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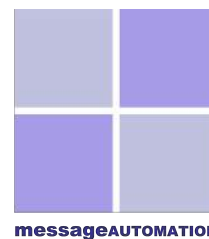
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Introduction



Welcome to the second edition of 'MA Dialogue'. Its purpose is to keep our clients and the wider community abreast of company and product developments in and around Message Automation.

We certainly had a busy second half to our financial year ending in June 2015, and were delighted to announce record results including a year-on-year increase of over 50% in revenues as a direct result of a number of new client signings in Europe, Asia and Africa. A significant expansion of the footprint within our existing users also contributed to a more than 70% increase in committed recurring subscriptions. The company remains profitable, cash flow positive and has a strong balance sheet.

Two of our major goals for 2014/15 were to maintain our 100% customer satisfaction rating, which we achieved, and to continue to innovate by developing new solutions built on our advanced platform. To that point during the year our new solutions included:

- New jurisdictions including Canada and Singapore for our trade reporting solutions, as well as upgraded functionality to reflect the on-going changes to EMIR. With Switzerland, Russia and South Africa also now in the picture, and with the MiFID 2 details now public, Trade Reporting will continue to be major focus areas for MA. We believe that our strategy of managing all reporting through a single platform gives our clients significant advantages when adding to, or updating their existing Trade Reporting solutions. Indeed we have already signed up a number of new clients who are replacing their original tactical EMIR or Dodd Frank investments in favour of our proven strategic approach.
- Working in close partnership with two Tier 1 banking clients we have also launched a solution to support the management of incoming clearing information from CCPs or brokers. To date we have harmonized the data arriving from over 300 diverse clearing reports (OTC and Listed) enabling efficient distribution to a wide range of internal consumers.
- The data from our trade reporting and clearing solutions is now combined in a single consolidated database. To enhance this our newly-developed dashboard offers our clients the ability to control the post-trade workflows of all their derivatives activity, both internally and bi-directionally between all of the key external parties now involved in derivatives processing. All of the above are in turn a reflection of the continuing rapid developments going on in the derivatives sector generally.

Apart from the market developments mentioned earlier, we are now also looking at the challenges of mandatory OTC clearing in Europe with mandatory platform execution to follow. Next year will see the massive changes in the management and handling of margin on bi-lateral trades. Regulatory driven changes to the industry are not about to stop anytime soon. If anything the pace of change and resultant fragmentation is increasing and the industry as a whole is showing few signs of providing much needed general harmonisation. We strongly believe that in order to stay competitive, banks and buy-side institutions must 'take control' of managing existing and new processes through their own strategic technology platforms. Clearly we can already help with this in a number of ways and accordingly you will notice a development of our messaging over the coming period towards full 'Post-Trade Control' solutions.

I hope you find 'MA Dialogue' useful and thank you for your continuing support. Please do let us know if there are any topics you would like us to cover in future issues.

A handwritten signature in blue ink, appearing to read 'Hugh Daly'.

Hugh Daly
CEO



South Africa - A new partnership to manage the emerging need for Post Trade Control solutions.

The regulatory directives onslaught is gathering pace and is spreading to all four corners of the world. This means that the global demand for Message Automation's unique suite of Post Trade Control solutions is also increasing in equal measure.

MA prides itself on its deep understanding of the specific requirements of users and their impressive 100% customer satisfaction record. This includes clients located in Asia and Russia where the company has an established client base. During 2014 it became clear that a similar demand was emerging within South Africa, and to maintain a quality service and to better manage the increasing number of opportunities coming their way, the company decided to find an experienced business partner based in the region. Top of the selection criteria was that chosen firm had to demonstrate a proven track record of success; share a customer-centric ethos similar to the MA team and could provide local expertise together with responsive and flexible client support capabilities.

In late 2014 Message Automation teamed up with Andile, a very successful South African based specialist banking IT consultancy to provide on-the-ground marketing and implementation activities in the region. Ian Chester, head of marketing and channels, commented, "After some initial training with the Andile team in the MA London office, they very quickly signed a significant deal with the South African Reserve bank and are using MA technology to assist with a data transformation and testing for a major new system implementation project. In August 2015, we jointly hosted a customer presentation and discussion group in Johannesburg, which was attended by many of the major banks, on the subject of the new Trade Reporting initiative which was recently announced by the South African regulators. The session was very well received and stimulated a very lively debate between all the participants."

Andries Brink, Andile's Founder and CEO continued, "The changes in the market and constantly evolving regulatory landscape for derivatives trading which are already well underway in North America and Europe, are about to hit South Africa. We believe that our expert resources, combined with MA's proven technology in this area will be a compelling proposition for many of the African banks as they face the challenges presented by these new directives."

Commenting on the relationship, Neil Thomas, MA's CTO was quick to praise the Andile team, "Our solutions are specifically designed to be easy to use and enable swift configuration by clients and trained third party companies. The Andile team were very quick learners, and the way they immediately went on and applied this newly acquired knowledge within a mission critical project at a major bank, with minimal support from MA, was very impressive."

"The relationship is going from strength to strength and is a great example of two companies working in harmony to achieve a common goal. With fully trained local resources now in place, both MA and Andile are confident that we can go on to build a highly successful partnership and deliver great value to our shared clients in the African marketplace," concluded Andries.



MA Community Group - next meeting alert

The Directors of Message Automation are delighted to invite you to the second 'MA Community Group' meeting to be held on Wednesday 21st October 2015 at 8 Members Club, 1 Change Alley, London, EC3V 3ND.

You may have already received an invitation, but if not then please contact hannah.pewter@messageautomation.com for more details.

The programme is still being finalised but it is likely to start at around 1700 and involve around two hours of interactive discussion topics and of course followed by some drinks. If you have any feedback which you would like us to cover then please let us know.

We look forward to seeing you there!



MiFID II v EMIR, Different objectives call for a different approach - says Dan Simpson, Regulatory Research Analyst at JWG Group



The second Markets in Financial Instruments Directive (MiFID II) is set to radically alter the trading environment through a set of wide ranging new rules covering everything from governance to market transparency to algorithmic trading to market structure. This will be the biggest change in the financial sector framework since, well, since EMIR, for which the implementation process rumbles on today. For a number of reasons it is imperative that market participants take a very different approach to that which was taken for EMIR when tackling MiFID II, and in particular an approach that starts earlier in order to hit the deadline.



PJ Di Giammarino, CEO of JWG summarises "Even more than EMIR, MiFID II calls for a consistent, and coherent approach to reporting across the market. To get this enormous task right, industry collaboration to define and agree the requirements is required now. All too often, we find firms treating the reporting as a low-value chore – not a strategic driver for their relationships with customers, regulators and other key stakeholders."

Different focus

To put it simply, MiFID II is trying to regulate different activities than EMIR. EMIR of course, focuses on off-exchange trading whilst MiFID II focuses on on-exchange trading. Whilst it is true to say that there is significant cross-over between the two regimes, especially since a core goal of MiFID II from a regulatory perspective is to take as much as possible of what today is considered off-exchange trading and pull it on-exchange, the two regimes do ultimately focus on different types of activity.

Bigger and more difficult

For those still chipping away at their EMIR programmes this may be a little difficult to imagine, but MiFID II is bigger. Which is to say that it contains more rules, which affect more types of activity, more processes within the firm, more business functions, and a greater number of market participants. This means that ensuring that you have the correct expertise at the table and that all of the relevant actors are pulling together in the correct direction presents a huge challenge for MiFID II. MiFID II will require a more collaborative, co-ordinated implementation effort, both from an internal perspective and an external, supply chain perspective.

Deadlines

The industry cannot expect the same leniency with respect to implementation deadlines that they have 'enjoyed' for EMIR under MiFID II. The go live date of 3 January 2017 is hard coded into the level 1 text of MiFID II, which means that the full regime will come into effect all at once without delay; there will be no phase-in of the rules or continual delays that have been a big part of the EMIR process. It would require the European Parliament taking the unprecedented step of amending the level 1 text for the implementation deadline to be changed.

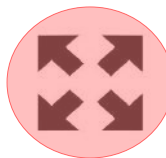
Must do better

Additionally, the industry is under serious pressure to implement MiFID II far more successfully than it has managed for EMIR so far. Trade reporting under EMIR has been plagued by significant data quality issues, and clearing rules have been consistently delayed. It is clear that in the current political environment of rising fines for non-compliance the authorities will not have a lot of patience for similar difficulties under MiFID II.

So what is required?

PJ di Giammariono, CEO of JWG summarises ' All of this calls for a different, more consistent, collaborative and coherent approach in terms of MiFID II implementation.. A strategic approach which builds reporting into day-to-day operations rather than treating it as an external chore would be a good start.'

About JWG Group Ltd. JWG are recognised by regulators, financial institutions and technology firms as the independent analysts to help determine how the right regulations can be implemented in the right way. We enable firms to execute efficient regulatory reform through collaborative working groups, syndicated intelligence and our next generation regulatory management platform, RegDelta.



Incoming Clearing Reports

Over the last few months MA has been working closely with two major clients to help harmonise and control the immense amount of incoming data from CCPs and Clearing Brokers on margining, collateral, positions, cash accounts, default fund contributions and valuations. These reports arrive in a variety of formats and protocols; either intra-day or batch; and contain information needed by a wide variety of systems and consumers within banks and buy-side firms. These include collateral departments, credit risk, treasury and reconciliations, as well as client servicing teams who need to communicate information to end clients.

In addition to the usual justifications such as increased efficiency and lower operational risk, there are significant changes driving demand for this solution:

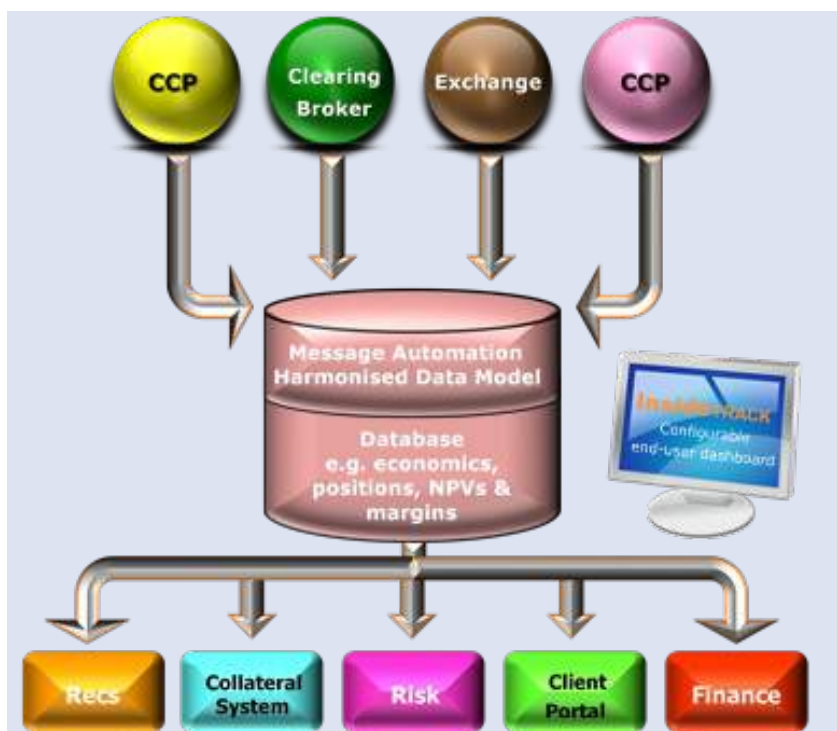
- Banks needing to monitor their credit exposure to CCPs including new reporting requirements on CCP exposures from the Financial Stability Board
- Collateral concentration limits and collateral optimisation in general
- Segregation of client accounts leading to far more data being disseminated from the clearing houses
- Intra-day liquidity monitoring – measuring and predicting margin calls
- Margin replication for reconciliation and “cheapest-to-clear” pre-trade analysis

As well as collecting the data from numerous CCPs and brokers and de-constructing and translating the contents into a harmonised data model, it is also persisted in databases which can then be interrogated using MA’s dashboard to add a new level of operational control. Alternatively the system can feed downstream systems with minimal manual intervention.

"When you multiply the variety and complexity of the reports to the number of internal systems or staff needing the information for further action there is a major risk of confusion and error which we are helping our clients to resolve." David Farmery, MA, COO

David Farmery continued, "This is a very complex area and we have invested many man-years of effort to understand and unravel the data from these reports. To give an idea of scale, we have currently harmonised over 300 reports for a single client across multiple CCPs and brokers for multiple OTC and ETD asset classes.

With the recent confirmation of the arrival of mandatory clearing for OTC derivatives in Europe volumes and complexity are only going to increase going forwards. We firmly believe that an integrated and harmonised control system is needed by any serious market participant - manual processes just won't be sustainable in the future."





User & Community Group - April 2015 Review

In April 2015 we hosted our inaugural Message Automation user group in London which was attended by more than 20 clients representing 10 institutions from the UK and overseas. The meeting kicked off with Hugh Daly presenting his views on what we see as the challenges and opportunities emerging in the industry and the potential impact on our specialist market sector. This was followed by various presentations to showcase our latest solutions and technology, together with an overview of our future development plans roadmap. This stimulated a very informative and interactive debate, facilitating very welcome input from our users on their experiences of using MA solutions and also what they need from us to support their future growth plans. Many thanks to our guests from HSBC, Lloyds and Andile (our South African partner) who collectively spoke on key topics such as Clearing Connectivity, Trade Reporting, Managing CCP reports and using MA technology to support implementation projects.



The User Group Session was then followed by a wider community get together which attracted a further 50 attendees from a diverse range of clients and partners, both old and new. The topic of the day for this group was a lively debate/panel session on the current developments and lack of harmonisation in the OTC market space. Our thanks to John da Gama-Rose from Deloitte; Chris Childs from the DTCC and Bill Hodgson from the OTC Space for taking part, and for very generously sharing their time and insights on this challenging and constantly evolving subject. We then adjourned to a more informal setting and indulged in what is widely known as 'networking' over some light refreshments, which continued for several hours!

See Page 2 for details of the next Community Group.



Many congratulations to MA's Miguel Alonso Lucas on completing his first ever marathon!

In April 2015 Miguel attempted his first full marathon, in Paris, and finished! He chose to support a charity close to MA's heart, The Brigitte Trust, and in doing so he raised over a £1,000 in direct sponsorship, which we then matched. After the race, a tired, but jubilant Miguel said, "I successfully finished the Marathon!! My time was a bit over my expectations, but most importantly I finished it. Again, I want to thank all the donors. Running the marathon for the Brigitte Trust gave me the extra boost I needed to finish it. I hope I can do it again next year." All his colleagues at MA were happy to merely give donations and skip the 26 miles of hurt!

When a family member or friend is diagnosed with cancer or another life-threatening illness it can be really hard to cope - not just with hospital visits and treatment, but also practical tasks at home. A recent Macmillan survey revealed that cancer patients and their carers can become isolated and lonely, further affecting their mental and physical wellbeing. The Brigitte Trust offers a free volunteer service of emotional support and practical help at home - complementing the essential work of the medical teams and offering respite and a listening ear. Spending time with someone diagnosed with a life-threatening illness or sitting quietly whilst a carer has a break - emotional support is vital at a time like this. The same volunteer visits for three hours each week and builds a relationship with the family and the Trust is often told that having someone from outside the family circle to talk to can be a real help. Volunteers also offer transport, shopping and social trips if the patient is well enough, and of course provided an opportunity for a primary carer to go out for a few hours and have a complete break. Message Automation's COO David Farmery has been Treasurer of the charity for some years and fellow director Ian Chester is a past Chairman.

As well as being a major personal achievement, Miguel's hard work training generated over £2,500 which will make a real difference. Well done!



From mining to derivatives via the Big Apple - James Beattie profile

I haven't followed what one would call a typical career path into Finance. After studying Art and Design at school, I worked as a miner for 18 months, working 100 feet underground, cutting out five tonne blocks of Bath-Stone to be sent off to stone masons.

I left the mines to go travelling, and spent a few months visiting countries in South East Asia before working in Australia for a year. This was an amazing experience which really opened my eyes to the world. After returning, I spent a few months in the UK working on building sites before heading off to New York where I got my first office job, working in sales for a removals company. After realising that life had a lot more to offer above ground, I set my sights on a new career and found myself being drawn towards doing

something with technology. Three years after arriving in New York, I left with a University place to study Computer Science, and a soon-to-be wife!

After spending a year studying at Westminster, I moved to UCL where I was extremely fortunate to meet Professor Anthony Finkelstein, who is now the Dean of Engineering Sciences at UCL and also a Non-Executive Director at Message Automation. I graduated from UCL in 2008 with First Class Honours in a MEng in Computer Science. I was also delighted to win the 2008 Science Engineering and Technology award for Best Computational Science Student, for my final year Bioinformatics project which was supervised by Anthony.

Following my graduation, I took up a position in Derivatives IT at Credit Suisse. During this time, I worked as a Software Developer and Business Analyst on a MarkitWire connectivity project, and then went on to a Team Lead role for Securities Network, an internal Front Office trading application. After about two and a half years, I felt that the time was right to move on and I met up with Anthony who put me in touch with Hugh and Neil.

That was almost five years ago. Since then, I have been involved in many different projects, starting off with Affirmation and Clearing, and then focusing on projects related to regulatory changes in the industry. Due to the nature of the company, my job has been quite varied - and I have been exposed to many different areas of the business and got involved in a range of projects which has kept it interesting. More recently, my role has evolved to include more pre-sales work, focusing on putting together client demos and proof-of-concepts. Next step up – those all-important lunch meetings!

MA Sponsors Saracens in the City

MA hosts a fun evening at the 'Saracens in the City' rugby For the second year running, MA hosted a pitch-side marquee at the Saracens pre-season game against Ospreys in the wonderful setting of the Honourable Artillery Club based in City Road. Even Sian Lloyd, seen enjoying herself in the adjacent marquee couldn't have forecast the 'late summer' weather which provided all four seasons in a few short hours. However, the tent was dry, the rugby was open and enjoyable and the food and drink tasted just as good whether in sunshine or rain. We also raised a few pounds for our favourite good cause the Brigitte Trust. (See article on Miguel's marathon exploits for more details.) Many thanks to our clients and friends who shared the fun with us—hopefully if we try again next year we might actually get a summer evening. In the meantime here is a picture of me holding the Aviva Premiership trophy which I could only just about lift. Captions on a postcard please.



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About Us

Message Automation is the leading specialist provider of Post Trade Control solutions. We help clients manage the multiple trade processing challenges created by new regulations and market practices across all asset classes in OTC, ETD and FI markets. Established since 2003, our clients includes tier one and tier two investment banks and buy side firms.

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