

Case Study. Rathbones

BACKGROUND

Rathbone Brothers Plc, through its subsidiaries, is a leading, independent provider of investment and wealth management services for private clients and trustees, including discretionary asset management, tax planning, trust and company management, pensions advisory and banking services.

Rathbone has over £8.0 billion of funds under management (including over £900 million managed by Rathbone Unit Trust Management which provides a range of seven award-winning unit trusts)¹. It is an independent company listed on the London Stock Exchange and a FTSE 250 company.

HOW IT ALL BEGAN

In 1996 the financial industry underwent a radical change in the way settlement was conducted. Moving away from archaic paper based movements between counterparties and paper held security holdings, CREST was launched delivering the UK's first paperless settlement system. Settlement agents and registrars were forced to either adapt their existing systems or adopt new systems capable of meeting the technical challenges and business changes introduced to the market.

THE SOLUTION

Rathbones provides a custodial service and required a reliable system to process and manage transaction data for its business and numerous sponsored members associated with the participant membership in CREST. Rathbones chose Arrow, which was able to satisfy all Rathbones' requirements. Through its intuitive front-end GUI trade data could be entered, modified and cancelled. Standing data relating to participant, member account, CMA, stock, exchange rates etc could be managed and accompanying reports, e.g. settled/unmatched/alleged/outstanding transactions, stock positions etc were available. Rathbones relied on Arrow to manage automatically corporate actions as well as claims and transformations. Stock and cash reconciliations were a daily chore made simple through automation using Arrow's reconciliation software.

¹ As at 5 April 2005

REGULAR FUNCTIONAL IMPROVEMENTS

Since Arrow is a dedicated solution not allied or tied to any back office system it can be used in isolation or as an integrated module. Rathbones managed a standalone model with Rhyme Systems providing product updates, business and application support. However, with increased volumes an interface was developed in 2001 linking Rathbones' Quasar² back office system, facilitating the automation of bulk market trades. This has helped to greatly streamline transaction processing, reducing resource levels and increasing efficiency in the back office.

A feature of Arrow lies in its functional capability, continuously supporting new initiatives as CREST implement regulatory releases to the market. Functionality released in 2004 enabled Rathbones to process electronically dividends and interest payments; the most prevalent of corporate actions within the CREST system. This minimises the use of paper and back office operations and includes the ability to make dividend elections where there is a choice of outturn, including partial elections.

Arrow continues to be enhanced to meet the challenges and market-wide changes associated with the Euroclear Business Model.

RESULTS & REACTION

Paul Loughlin, Senior Operations Manager (Settlements, Transfers, PEPs & ISAs) said: "Arrow is our 'gateway' into the CREST environment helping us to manage traffic costs and data availability. The core settlement product links well with Quasar and enables historical data to be available at the touch of a button. The platform enables the business to process 99% of CREST trades, both market and free of payment, in a standardised cost effective manner."

Darren Carr, Senior Operations Manager (Dividends and Corporate Actions) commented: "From a user perspective we have found the Arrow product to be a very reliable and accurate tool. It is user friendly". He continued "The product has maintained its connectivity with CREST since inception and is an integral part of our ability to operate efficiently. Various large-scale developments over the years have been supported, such as corporate actions, claims, and more recently the payment of dividends and the distribution of electronic tax vouchers in CREST. These developments have ensured we can continue to offer our clients an up-to-date and efficient service ultimately improving cash flow, streamlining procedures and reducing risk."

² Quasar™ is the back office system used by Rathbone. This product is also supplied by Rhyme Systems