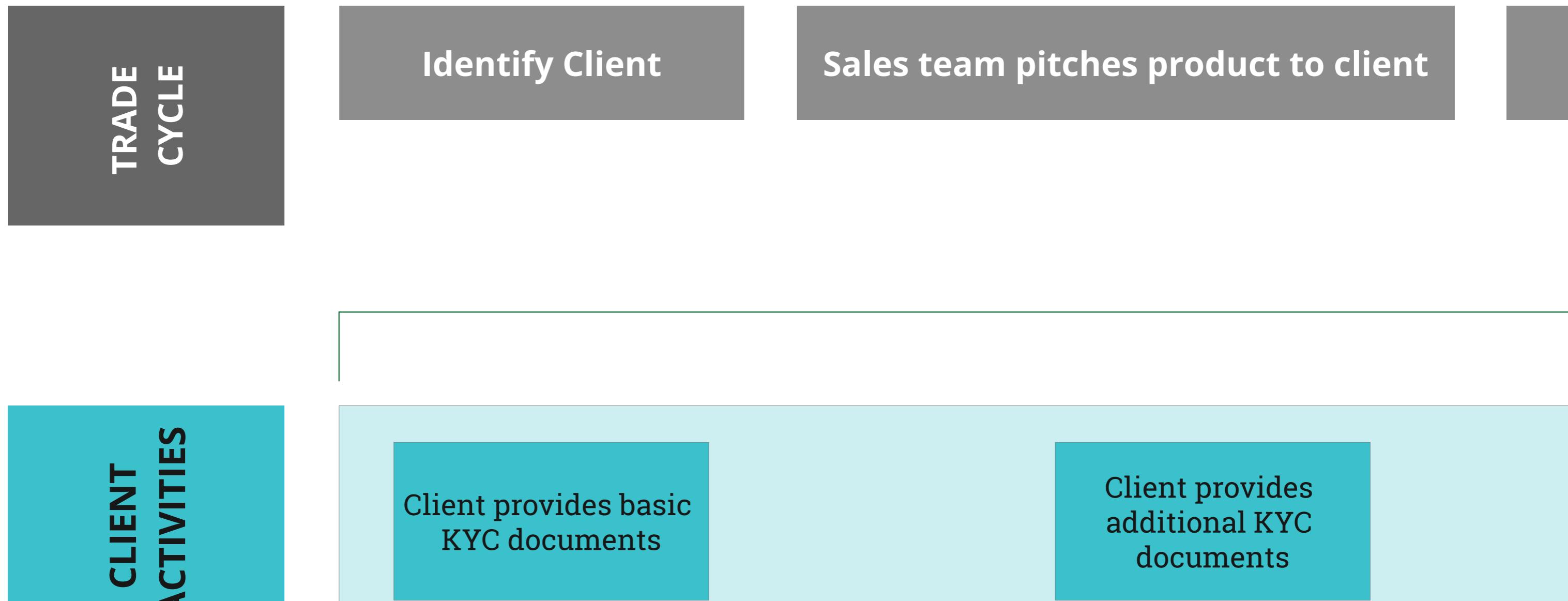


# SERVICE BLUEPRINT

**Front, Middle & Back Office Service Alignment for Secured Financing S  
SGCIB Hong Kong**



## **Services (SFS Desk)**

**Client agrees to trade**

**MO/BO ACTIVITIES****MO/BO ACTIVITIES****TEAM**

OB team assesses Client Category & does PCRU mapping. Sent to FO for validation

Documents to be collected for KYC checked. Missing documents availability checked with CRIO team.

If not available with CRIO team, PCRU/FO notified to collect documents from client

'MAKING' p  
Screening o  
Categoriza  
risk level. S  
Compliance  
for valida

**FO ACTIVITIES**

FO initiates request for AOC. Attaches basic KYC documents

KYC requirements verified & approved by BL head

FO contacts clients to get relevant/ additional KYC documents

FO sends report to  
OB team

## KYC Onboarding Team

process:  
f client.  
tion of  
Sent to  
e team  
ation

'CHECKING':  
verification done at  
HK by onshore KYC  
team

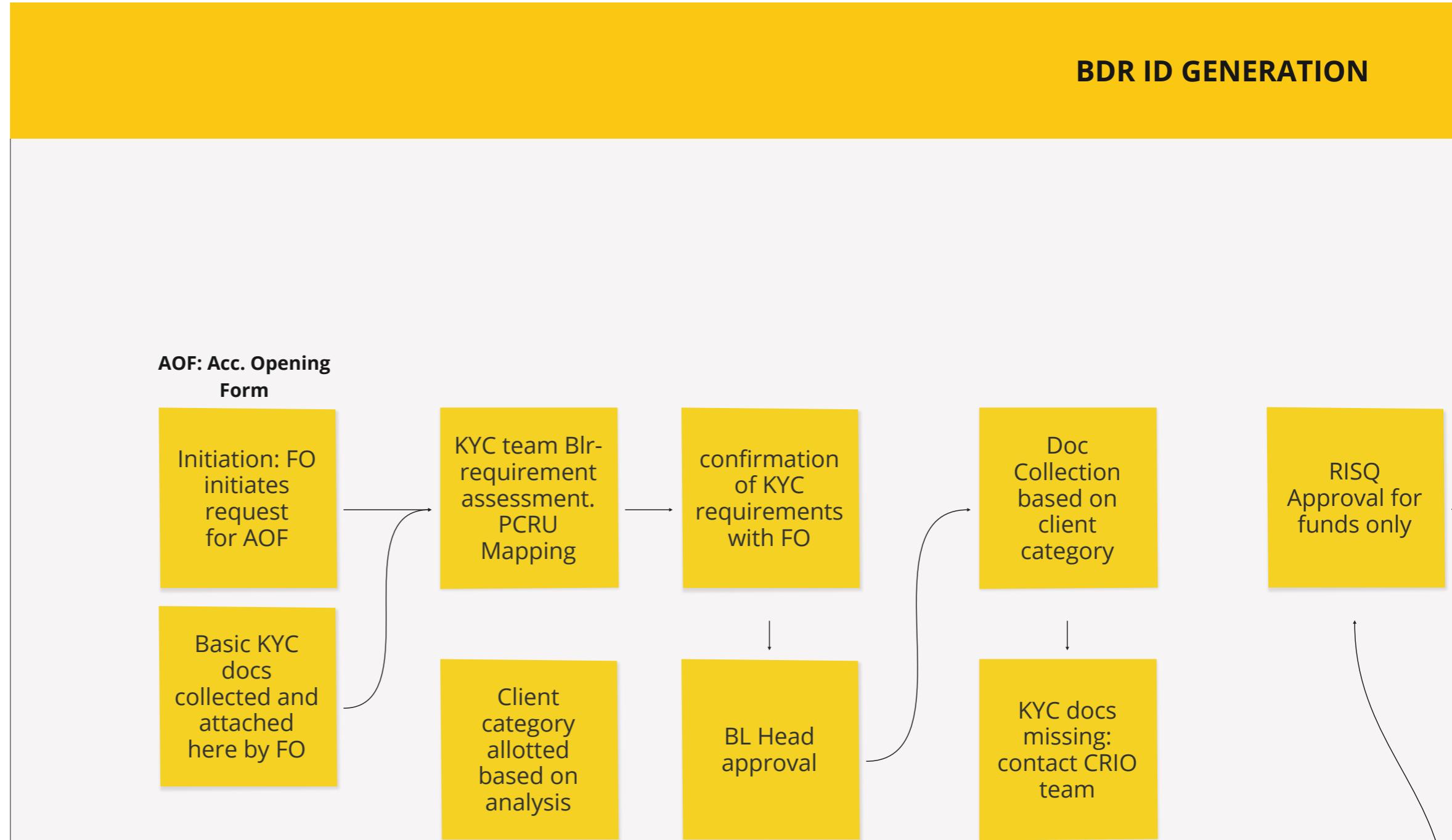
If issues, arise,  
amendments in  
'Making'. Otherwise,  
BDR ID is generated.

OB team receives 2  
types of reports: AM  
& OB

For OB reports (new  
clients), NCR.  
For AM: Account  
closures,  
amendments, full  
relationship  
closures

## ACTION FLOW

## SUPPORT FUNCTIONS



Reports accessed on  
PEGA

## AGREEMENT EXECUTION & NCR GENERATION

### Maker-Checker concept

MAKING  
Screening done at Blr.  
Time consuming.

Compliance team does checks:  
Additional precautionary measures conveyed

CHECKING  
done at Hong Kong: quality check

CHECKING  
done: all is fine

BDR ID generated

categorizatn.  
of risk:  
High, Med-high,  
Med-low, Low

Account creation & amendments

Account Closure

Agreement setup  
DOC

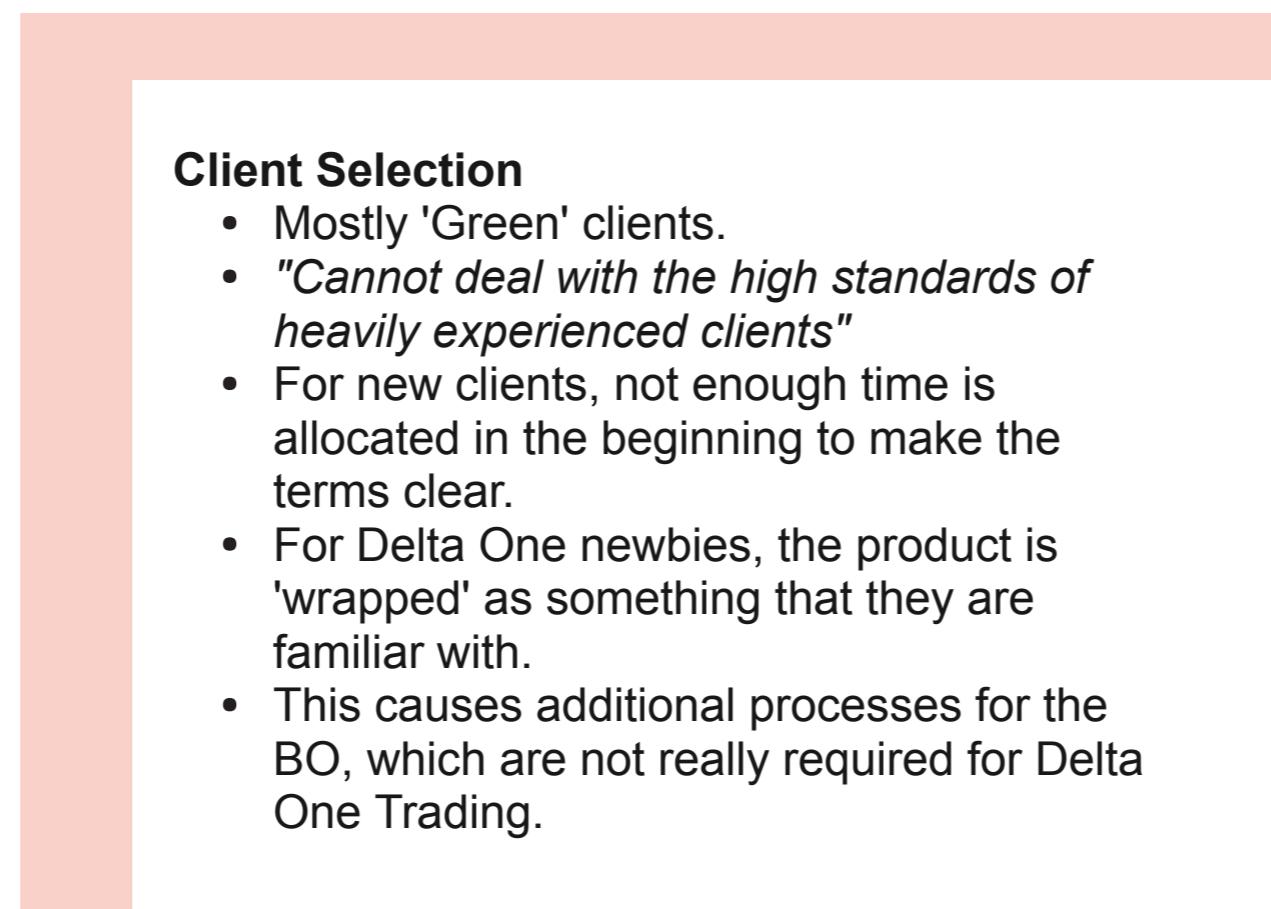
AM: Amendments

Full Relation Closu

2 types of

## PAIN POINTS

## MO/BO

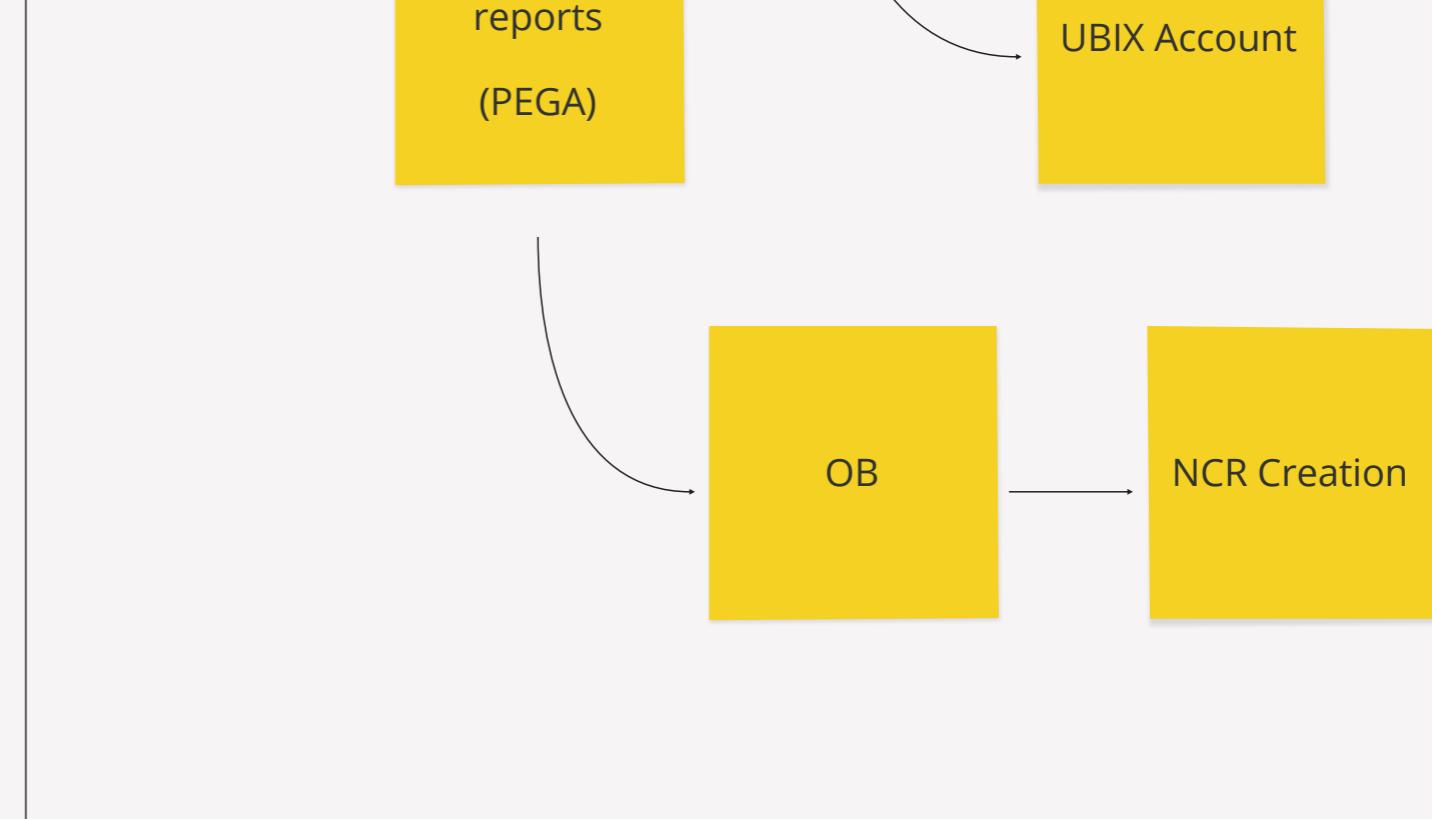


## Client Relations

- Sales team seems to be responsible for a majority of the communications with clients (even aspects like legal at times).
- "Maybe an organizational mindset issue. No one wants to talk to the client".
- Are often relaying messages of MO/BO to clients. Takes a toll on productivity.

## Client Selection

- Mostly 'Green' clients.
- "*Cannot deal with the high standards of heavily experienced clients*"
- For new clients, not enough time is allocated in the beginning to make the terms clear.
- For Delta One newbies, the product is 'wrapped' as something that they are familiar with.
- This causes additional processes for the BO, which are not really required for Delta One Trading.



### First Impressions:

- On-boarding process is not smooth. For clients, this first impression makes or breaks the bank's reputation.

### KYC Cancellations:

- No systematic way of keeping track. List conveyed over mail by BO, which is lost.
- Cancellation notifications are usually discovered after trades have been booked, causing panicked reactions.

### KYC Process:

- Originates at FO, but can be done by the BO. Involves manually looking up client details.
- No centralized onboarding person/team to oversee the whole process for Delta One onboarding.
- Difficult to coordinate with lots of BO teams- 'complex names' an issue. No definite SPOC for problem addressal.

Issues with Query management:  
lack of timely response from FO

## INSIGHTS



cli



- Sales team sell majority of the products (even aspects)
- "Maybe an opportunity one wants to take"
- Are often referred to as clients. Take care of them

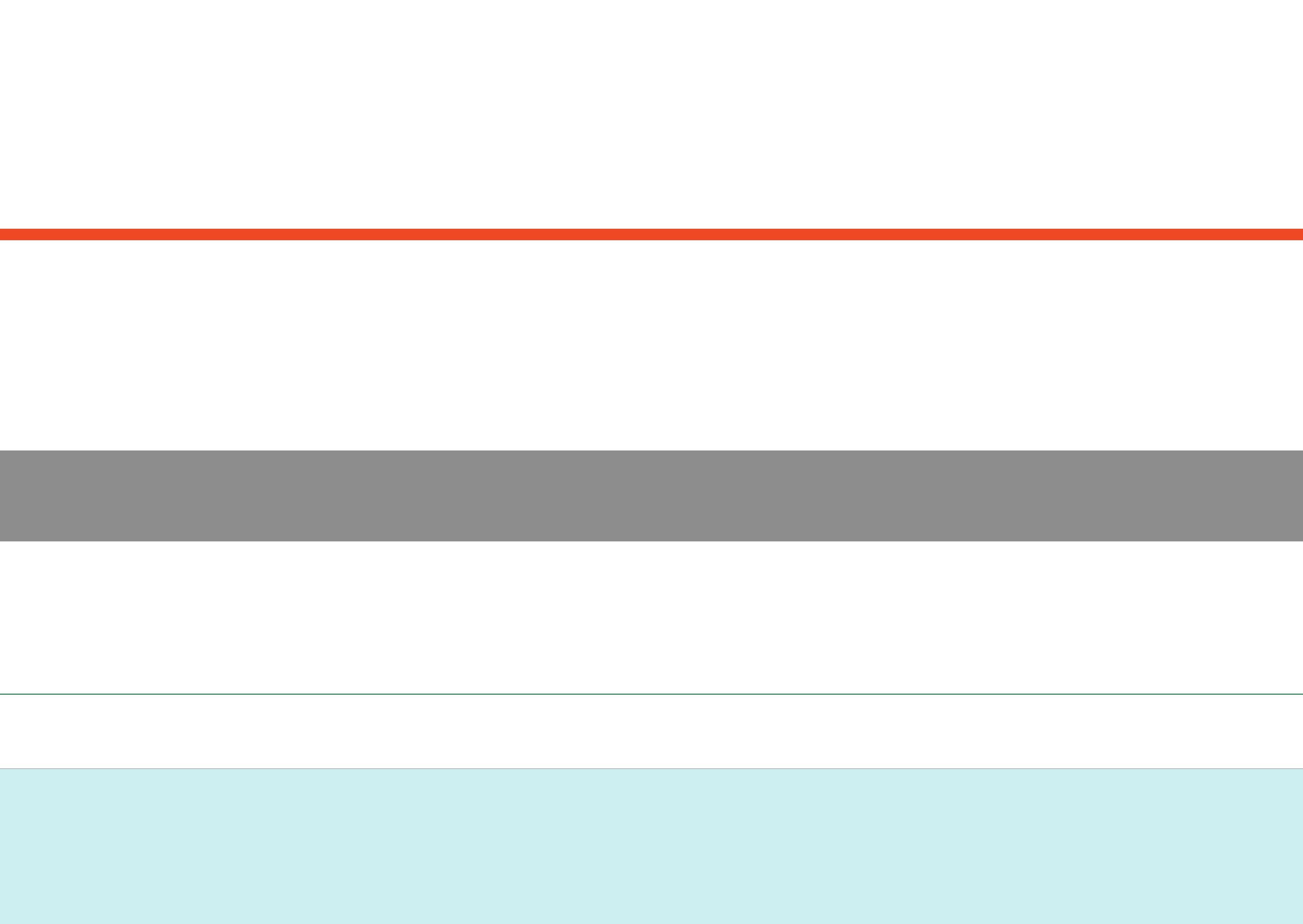
## ent Relations

seems to be responsible for a  
the communications with clients  
(it's like legal at times).

organizational mindset issue. No  
"no talk to the client".

delaying messages of MO/BO to  
takes a toll on productivity.

Client chooses cash  
EQD as product



FO requests account  
to be opened for  
client

FO provides Sub-  
account details

Agreement setup:  
initiation,  
composition &  
execution

Check whether  
client is KYC  
compliant

Update codes in BDR

Creation of Parent  
Account

Check if client is  
BTEP/ non-BTEP

## **CLIC Team**

Full KYC check for  
non-BTEP;  
not required for  
BTEP

Check client's  
country of domicile

Creation of  
Sub-account

Creation of Parent  
TSS Account

Creation of Sub-  
Account

DOCS

BDR ID is generated from KYC compliance.

Codes are updated:  
Implantation Code  
Application Code

App Code updated as FDA

Setup Parent Account in FDA.  
client.country of domicile.region  
example:  
BLACKROCK.AU.AU

N

ACCOUNT SETUP

Count  
ures

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o in  
CS

l  
nship  
ures

Agreement:  
1. Initiation  
2. Composition  
3. Execution  
4. Executed

Executed  
Agreement  
sent to Client  
Data team &  
SDQ Team

Client  
chooses Cash  
EQD as  
product

Client is KYC  
Compliant

BDR

FIDESSA  
Read only

FDA: FIDESSA  
Database  
Admin.  
Read & Write

BTEP

S

Setup Sub-account  
in FDA.

Setup Parent  
Account in TSS

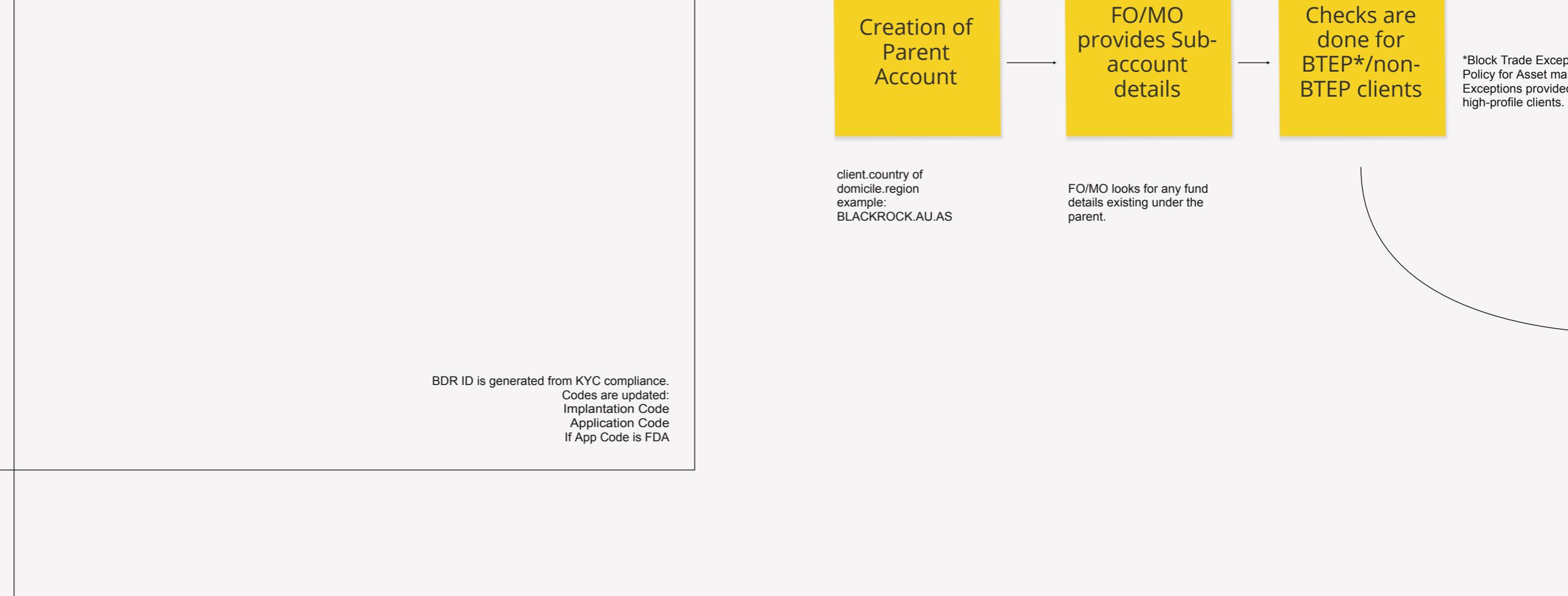
Setup Sub-accou  
in TSS

## TRADE SETTLEMENT SYSTEM : ASIA ONLY

FDA- TSS LIN

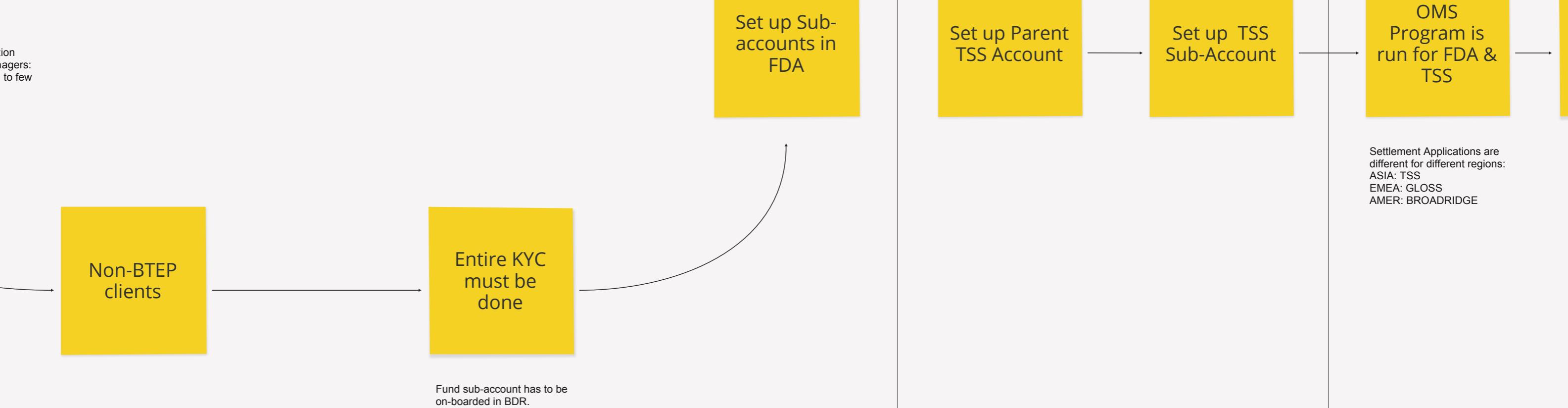
Set up in parallel for settlement purposes only





Specific required client (eg of domi readily a to set up

\*Block Trade Except Policy for Asset man Exceptions provided high-profile clients.



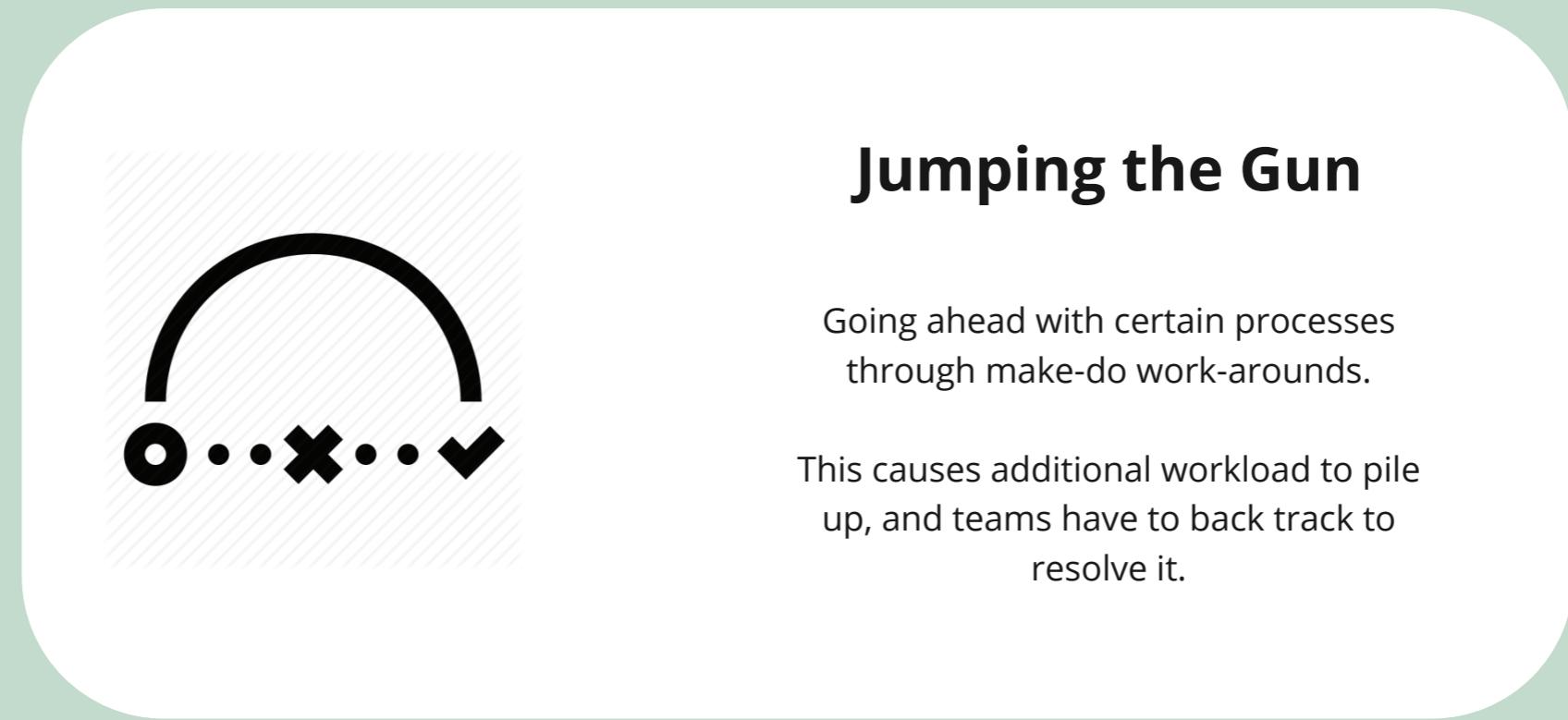
c data from the .country file) not available account.

FO is contacted to get in touch with the client and collect this missing data. This causes delays.

Proposal sent to the FO: a template to collect this required data at the beginning. No response received

Multiple chases  
for same issue.  
'Unrealistic  
Expectations':  
Processes have  
stipulated TATs.

Set  
dum  
for  
mark  
subs  
the w  
the



## Jumping the Gun

Going ahead with certain processes through make-do work-arounds.

This causes additional workload to pile up, and teams have to back track to resolve it.



# **Client Onboarding**



Client receives  
request for details

Client provides  
required details

FO receives  
Account details

FO does trade  
allocation/ booking  
on FIDESSA

## Onboarding Team

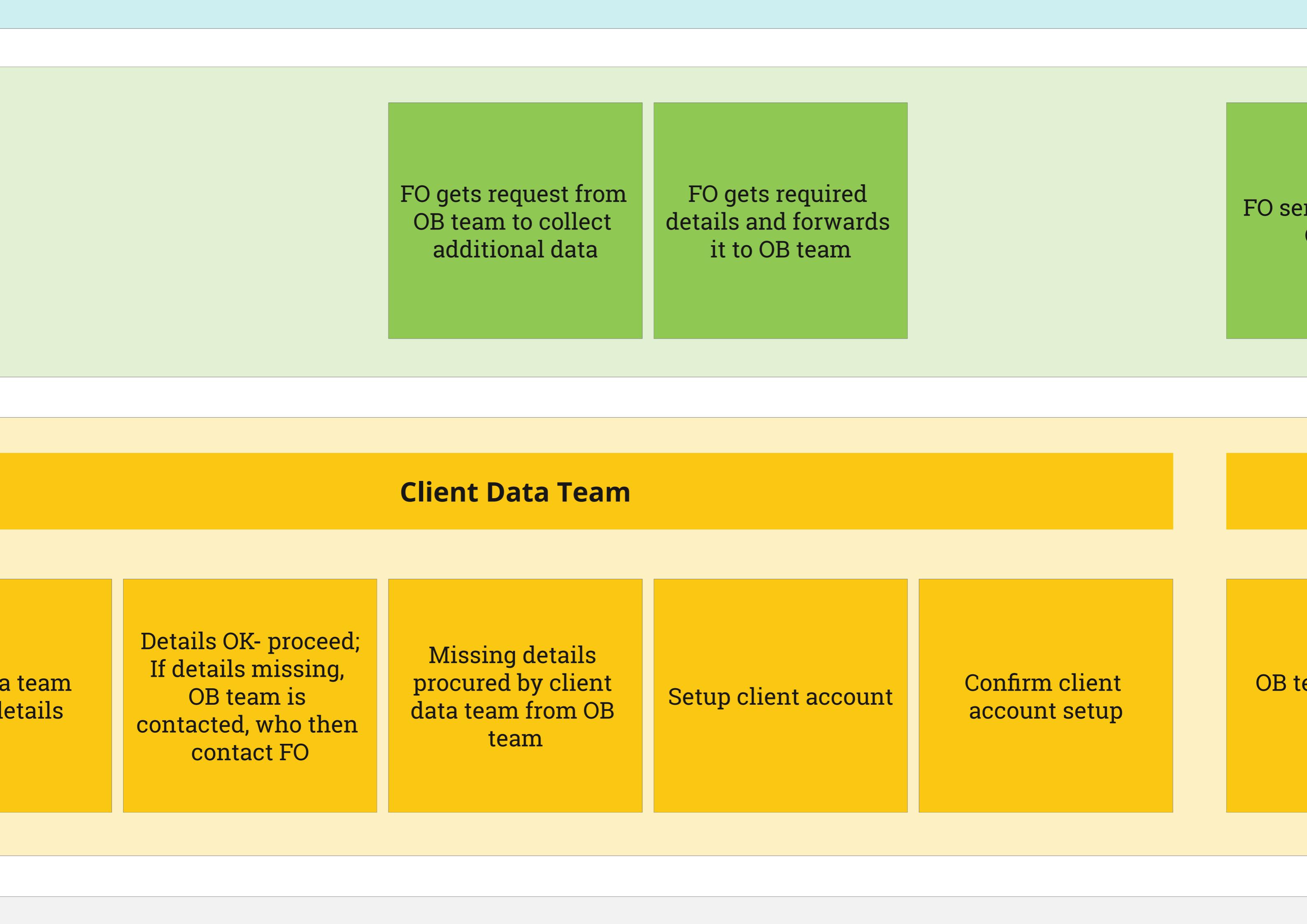
Manual linking of  
FDA & TSS accounts

Request routed to  
Onshore OB team for  
New Client; Offshore  
team for existing  
client

OB team feeds  
details

Client data  
checks d

TSS



unt

OMS Program is run  
for FDA & TSS

Report generated by  
FIDEssa & sent to  
Settlements  
(APTP)

Details fed into  
PEGA

NKING

TRADE ALLOCATION

ONBOARDING TEAM APPROVAL

EO docs

Report

Onboarding

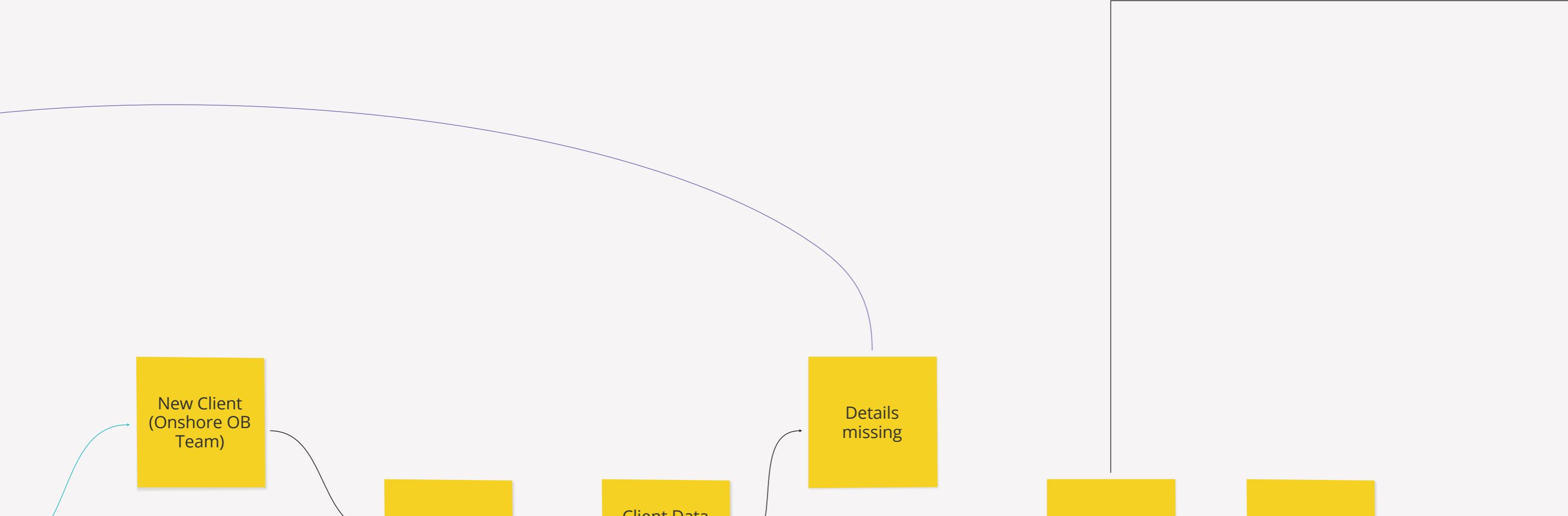
OB team

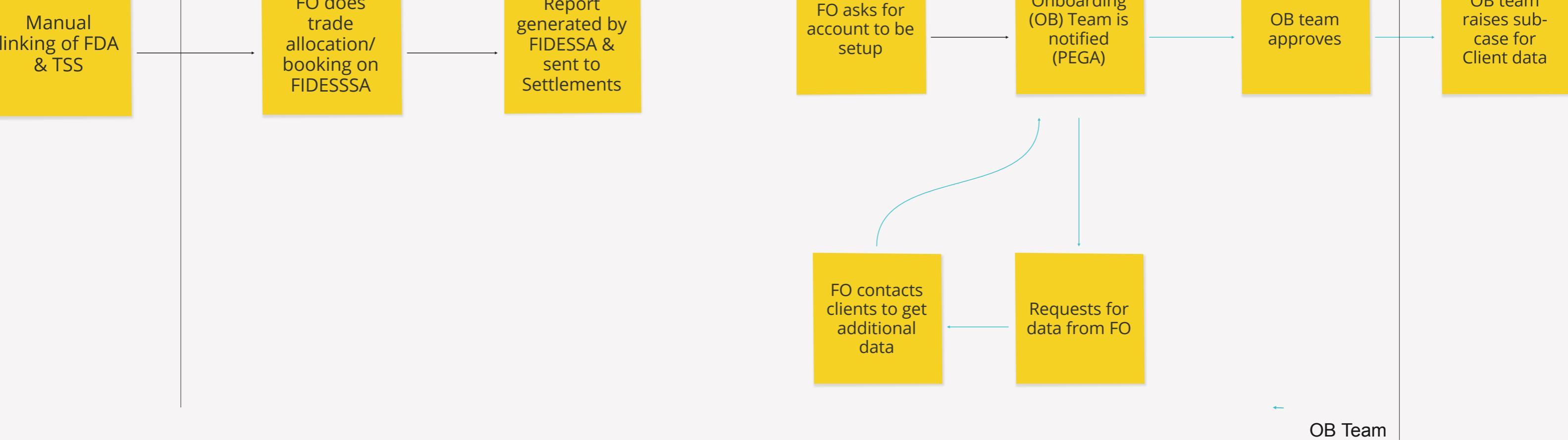
Reque

Account is setup in  
GMI

Confirmation is  
updated on PEGA

## GMI ACCOUNT SETUP



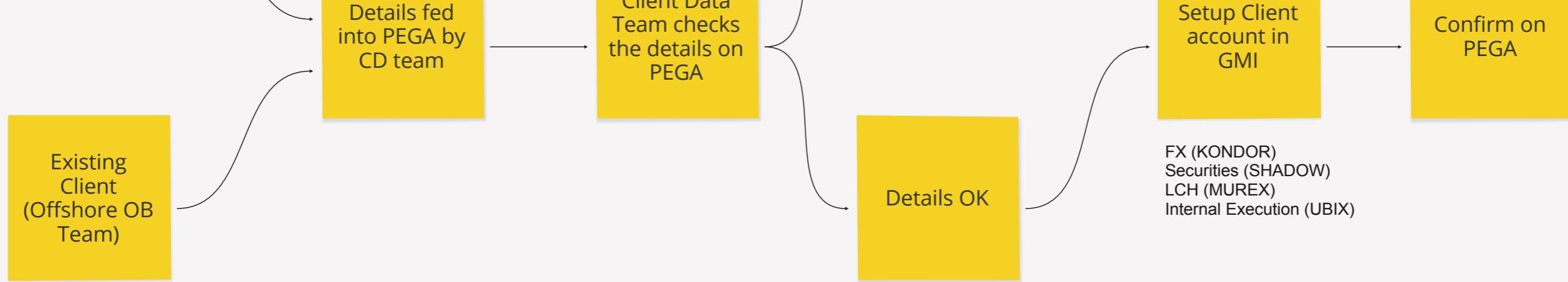


Setting up of my account emerging assets- this adds substantially to workload of the BO team.

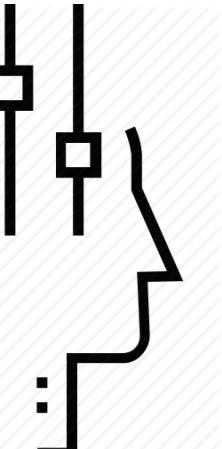
Going against the set procedure.

### FO Perspectives on Teams at GSC:

- High turnover.
- HK team not notified about new joiners.
- Have to explain the same things to new joiners over and over again.
- Internal communication at GSC a major issue.
- Questions do not get prompt and clear responses. ("Excuses; shifting the problem around")



Delays in response from FO when gathering missing details



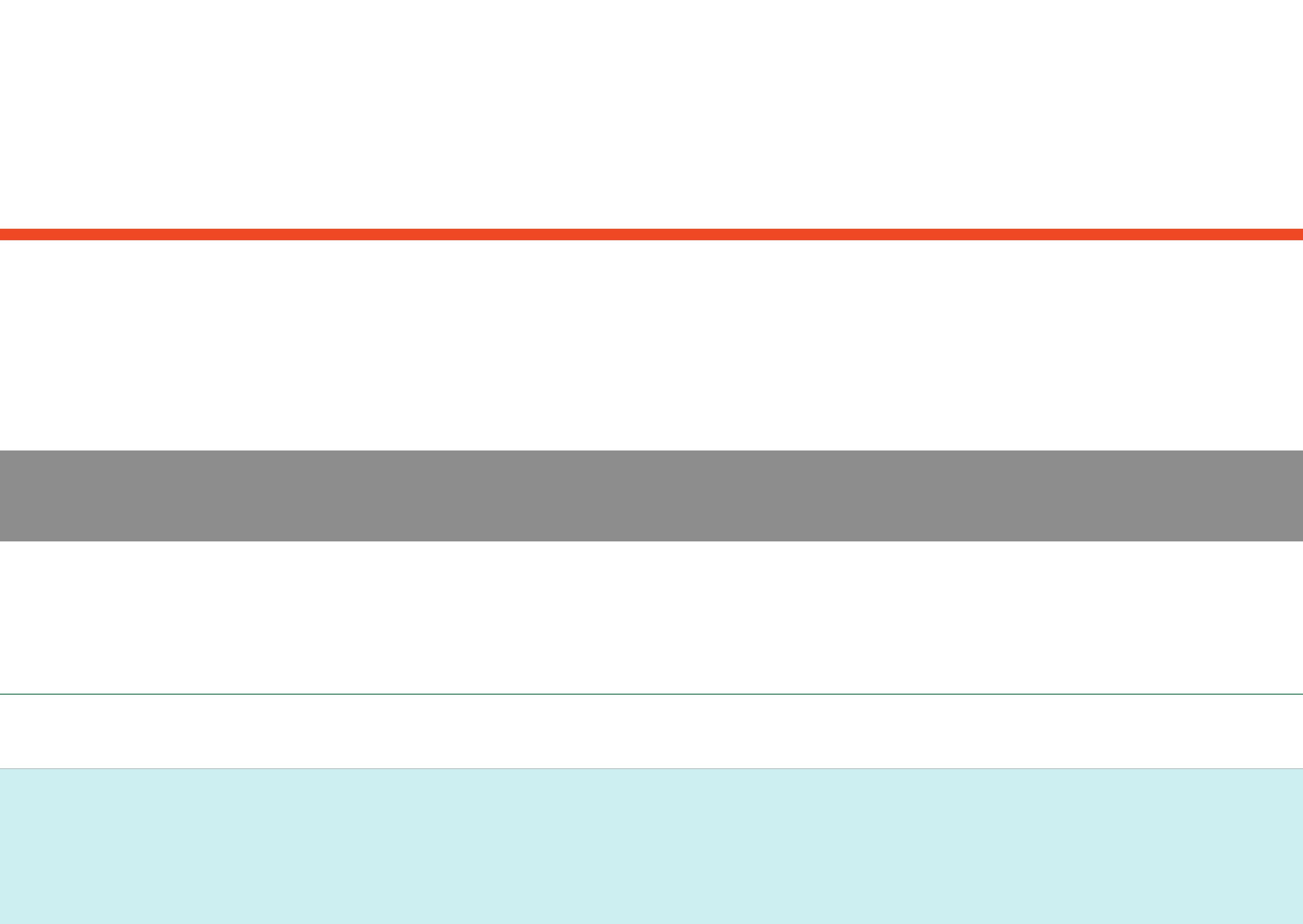
## Mindset

- BO needs to enforce introspection of the operational tasks that has been carried out everyday and reflect on how it can be improved.
- People in an outsourced function don't feel like a part of the business
- BO works on more of a reactive mode, than being proactive
- Resistance to change.



## Knowledge Gap:

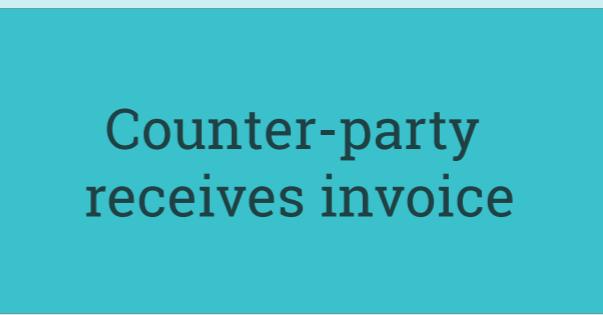
- High turnover means knowledge transfer/management is an issue.
- Most communication is ad-hoc, so depth of knowledge (products/processes) is a must.





**Pre-trade Checks**

**Execution**



Counter-party receives invoice

nds request to  
OB Team

FO receives  
notification of  
commission & fees  
setup

## Static Data Quality Team

team initiates  
request

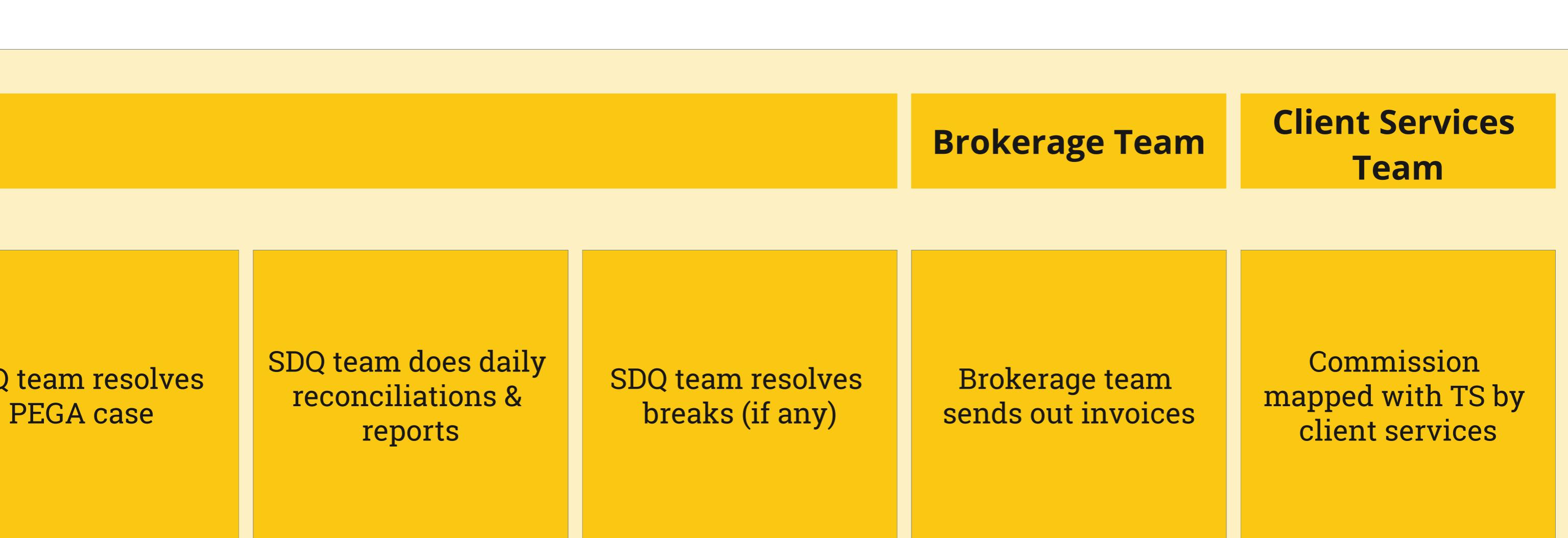
OB team liaises with  
parties for  
agreement  
execution

Executed agreement  
sent to Client Data  
team & SDQ team

Client Data team  
opens account

SDQ team does  
setup

SDQ



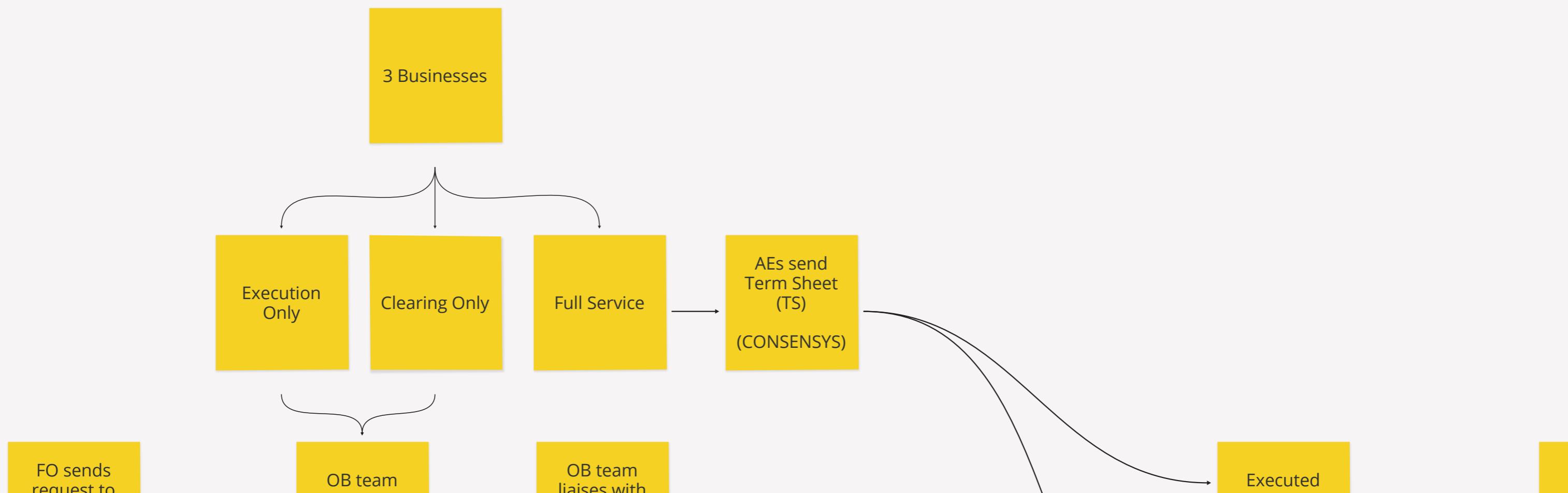
st initiated on  
DOCS

Confirmation is  
updated on PEGA

Commission & Fees  
(GMI)  
Interests (IRDM/BAD)  
Equity Rates (SHADOW)  
OTC Clients Commission  
& Fees (MUREX)  
UBIX

TS  
(

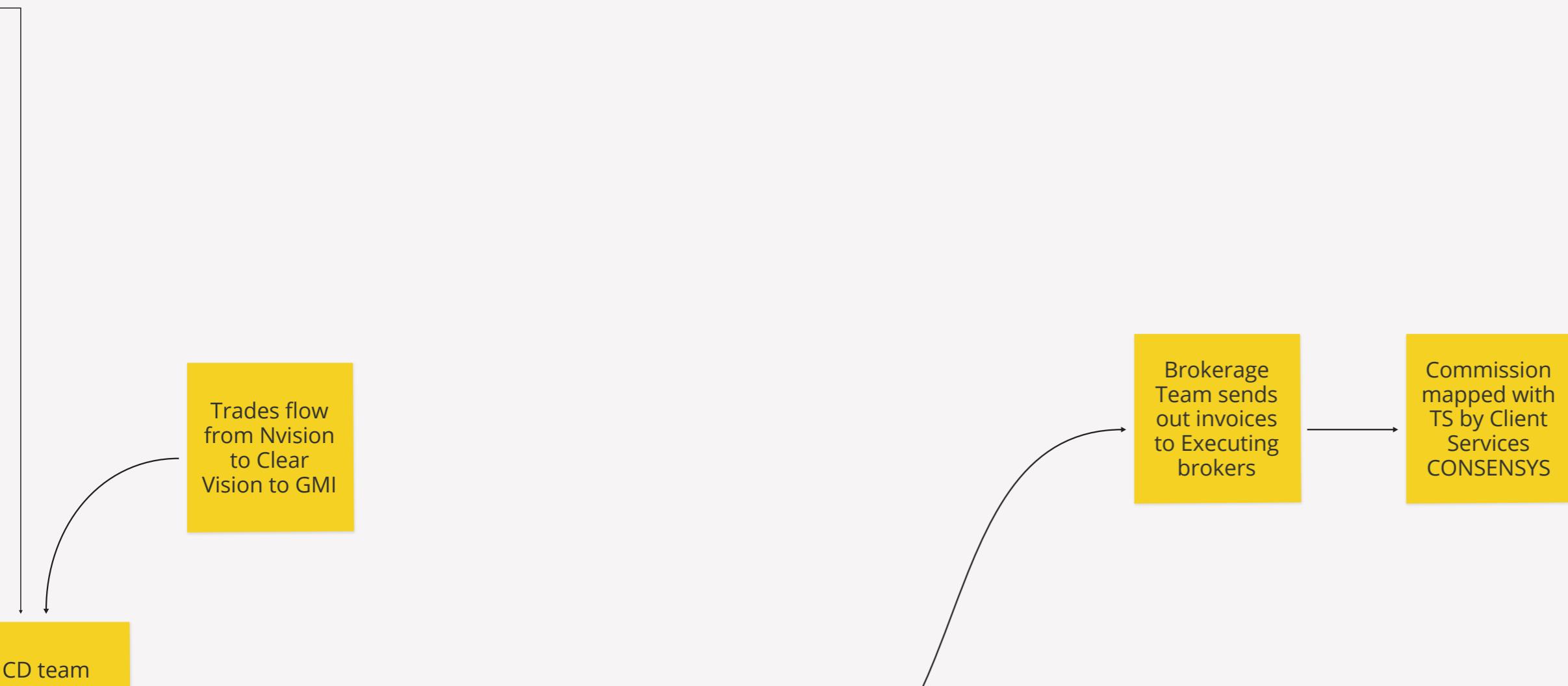
## SETTING UP FEES, COMMISSIONS & FEES

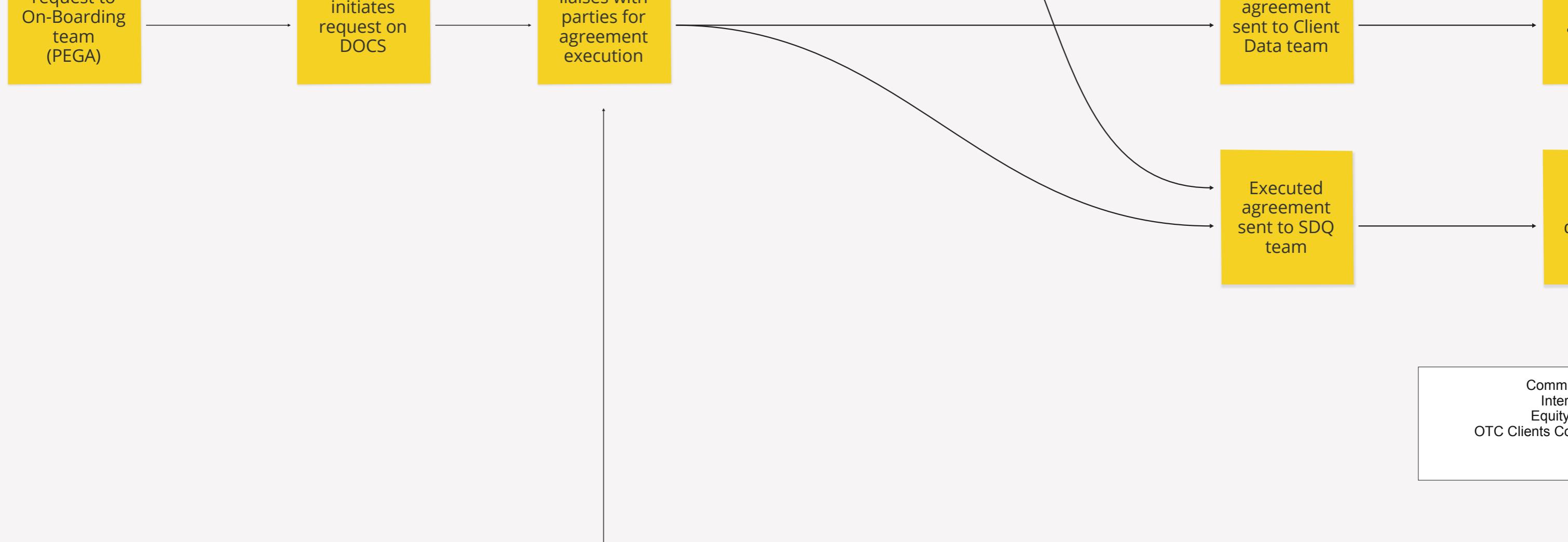


S approved on  
CONSENSYS

TS mapped on  
CONSENSYS

## SION, INTERESTS



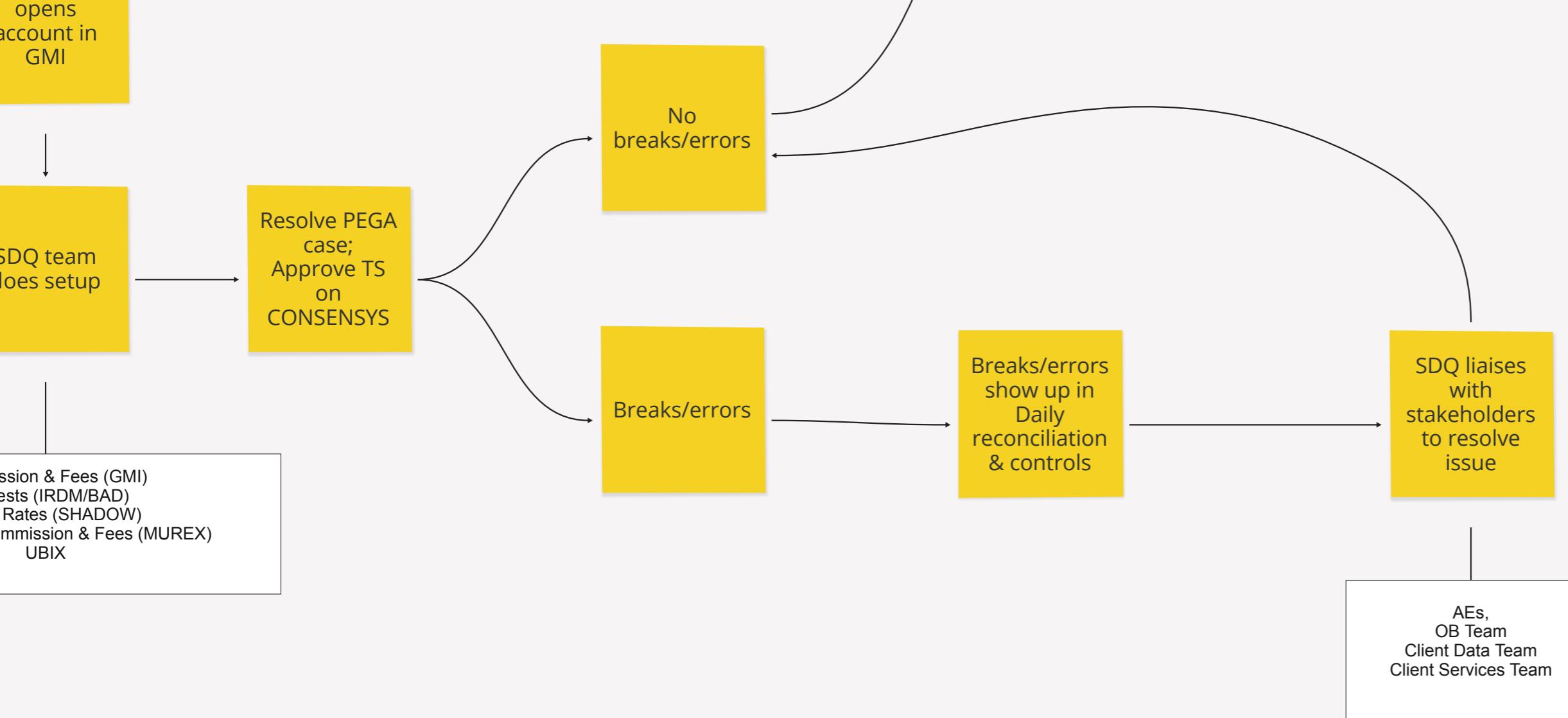


Upstream request from AE is not clear on PEGA (details are not complete)

SDQ team-mailbox monitoring: ASIA SLA- within 6-7 hrs. Difficult to achieve.

Not very aware of FO context. Would require more knowledge regarding this.

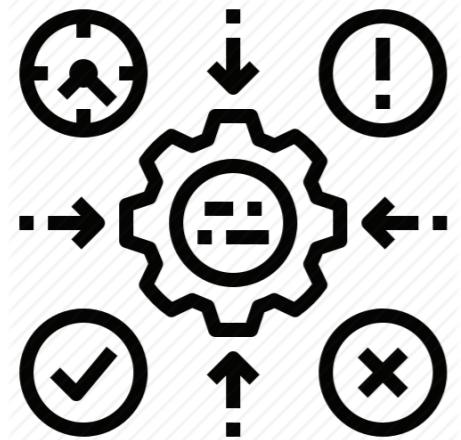
FO not BO proc some p are aut but FO t are m



aware of  
processes (eg.  
processes  
automated,  
thinks they  
manual)

Product not  
added in Term  
sheet. Team  
receives break  
regarding this  
(incorrect/zero  
charge)



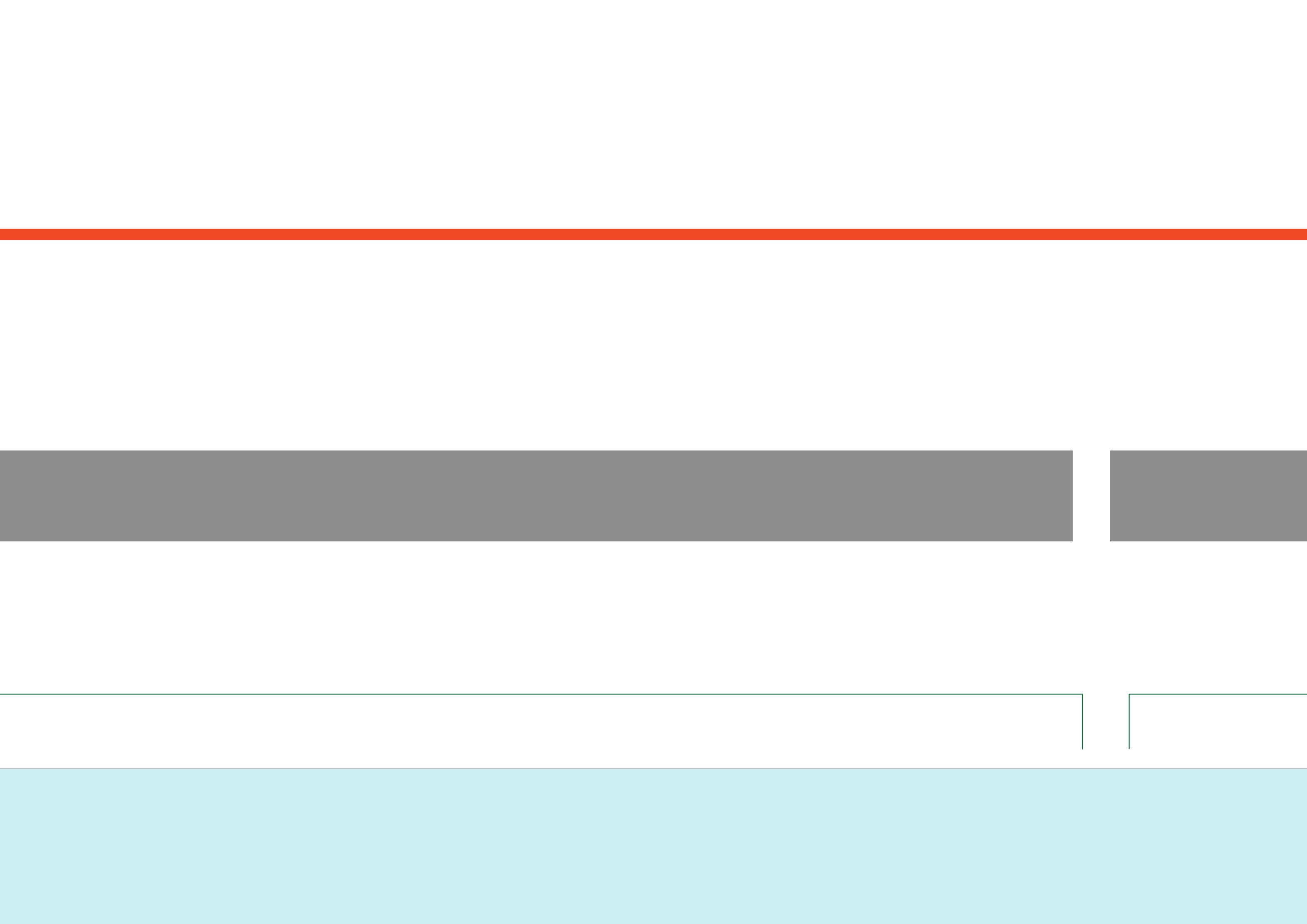


## Lack of Context Awareness

Because of a lack of each other's awareness of the part of both, the onshore and the offshore teams, there is a tendency to over/under estimate the other's capabilities & functions.

## Trade Capture

Counterparty reaches  
out to Trade Capture  
(TC) team



FO is contacted for confirmation  
(RECALL only)

FO checks whether they possess sufficient shares; if not sufficient, they buy them from the market

FO gives TC team the go-ahead

## Trade Capture Team

**RECALL:**  
TC team contacts FO for confirmation

**RETURN**  
TC team doesn't need to contact FO

TC team checks fulfillment criteria (7 days buffer) in case of Return

TC team books Recall

TC team books Return

Recall sent to Settlement

Return sent to Settlement

Settlement team checks for discrepancies

FO gives approval to make amendment if found to be required

In case of discrepancies, Settlements team contacts TC team

TC team contacts FO to clarify and make amendment if needed

TC team makes amendment to Booking and sends for settlement

Booking settled

Affirmation p  
MOD Validation

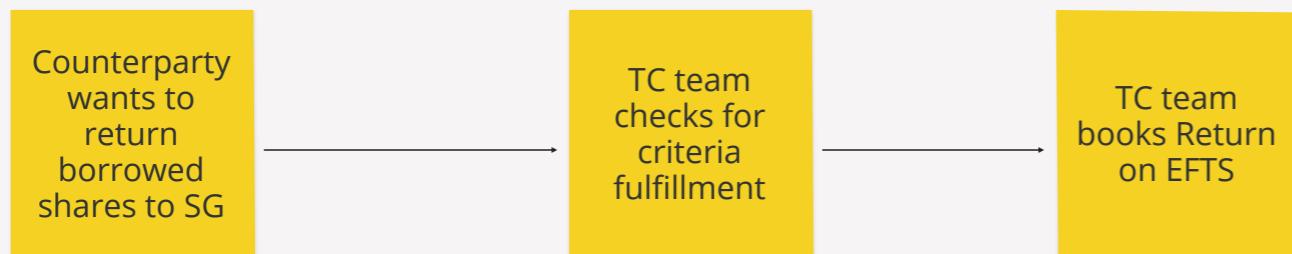
BDR ID is generated  
from KYC  
compliance.

Recall booking done  
on X-One  
(if errors in booking-  
LABUA used)

Return booking done  
on EFTS  
(if errors in booking-  
LABUA used)

## RETURN

No need to reach out to FO



Recall amendment  
done on X-One

Return amendment  
done on EFTS

Amendment  
justification sent to  
FBK

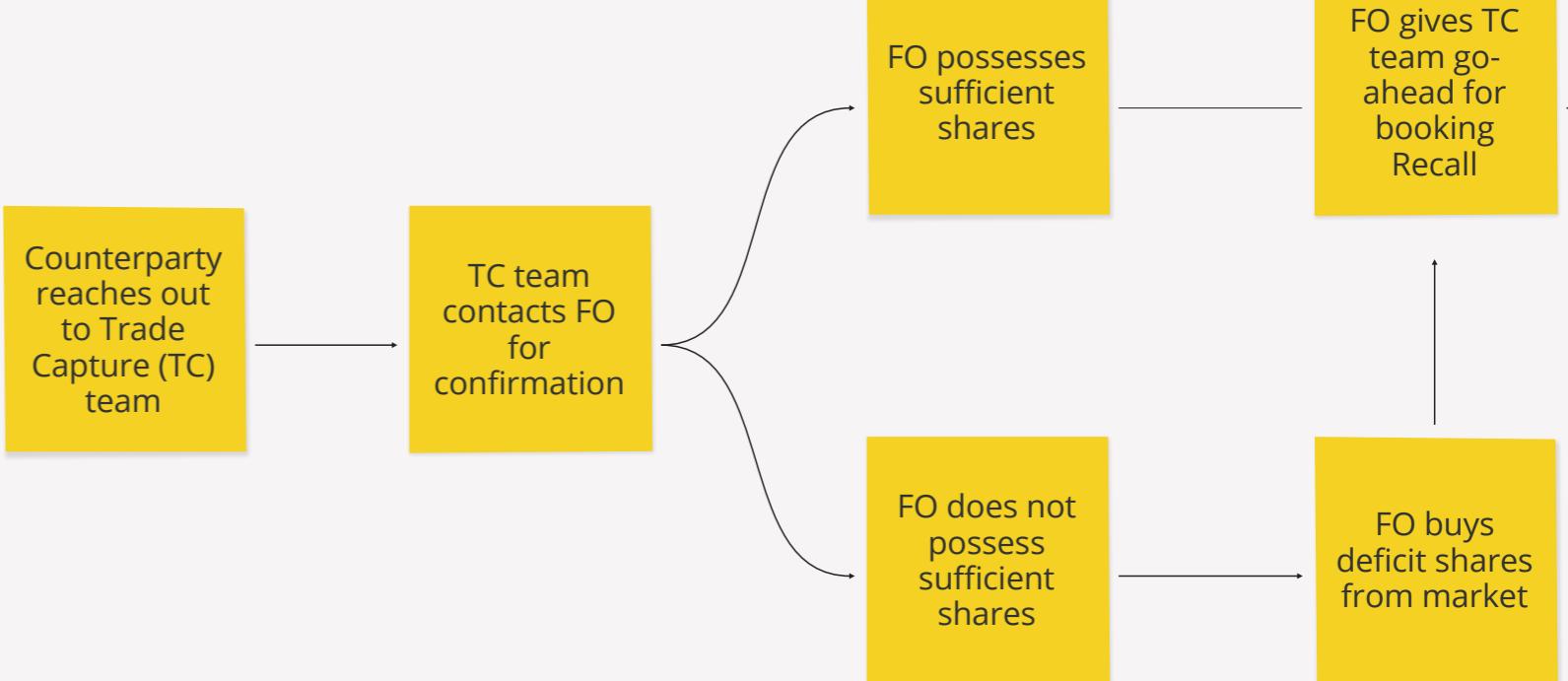
**RECALL**

**MOD  
Validation**

Amendment  
justification  
sent to Fbk

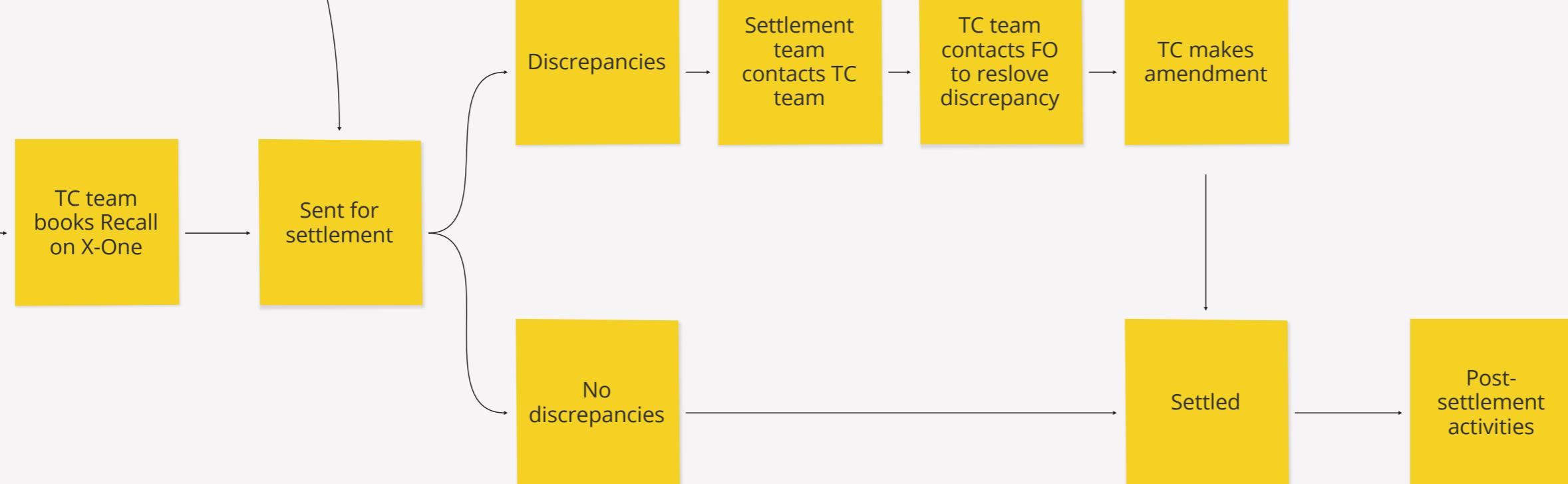
MOD  
Validation

MOD team sits in Paris.  
Their approval is required to



"X-One is very slow"

Volume of e-mails very high. 800+ emails tracked during the day

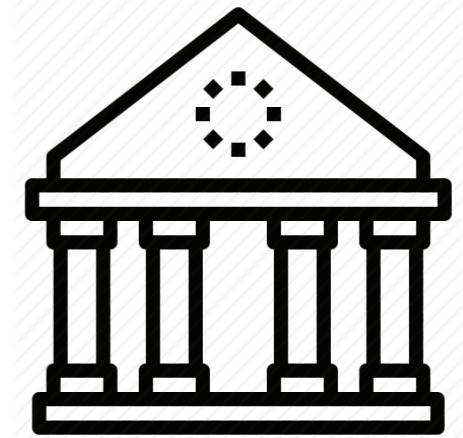


Instances of e-mails getting missed, with negative repercussions.

Have faces severe IT issues.  
"Unable to tell share position, especially when nearing market cut-offs."

Have faces severe IT issues.  
"Unable to tell share position, especially when nearing market cut-offs."

Not system to



## Regulatory Constraints

Certain regulatory constraints affect the SLA/TAT, preventing the process from being completed on time.

FO expectations of the BO deliverable being completed on time as per the SLA are thus not met.

## Confirmation

Counterparty  
receives confirmation  
copy

## Settlements

Counterparty checks  
for discrepancies

Counterparty does  
final sign-off

Counterparty  
receives final signed  
confirmation

## **ConfirmationsTeam**

Confirmation  
drafting

For STP- Automated.  
Standard templates  
used.

For non-STP- Manual  
Drafting

For manual drafting,  
Negotiation & legal  
team inputs required

Copies sent to client;  
internal copy saved

Chasing cli  
get confirm  
signed

FO investigation in  
dispute resolution

FO b

Incoming review &  
dispute resolution  
(language &  
economics breaks)

Receive final signed  
confirmation

Confirmation  
matching

Final signed copy is  
sent to client & also  
stored internally

Refer  
from BD  
KYC st  
sensiti

TETHYS & X-One  
used for  
confirmations  
drafting

Internal copy saved  
on SIROCCO

CONFIRMATION

DRAFTING

Affirmation

Confirmation  
Drafting

Straight  
Through  
Process (STP)

Automated

Standard  
Templates

New Client/  
Unfulfilled  
criteria

Client Copy  
sent to Client

contact client  
to get  
confirmation  
signed

Client  
rec  
confir  
co

Trade b  
on X-C  
DE

Final copy saved on  
SIROCCO

## CHASING

## MATCHING

No dependencies be  
Confirmation & Settlem  
can start in paral

Client  
receives  
information  
copy &

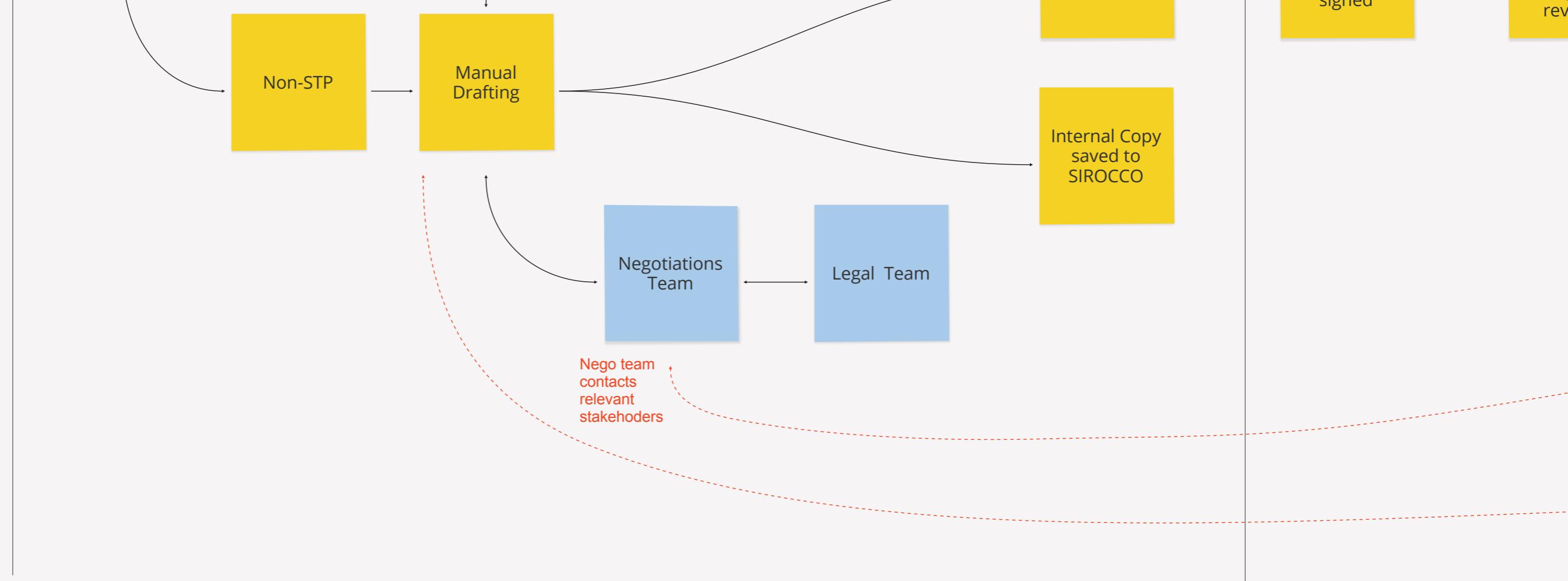
Everything  
OK

**Incoming Review:**  
Client gets confirmation  
copy. He highlights issues  
and send it back to  
Confirmations team. They  
review the issues.

Final Sign-off

Confirmation  
Matching

Final signed  
copy is sent  
to client

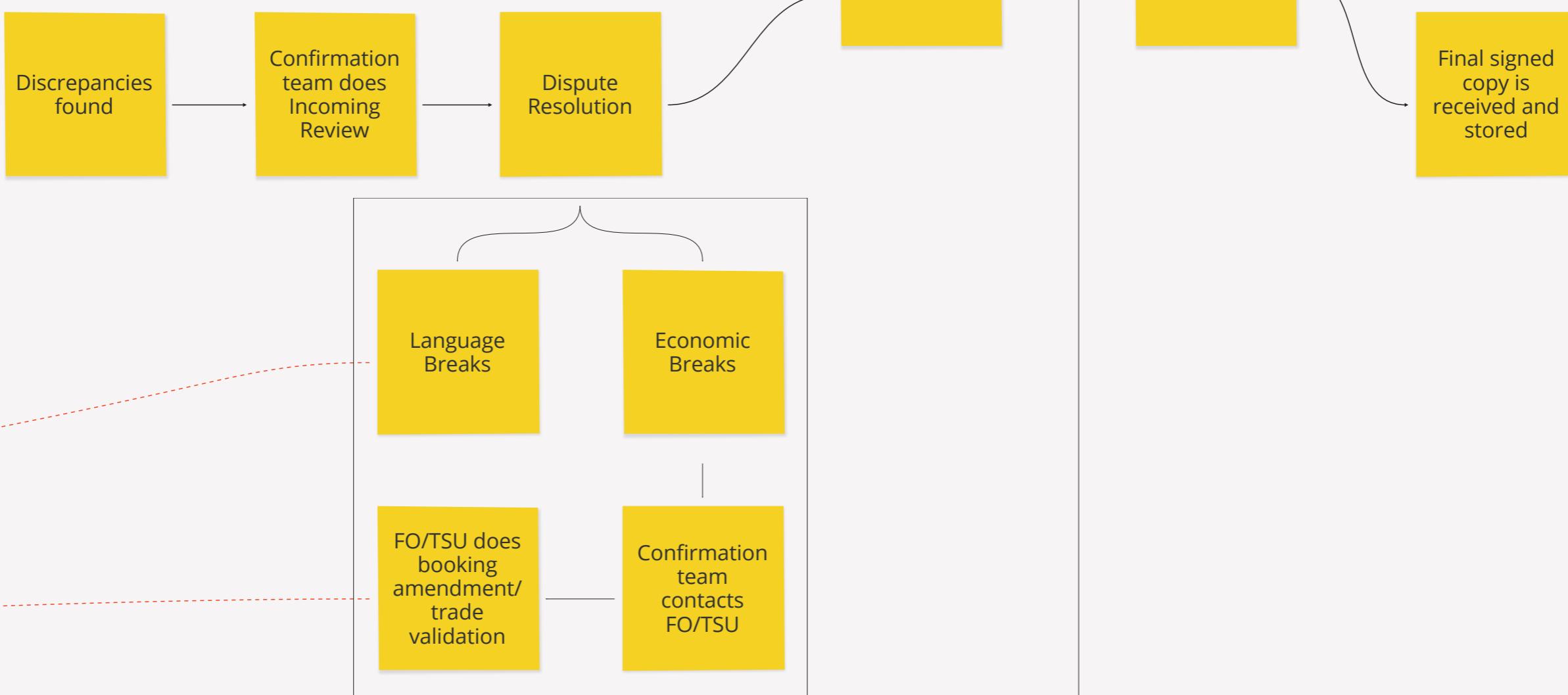


No centralized system- have to toggle between multiple applications.

Dependency on Negotiations and Legal team cause delays in TAT.

Esp. for Asia, manual drafting a time consuming process owing to relatively higher volume of exotic trades

views

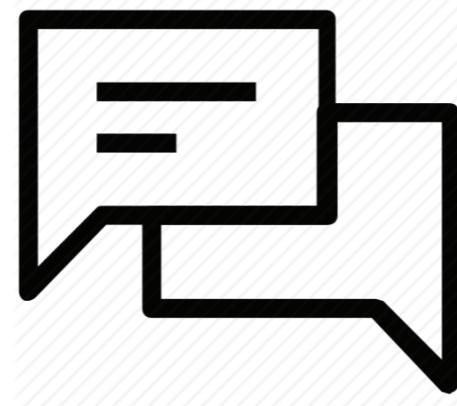


Dispute resolution  
a time-consuming  
process

## Tools & Communication

- "We are almost never sure which email to write to."
- BO and FO use different tools, so visibility for the same set of information is different.
- No clarity on point of contact for post-trade communication: For booking issue MO is contacted, for actual settlements /affirmation/ sending confirmations BO is contacted.

## Communication Issues



1. Lack of timely response
2. Inability to connect with the right people
3. Terminology & Language issues
4. Time zone issues



**Account & Portfolio  
Reconciliation**

**Accounting &  
Control**

**Corporate  
Actions**

ooks trade

## Settlements Team

ence taken  
DR database:  
atus, Client  
vity, update  
SSI

Latterage Breaks:  
Pay booking:  
Credit break (ledger  
credit)  
Receive booking:  
Debit break (ledger  
debit)

Pay booking: release  
paydebit client acc;  
debit advice  
generated

Debit line created in  
GDS; ledger credit &  
debit matched.  
Break is resolved.

Settlement done

Booking done  
One/ Eliot/  
METER

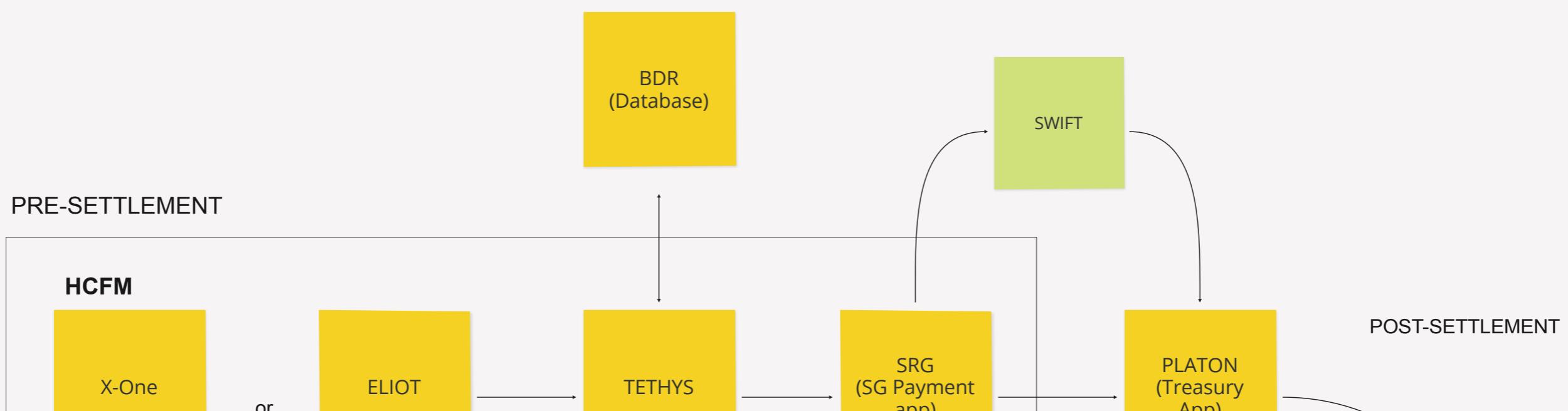
BO team works on  
TETHYS, SRG & GDS.  
On TETHYS: Value  
date, client, amount,  
currency, trade  
details etc.

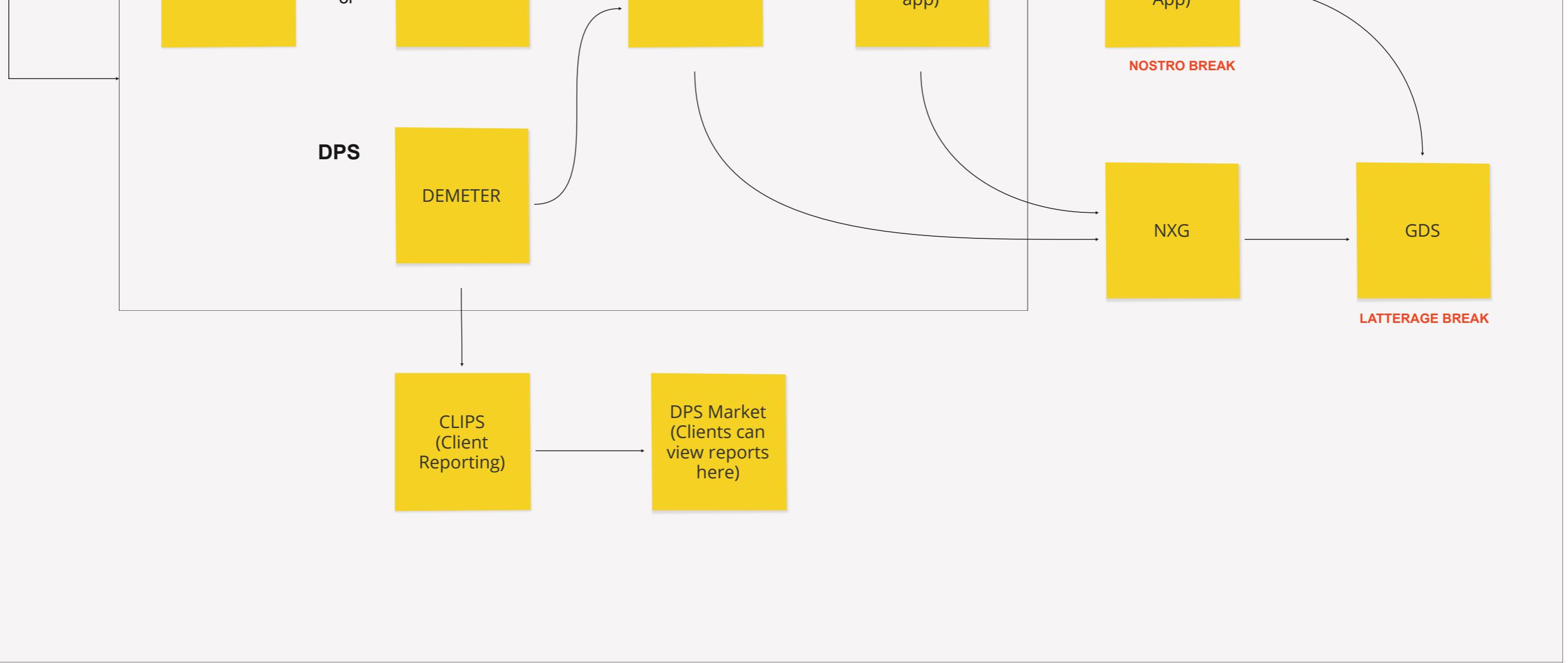
Breaks seen on GDS  
(D+3) & NXG (D+1);  
For DPS in GDS (D+5)  
& NXG (D+1).  
Advice created  
automatically on  
SRG

Reconciling breaks  
done on GDS. GDS is  
mirror application  
for NXG.

## SETTLEMENT

between  
clients BO;  
el.

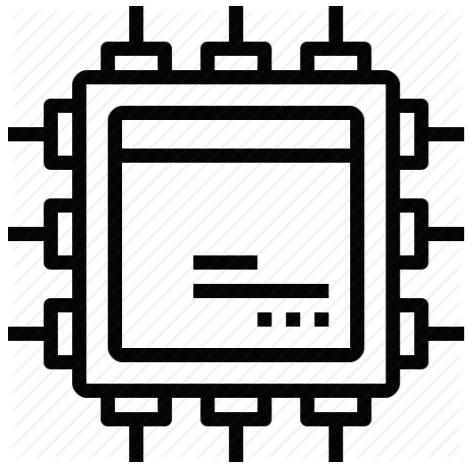




Improper booking done upstream cause settlement breaks.

Dependency on MOC team validation at Paris for ASIA perimeter.

Problems with DEMETER



## Systems & Tools

Problems being faced by FO, MO & BO  
in using existing tools and systems.

Some migrations from old to new tools  
are taking place. Some duplication  
present.

DEMETER heavily criticized.

design | coe