

# TRADE CLOSING SERVICES FROM ECLERX MARKETS:

TIER 1 US-Based Bank

Trade Closing for Syndicated and Leveraged Loans



## CLIENT:

This tier 1 US-based bank is a leader in the loans market, with nearly \$150 billion in loan assets under management across a range of credit strategies, including leveraged loans and syndicated loans.



## CHALLENGE:

High volatility in volumes and manual processing tend to make trade closing one of the most complex jobs for loan processors.

The bank's turnaround to process loans was longer than 10 days, which exceeded industry standards.



## SOLUTION:

The bank engaged eClerx as an external service provider to effectively manage trade closing activity while maintaining a high degree of accuracy and timeliness. Our team helped the bank lower its average trade settlement time for par trades to an average of 5 days (from T+10 to T+5).

## Key Benefits from eClerx Markets

### Sophisticated Services

- Deep domain and multi-client perspectives
- De-risked delivery from stronger controls
- Adaptation to changing industry and regulatory requirements
- Automation, analytics, and operations delivered simultaneously

### Reliability

- eClerx brings over 15 years' of experience in managing settlement lifecycle operations
- We have deployed key automation and tools to improve business metrics for our clients that have consistently exceeded industry benchmarks

### Scalable Cost Savings

- With eClerx, the entire process can be converted to a managed service model and priced per transaction or activity for a variable cost structure
- This, along with our scalable automation capabilities, helps clients reduce their overall costs



## RESULTS:

### Accuracy:

- Accuracy increased from 95% to >99%

### Improvements in Coverage:

- Staggered shift allowed to cover late booked trades and block allocations

### RPA:

- ~50% FTE savings by RPA automation for the trade review process with included document sourcing from ClearPar
- Lowered risk of updating incorrect lender positions

## Operational Challenges – Trade Closing for Syndicated and Leveraged Loans

For many years, higher average settlement times (ranging from 10-20 business days) have been a challenge for syndicated and leveraged loan markets. Investment firms face increased tangible risks associated with slow settlement. Additionally, with the implementation of the new delayed compensation rules for LSTA loan trades, firms now face an economic penalty for missing key milestones.

One of the primary obstacles to faster trade settlement times in the industry has been the complexity of settlement processes. Trades often involve multiple parties, with agent banks confirming allocations and custodians stepping in to fund trades. The high number of dependencies and people involved in each trade leads to higher chances of delays.

# Tackling Complexity for Faster Processing

## (Outcome & Benefits)

Manual trade reviews are one of the obstacles that deter faster settlement time in the loans industry. Financial institutions usually face high volumes of primary and secondary trade reviews in the first fifteen days of a month. Since high trade volumes lead to higher volatility, reviewing and prepping volatile trade volumes in Loan IQ can be slow and complex. It requires multiple touchpoints, such as booking secondary trades in ClearPar for review and prepping lender positions in LoanIQ for further processing.

eClerx solved this by implementing a staggered shift to prep trades before the day started in the US. This involved a few FTEs logging on as early as 3:30 AM EST to get a head start to the process, with others starting their day at 9:00 AM EST. This allowed the team to prep more than 500 trades before 10:30 AM EST and prioritize buy over sell trades to ensure adequate liquidity. Similarly, the late-shift FTEs could cover the second pull of trades that were booked late along with block allocations. The staggered shift enabled the team to devote sufficient time to accurately process, review, reconcile, and escalate discrepant trade/trades with missing information or SSIs well before standard business hours began. As a result, we saved 25% of the total workforce and freed up capacity to take on additional work.

The team also introduced RPA to automate the trade review process and document sourcing from ClearPar. This further improved timelines for secondary trade settlement from **T+10 days to T+5 days because the team prepped all trades on T+0**. RPA was used to reconcile the lender's position in LoanIQ against trades in ClearPar, booking the same in LoanIQ, and highlighting discrepancies to the bank's control team.

Similar to the staggered shift approach, the RPA batch runs were triggered before the start of the day to improve timeliness. This automation resulted in ~50% FTE savings, reduced turnaround time, and lowered risk of updating incorrect lender positions.

### ABOUT ECLERX MARKETS

eClerx provides business process management, automation and analytics services to a number of Fortune 2000 enterprises, including some of the world's leading financial services, communications, retail, fashion, media & entertainment, manufacturing, travel & leisure, and technology companies. Incorporated in 2000, eClerx is today traded on both the Bombay and National Stock Exchanges of India. The firm employs 13,000 people across Australia, Canada, Germany, India, Italy, Netherlands, Philippines, Singapore, Thailand, UK, and the USA. For more information, visit [www.eclerx.com](http://www.eclerx.com).



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