



REUTERS/Michaela Rehle

# Thomson Reuters

## Treasury Finance & Forum Day 2015

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**Mercati Valutari: la corretta gestione dei rischi**

**Ottimizzazione dei processi di on-boarding (KYC) con le istituzioni finanziarie**

*Vincenzo Dimase - FX Market Development Manager, Europe West*

*Marco Pisani – Risk Account Director, Italy*

September 18, 2015



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# FX Industry Trends

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## Market Structure

- Shift to Electronic Platforms
- Rising role of Multidealer Platforms

## Regulatory compliance

- Enhanced Scrutiny
- Operational risk profiles - STP
- MiFID II & MiFIR
- FATF, KYC
- EMIR



## MARKET DRIVERS

## Cost Control

- Focus on IT investment triggered by regulations
- Cost Control & Efficiencies

## Geo Political & Economic

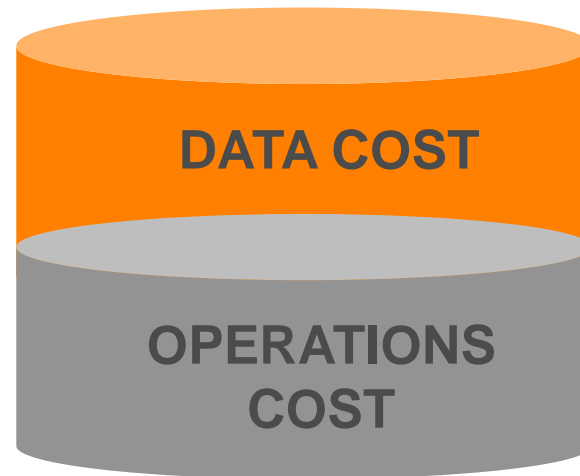
- Swiss Central Bank
- Greece Crisis
- China
- ...

# FX Industry Trends Regulatory Push

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## Key Themes

- EMIR Trade Reporting
  - Intragroup deals & ROBO
  - Different Trading Venues
  - Data Collection
- EMIR Clearing obligation
  - Clearing Threshold Calculation
  - Hedging Criteria
  - Valuations & Data Quality
- MiFID II / MiFIR Trading Obligation
  - Platforms
  - Instrument Selection
  - Valuations



# FX Industry Trends Market “Electronification”

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## Capital Requirements

BASEL III



Bank



Increased costs  
associated to keeping  
risks on their books



## “Agency Model”

- More Regional Banks acting as “Agent” , passing risks to fewer big banks “Principals” and looking for Autohedging solutions.
- Expansion of eCommerce strategies & platforms

# FX Industry Trends Market Structure

## Key requirements

- Access to Liquidity
  - Liquidity Providers
  - Phone vs Electronic platform
  - Multidealer & Best Execution logic
- Reporting
  - Transaction Cost Analysis
  - Execution Quality Analysis
- Workflow Solution
  - STP
  - Openness & Integration
  - Pre-trade, Trade & Post Trade



## Thomson Reuters Eikon FXall

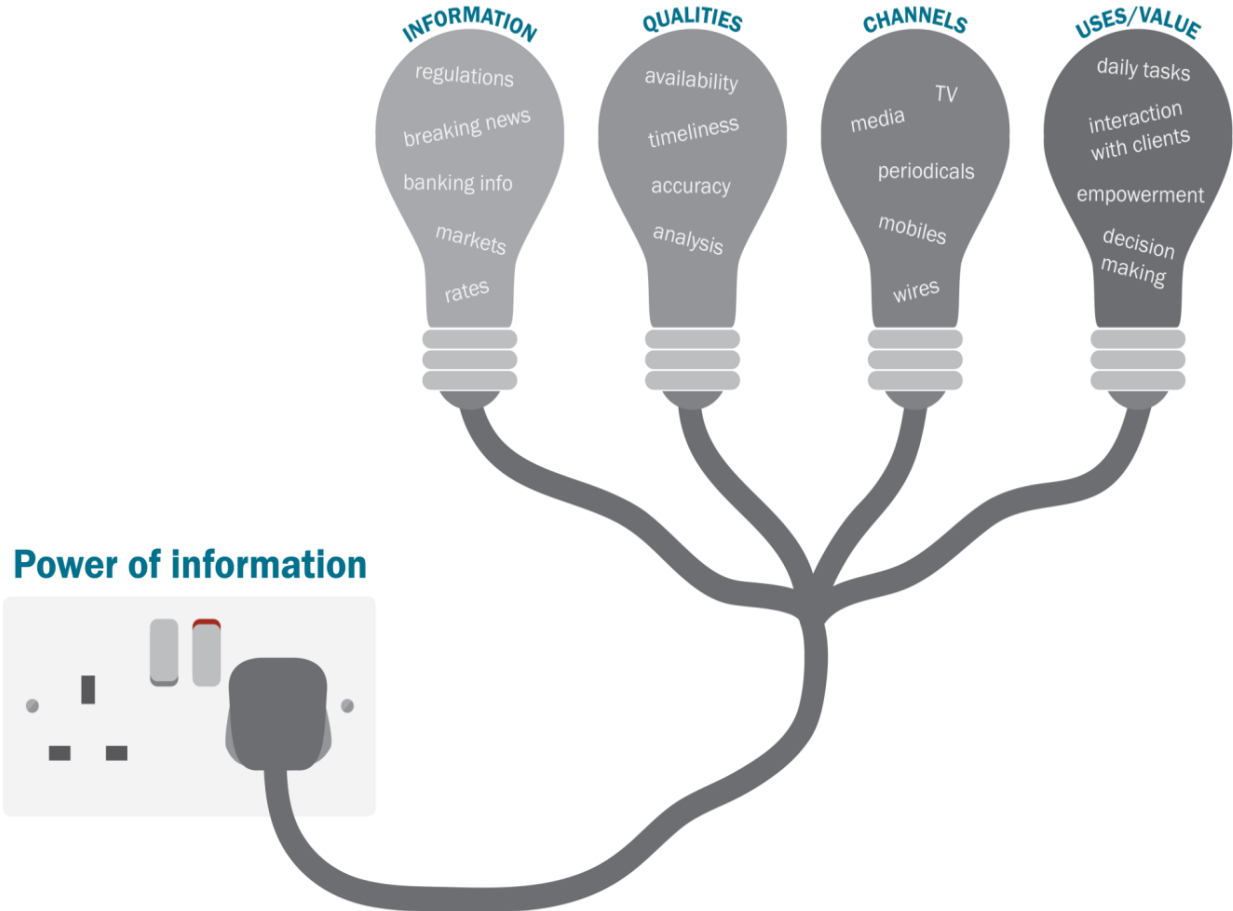
Send multi-bank RFQs to your relationship banks; click and deal on the best price

The screenshot shows the Thomson Reuters Eikon FXall interface. The main window displays a multi-bank RFQ screen for EUR/USD. The interface includes a top navigation bar, a central quote grid, and a bottom trade log. The quote grid shows quotes from five banks (BANK1 to BANK5) with columns for Bid, Ask, and Price. The current market price is 1.1364295. A callout box points to the 'Send multi-bank RFQs' button in the top right corner.

Bank	Type	Bid	Ask	Price
BANK1	1.13634	3.787	565	1.1364193
BANK2	1.13633	3.663	960	1.1364102
BANK3	1.13634	3.785	560	1.1364102
BANK4	1.13635	3.787	0	1.1364295
BANK5	1.13633	3.663	960	1.1364102

# FX Industry Trends Power of Information

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# FX Industry Trends Geo Political Economic Scenario

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- News Coverage
  - Speed
  - Accuracy
  - Relevance
  - Freedom From Bias
- Access to Market Data
  - Ease of access
  - Visualization
  - Reliable Analytics & Calculators
  - Mobility
- Analytics
  - Reliable Calculators
- Network
  - Forums & Open Free chat facility
  - Access to Community
  - Social Media Monitoring
- Investment Decision

## Thomson Reuters EIKON



# FX Industry Trends Geo Political Economic Scenario

The image displays a collection of Thomson Reuters financial data and news screens:

- Social Media Monitor:** Shows a 'Launch Text-only Feed' with various news snippets from Bloomberg TV, Saxo Bank, Benzinga.com, and others.
- Social Heat Map:** Displays a 'PRICE' bar chart with values: +3%, +0.1%, 0%, -0.1%, -3%. It also shows 'SIZE: Social Volume'.
- Greece and the Eurozone - Current Overview:** Features a line chart for 'Greece 10y CDS 1.5%' showing a price in USD from February to April, with a current value of 33.630.
- China (Mainland) Overview:** Shows market data for USD/CNY (6.3908, -0.0074, -0.12%) and the CSI 300 Index (4,073.54000, -1.92300, -0.05%).
- Interactive Map:** A map of Australia showing cyclone tracks. A pop-up window for 'Gladstone' lists commodity prices for Coal, Iron and Steel, and other metals. Another window for 'SHEPPHURST WILUNA' shows a cyclone forecast for Feb 2015.
- News Article:** A snippet titled '2 POWERFUL CYCLONES TO HIT NORTHERN AUSTRALIA - ASSOPR' with a sub-headline 'SYDNEY (AP) - Two powerful cyclones are expected to smash into northern Australia...'.
- Market Summary:** At the bottom, an 'EVENTS' bar includes 'Market Holiday', 'Economic', 'Central Bank', 'Govt Debt Auctions', '5 Yr Benchmark' (3.2670, -0.003), and 'CAD/CNY'.





# Ottimizzazione dei processi di on-boarding (KYC) con le istituzioni finanziarie

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*Marco Pisani – Risk Account Director, Italy*

September 18, 2015

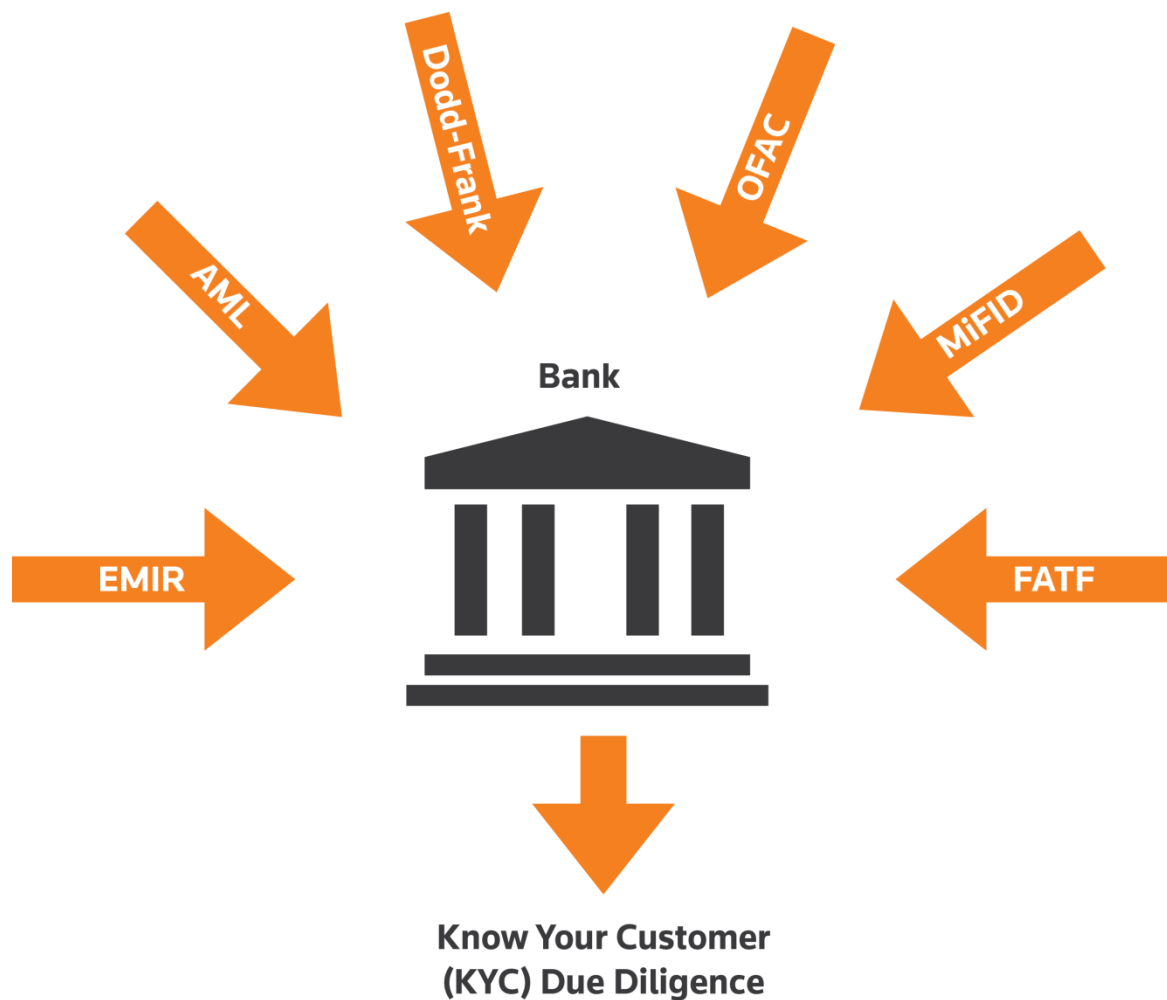
## Before globalisation, 9/11 and the global financial crisis

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- Basic KYC checks were performed on new clients
- Requests were fairly predictable
- Opening a bank account would take a day
- Additional services for a client generally didn't require additional KYC requests

# Regulations and guidelines banks are now operating under

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# Challenges for both sides of the financial community

## CORPORATE TREASURERS' PROBLEMS

Time  
Effort  
No clear 'standard'  
Security

Frustration &  
Inefficiency



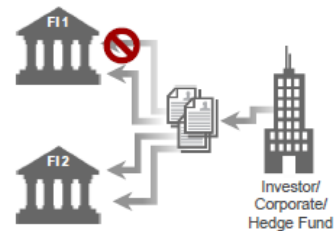
Duplicative Processes

## REGULATION

AML  
FATCA  
EMIR  
MiFID  
Dodd Frank

← CAUSING

CAUSING →



Lack of Data Control, Access  
and Security



Lack of a Common Standard

## BANKS' PROBLEMS

Fines  
Operational costs  
Staff Costs  
I.T. costs  
Reputational damage

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Uncovering Legal Entity  
Structures

# FATF Recommendations



**FATF RECOMMENDATIONS**

WHAT DO THEY MEAN FOR THE CORPORATE TREASURER?

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1

Scope of regulations that corporate treasurers must increasingly interpret could extend to regulations governing **Anti-Money Laundering**
- 

2

A key highlight from the 2012 FATF Recommendations is that organizations now need to maintain, and make available to a public registry, basic information about themselves

# FATF Recommendations

**3** 2012 FATF Recommendations are already filtering into legislations around the globe

EU Fourth Money Laundering Directive


Australian Transaction Reports and Analysis Centre (AUSTRAC)

**4**

The onus is now on corporations to provide up-to-date information and to alert their financial institutions to any relevant changes as they occur

**5** Corporate treasurers need to understand the impact of these Recommendations and should start to put procedures in place to remain compliant and stay ahead of the regulatory curve

To find out how Org ID can help streamline the distribution of client identity documents to your financial institutions contact your representative or visit us online at [risk.thomsonreuters.com](http://risk.thomsonreuters.com)

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# What financial institution customers are saying

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## Research Results

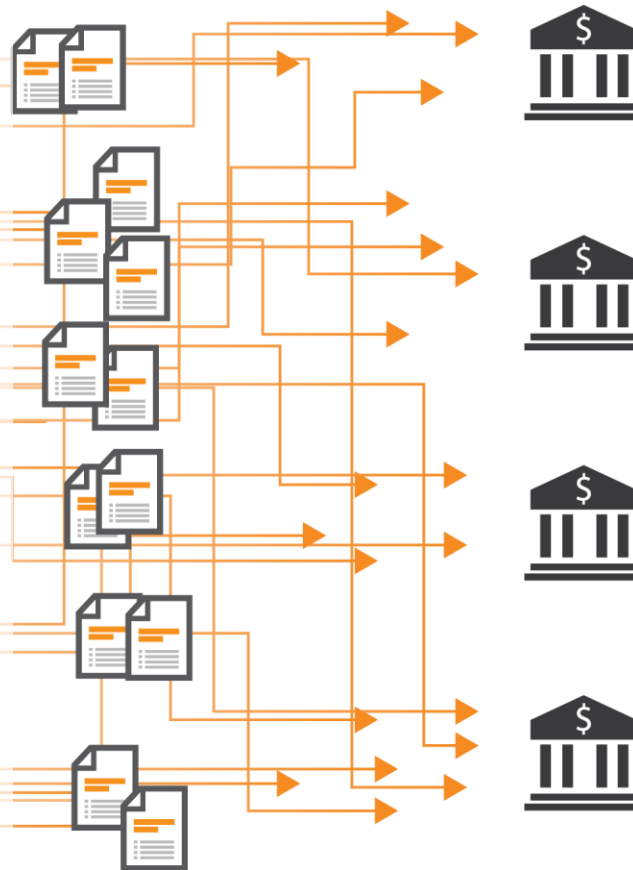
- 70% account opening over a week; 10 % stopped a trade due to KYC process time
- 42% most difficult challenge is processes with different banks or different parts of the same bank;
- >50% want a secure, automated process

**“We need global consistency, the rules are not actually that different, so harmonization would be a great improvement.”** Head of Risk and Compliance, Large Asset Management Company

**“Clear and consistent requirements – directly relating to the nature of the entity and the transaction.”** Compliance officer, Asset Management Arm of an Asia Pacific Investment Bank.

**“We really need a unified approach.”** Head of AML Division, Large European Corporate

**“A standardized database, that eliminates duplication of effort.”** Compliance Officer, Large North American Corporate



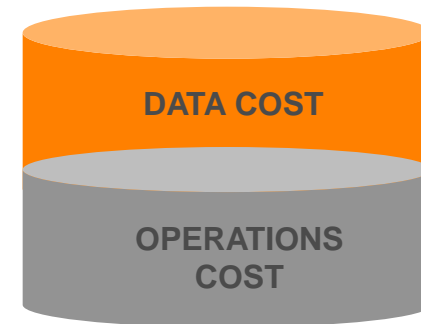
# Other dimensions

The challenges faced also include transparency around costs and the duplication of effort

## Transparency of Cost

**Operations cost** is driven by the physical effort (time) required to provide identity information.

**Data cost** is driven by the type of data and costs to access the data in a particular jurisdiction

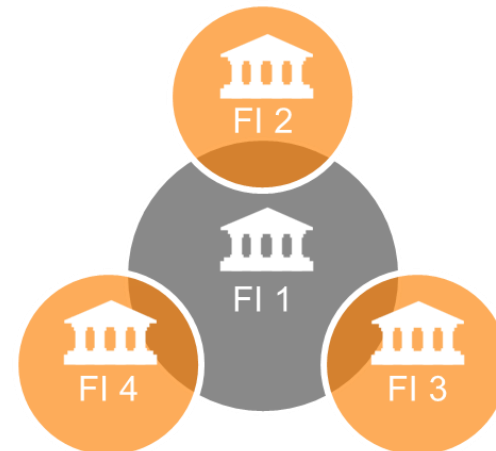


## Duplication of Effort

Duplication requests and effort, where the customer has more than one relationship.

A recent comparison of the UK customers list of 4 major FI's:

- Overlap of 1 FI's data with 3 others was between **25-50%**.





# Challenges creating & maintaining accurate KYC information

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**30%** are changes in directors or controllers



**20%** are changes in ownership or ultimate beneficial owners



**17%** are changes in the address or location of business operations



**10%** are changes in the name of the entity

**5%** are changes in regulatory status



**3%** are changes in private/public (listed) status

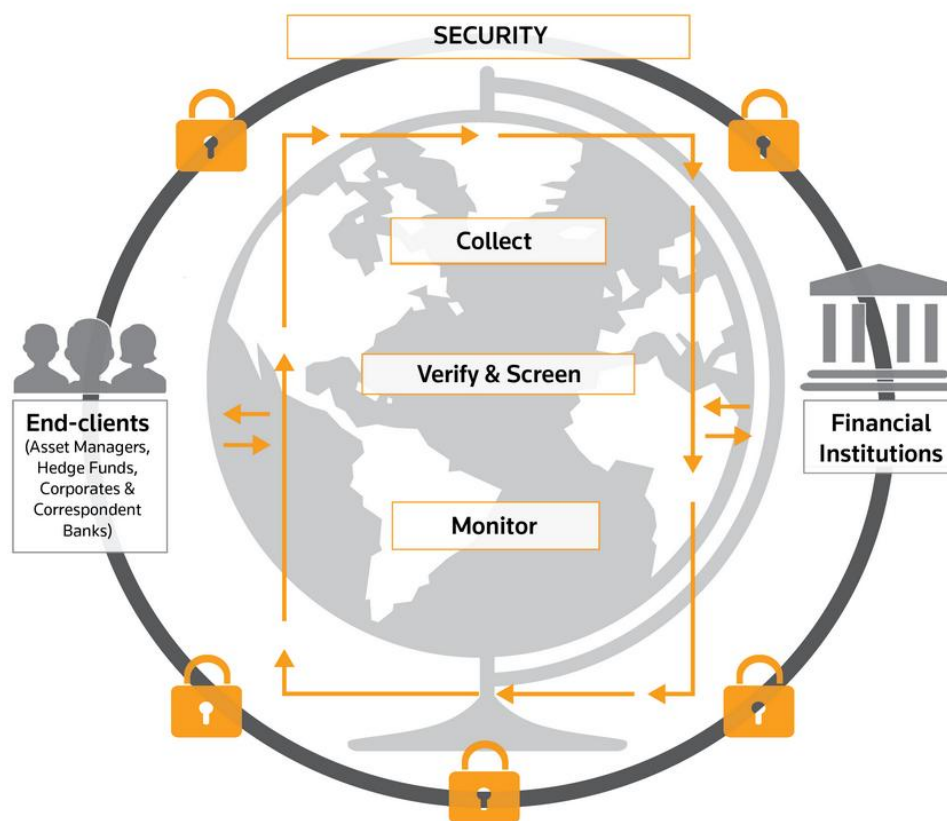


**3%** are merger and other corporate actions

# How a KYC managed service can help!

## WHY DOES KYC MATTER TO CORPORATE TREASURERS?

KYC requirements can adversely affect the ability of corporate treasurers to maximize their operational efficiency. A KYC managed service solution can help.



# Thomson Reuters OrgID

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**TRANSFORM THE WAY YOU  
APPROACH KYC DUE DILIGENCE**  
WATCH OUR VIDEO TO FIND OUT MORE

**THOMSON REUTERS ORG ID**  
A Global KYC Managed Service



## In conclusion

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- The current CDD environment is inconsistent and unsustainable.
- The FATF 2012 requirements are driving change on a global scale, that is impacting Financial Institutions and their Clients.
- All Stakeholders are focusing on addressing these challenges, consistency and tri-lateral engagement between Regulators, Financial Institutions and their clients is vital.
- New Solutions are emerging which can support CDD activity and the streamlined distribution of KYC documents.
- These solutions cannot (and should not) replace the risk management activity within Financial Institutions but can significantly enhance their understanding of risk.
- These solutions can also streamline and support a corporates ability to comply with the increase obligations being placed upon them and their ability to demonstrate compliance.



REUTERS/Michaela Rehle

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GRAZIE

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