



Increased operational risk and costs due to fragmentation of OTC derivatives processing is a major concern for financial institutions

London 19th November 2014 - Derivatives connectivity and regulation specialist Message Automation Limited, today highlighted major challenges in the industry, with regulatory change and new market practices leading to fragmentation of OTC derivatives processing and data inconsistency, resulting in operational inefficiencies, increased risk and spiralling costs. Message Automation has been investigating the impact of these issues with buy and sell side firms across Europe, Asia and North America.

The increased complexity, including fragmentation of the processes together with stringent regulatory imperatives, means that many financial firms are having to rethink their operational strategies for OTC derivatives. Instead of harmonisation and risk reduction, the involvement of a growing number of new third parties including clearing houses, execution platforms and trade reporting repositories has actually made the processing and management of OTC derivatives even more difficult.

Hugh Daly, CEO, Message Automation, states: "Many of the firms we speak to agree that this vast array of complexity is driving up internal costs and more importantly increasing operational risk. And, because the market and regulatory changes are not delivering much needed harmonisation and clarity, we strongly believe that the firms involved need to take control themselves by using a single cross-asset platform that creates transparency across their entire OTC derivatives processing environment. Message Automation is already helping a growing number of major firms to achieve harmonisation and clarity in their processing of OTC derivatives. This includes interaction with trade repositories, clearing houses, clearing brokers, SEFs and affirmation services."

In addition to the conversations Message Automation has been having with its clients and other market players, these findings tie in with benchmark survey statistics released in advance of the Clearing and Settlement World 2014 conference, taking place on 27th - 28th November. The report highlights that 81% of respondents see managing data quality as their biggest challenge, while only 23% believe that regulatory changes will reduce risk. Hugh Daly will be taking part in a panel session at 11.50am, Wednesday 26th November 2014 discussing 'How to revolutionise your post-trade reporting process to mitigate risk and inaccuracy.'

About Message Automation

Message Automation's software solutions enables users to address many of the urgent issues surrounding the post-trade processing of OTC derivatives. They harmonise complex data from front office trading systems and back-office platforms, and then provide ready-made links to and from a wide range of derivatives infrastructure providers. These include major CCP's in North America, Europe and Asia; affirmation platforms such MarkitSERV and

ICE-Link; and the major trade reporting repositories. The company is headquartered in London and supports customers in Europe, North America and Asia.

For more information go to www.messageautomation.com

For further information

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