

# PRIVATE BANKER INTERNATIONAL

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## **DTCC and banks form client data and documentation utility**

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By Verdict Staff

The Depository Trust & Clearing Corporation (DTCC), together with six founder banks, is planning to establish Clariant Entity Hub to standardization and transparency during the client on-boarding process and ongoing client lifecycle events.

Clariant Entity Hub is owned and operated by Clariant Global LLC, a new DTCC company founded with BNY Mellon, Barclays, Credit Suisse, Goldman Sachs, JPMorgan Chase and State Street. DTCC's Matthew Stauffer will serve as the company's CEO. The founder banks and DTCC have collaborated in the design and development of the utility.

Clariant Entity Hub will enable industry participants worldwide to better cope with evolving internal risk management requirements and Know Your Customer (KYC), Foreign Account Tax Compliance Act (FATCA) and other client data and documentation challenges.

With the service, investment managers, hedge funds, and corporates can centrally upload, validate, permission, distribute, and securely store entity level information, documentation and hierarchy data through an intuitive interface, enabling complete transparency and control of information access.

By standardizing, centralizing and automating the collection and validation of client data and documentation, including master level documents, in a highly controlled, auditable, industry utility, Clariant Entity Hub will bring financial industry customers increased efficiency and enhanced control over their data and its communication, while mitigating operational risk and reducing cost for all.

Clariant Entity Hub is the only solution able to leverage current, compliant reference data from DTCC's established set of client reference data services, including Avox, the industry's premier legal entity data validation and monitoring service with validated data for over 1.5 million legal entities, and Omgeo ALERTSM, the industry's Standing Settlement Instruction (SSI) Utility and the largest global database for SSIs.

Clariant Entity Hub will also be fully integrated with the DTCC Client Reference Data and Enrichment (CRDE) service, a portal to collect counterparty information required for delegated derivative trade reporting in support of EMIR reporting requirements.

"We are pleased to be announcing this initiative with six of the world's leading banks to bring this utility to market," stated Michael C. Bodson, President and CEO of DTCC.

"As the only user owned and governed client data and documentation utility in the world, we'll work to ensure that the Clariant Entity Hub fully meets the evolving needs of the entire industry, today and in the years to come."

"Clariant Entity Hub is a unique offering that we've developed in close collaboration with our founder banks and over ten of the world's top asset managers and hedge funds, who have provided significant input into the overall user experience as part of the Clariant User Partner Program," said Matthew Stauffer, CEO of Clariant Global LLC. "We look forward to our launch later this year."

"We are pleased to be a founder of Clariant and to work together with DTCC, our co-founders and other industry participants as Clariant Entity Hub is built and delivered," stated David Crawford, Executive Vice President and Head of State Street's Global Transaction Banking Services.

"The client on-boarding process has long been a challenge for market participants worldwide, and we look forward to a collaboration that will enable us to bring the optimal solution to the industry."





# CLIENT DATA MANAGEMENT SIMPLIFIED

DTCC Entity Data Management Services

**DTCC**

Securing Today. Shaping Tomorrow.®



# INTEGRATED FOR SERVICES ENHANCED CONTROL AND FLEXIBILITY

## Industry Landscape

Today's complex and evolving regulatory environment is driving a greater emphasis on data management and risk analysis. Quality entity data underpins effective compliance with regulation. Accurate and up-to-date entity data is critical in order to successfully comply with requirements like Know Your Customer (KYC), Anti-Money Laundering (AML), Dodd Frank, European Market Infrastructure Regulation (EMIR), Foreign Account Tax Compliance Act (FATCA), Markets in Financial Instruments Directive (MiFID), over-the-counter trade reporting, shorter settlement cycles, and many other regulations and directives. Furthermore, growing volumes of information are needed to satisfy demands of different regulators across different jurisdictions, as well as within the institutions themselves.

## The Challenge

Poor data quality, manual processes and fragmentation across organizations result in a variety of challenges for financial firms, including increased costs, significant operational and reputational risk and potential fines. In addition, duplicative processes make it difficult to onboard (and off-board) clients, create new accounts for existing clients, and continually monitor them. Managing the client data lifecycle is more complicated than ever.



## The One-Stop Solution: Integrating DTCC's Entity Data Services

To help clients effectively manage the complex regulatory environment and related data challenges, DTCC's integrated entity data services offer a broad suite of innovative capabilities. Leveraging a utility model, the combined services lead to greater data quality, reduced unit cost, increased client transparency, more accessibility, and greater linkage between various operational processes and platforms for client data management. These services include Clarient Entity Hub ("Clarient"), Avox Data Services ("Avox"), Omgeo ALERT ("ALERT") and the Global Markets Entity Identifier ("GMEI") utility.

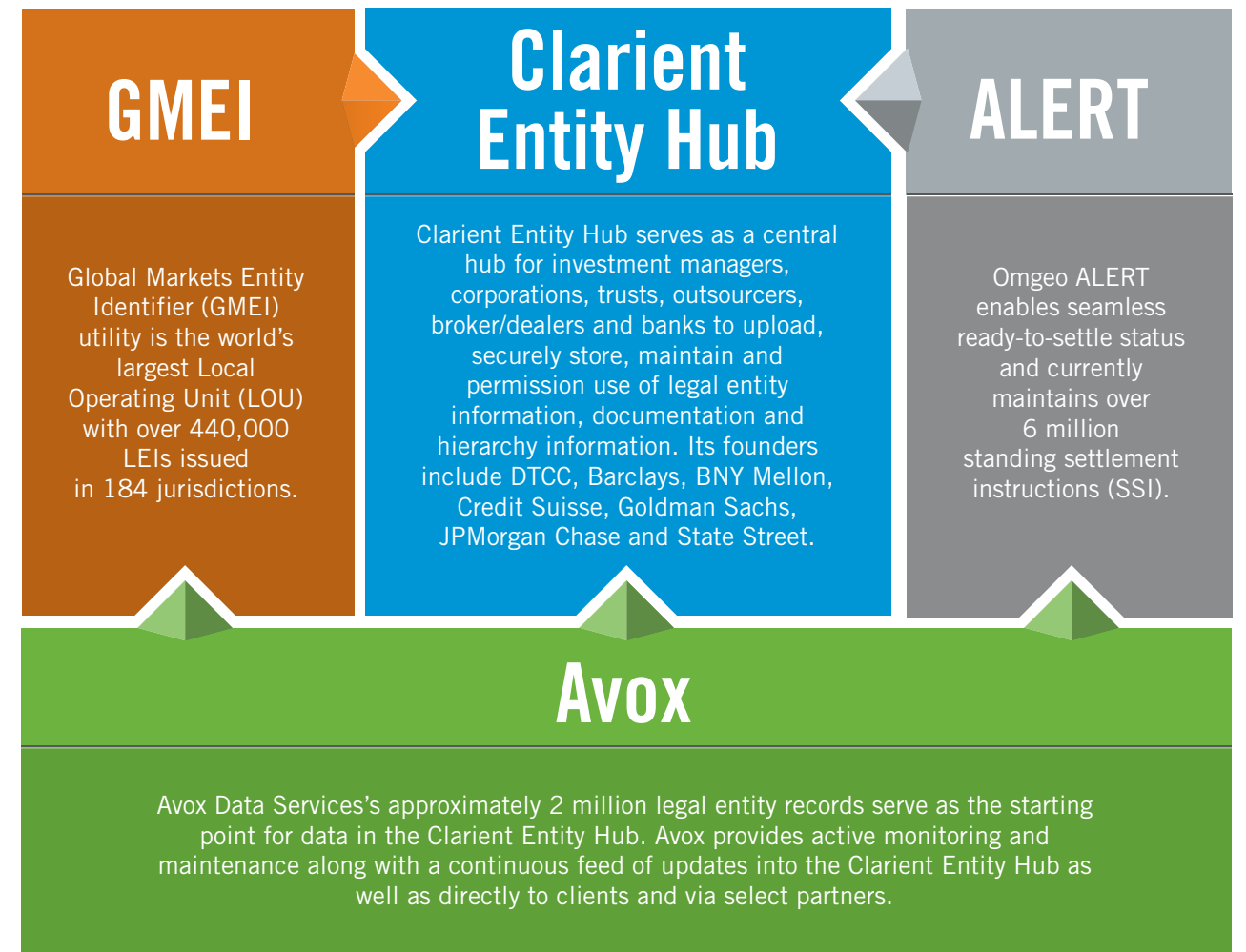
DTCC's integrated services provide clients with enhanced control and flexibility in selecting the services needed in order to better navigate throughout the client data lifecycle. All services are mapped to a single identifier called the Avox Identifier, or "AVID."\*

The combined services allow clients to more efficiently manage their onboarding processes and related client data/documentation, internal risk control requirements, standing settlement instructions (SSIs), legal entity identifiers (LEIs), and other client implementation needs.

\*For underlying account structure, the ALERT acronym and access code are used.



Clarient Global LLC is a DTCC company founded in collaboration with Barclays, BNY Mellon, Credit Suisse, Goldman Sachs, JPMorgan Chase and State Street and was established to address the challenges faced by the industry in KYC and client documentation. Its mission is to provide the financial industry with a comprehensive, global, standardized platform for collecting, managing and distributing client reference and entity data.



## Future State to Transform the Industry

DTCC continues to strengthen the linkage between these services, leveraging Clarient Entity Hub as the central processing platform and Avox data as the foundation for the offerings.

Initiatives to offer a holistic, end-to-end solution for client data lifecycle management are underway, including:

- Standardization of KYC policies
- Expansion of onboarding constituency to include custodians, transfer agents, distributors, corporates and hedge funds
- Documentation and due diligence capabilities for regulatory and tax services
- Partnerships with the broader financial industry and service providers

DTCC is also working toward providing clients with the added convenience of a single point of entry into all of its services.

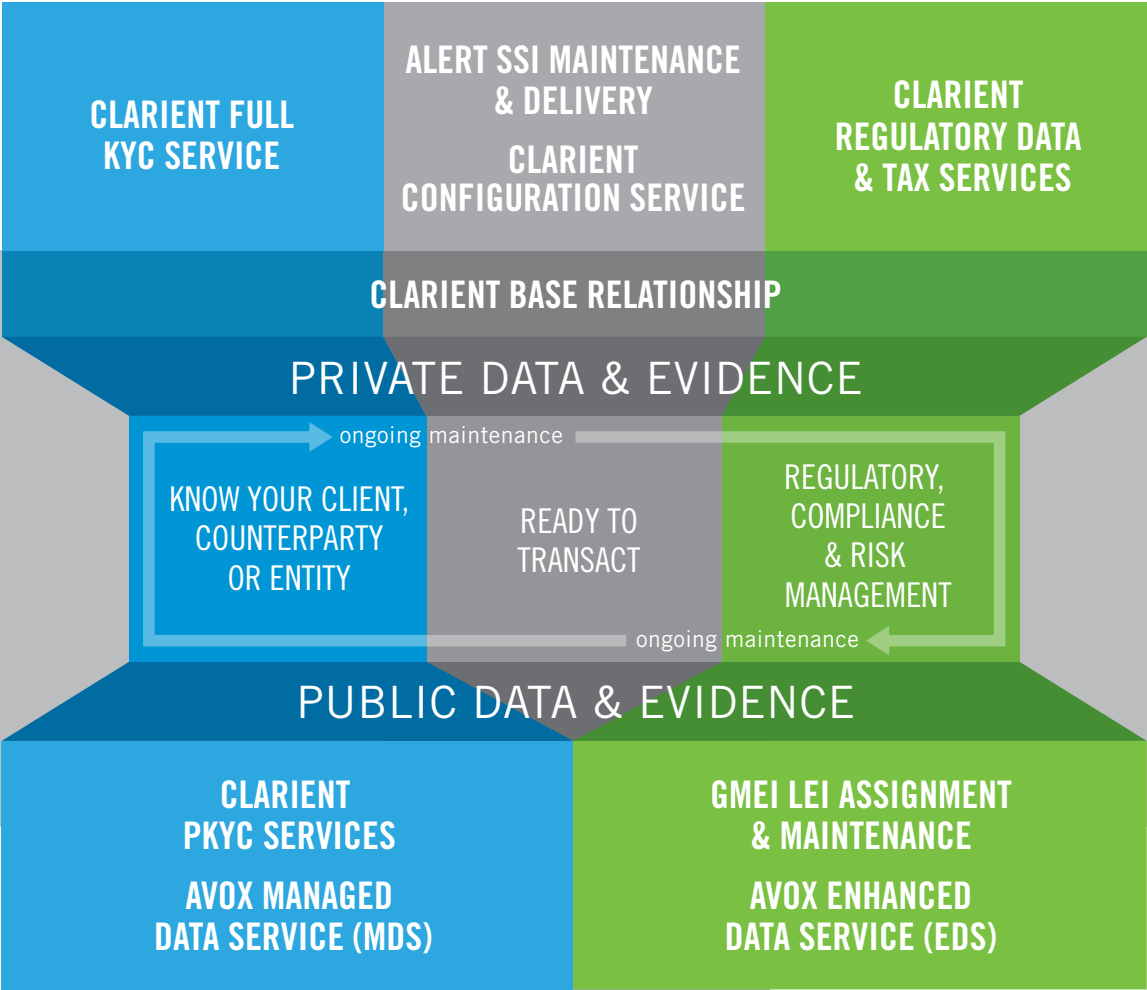


**Navigating the Client Data Lifecycle: The Services**

With DTCC’s entity data management services, clients can accelerate their journey through the client data lifecycle. Support is available for the various lifecycle steps, including:

- Know-your-client/customer/entity data collection process
- Gaining ready-to-transact status
- Ongoing regulatory, compliance, risk management and refresh activities

**DTCC CLIENT DATA LIFECYCLE MANAGEMENT**



DTCC offers services that provide firms with both private and public data, supported by required evidence and documents, to support various needs throughout the client data lifecycle. Clients have the ability to access, manage and exchange both private (via a “handshake” interaction with the entity) and public (no interaction with the entity) data and supporting evidence and documents.



**PRIVATE DATA & EVIDENCE**

Data, supported by required evidence and documents, not available in the public domain. Acquisition of this information requires the establishment of a relationship or bilateral agreement with the client entity.

**PUBLIC DATA & EVIDENCE**

Data, supported by required evidence and documents, available in the public domain. The acquisition of this information does not require interaction with the client entity.



# PUBLIC DATA & EVIDENCE

## *Avox Managed Data Service (MDS)*

Avox MDS provides a growing library of over 2 million publicly sourced legal entity records. The service involves the management (matching, enriching, maintaining) of 58 data fields that comprise each record. Information for these data fields includes identifiers like LEI and SWIFT BIC, addresses, industry classifications and corporate hierarchies. Avox MDS is used for purposes such as the population and maintenance of centralized core master entity systems, which are used to facilitate trade and transaction processing, risk aggregation and risk concentration monitoring, credit limit setting and capital calculations, tax and regulatory reporting. Avox MDS also serves as the foundational dataset for the Clariant Public KYC (PKYC) service.

## *Clariant Public KYC (PKYC)*

Clariant PKYC service brings relief to banks and broker dealers struggling with the operational challenges and increasing costs of internally managing KYC data and documentation requirements, providing increased control and standardization. The service provides standardized, verified legal entity data and associated evidence sourced entirely from the public domain that supports client onboarding processes and periodic or ad hoc client reviews – all with an audit trail to relevant source documentation. The Clariant PKYC Service is powered by over 2 million existing legal entity records from Avox. The information is distributed to the requester directly, independent of the providing entity.

## *Global Markets Entity Identifier (GMEI) Utility*

GMEI, DTCC's pre-Local Operating Unit (LOU) within the federated Global Legal Entity Identifier System (GLEIS), has played a major role in the adoption of LEIs around the world. With over 220,000 LEIs issued across the globe in 184 jurisdictions, GMEI maintains nearly 50% of the LEIs in the global system. The GMEI utility creates and assigns globally-accepted LEIs used in regulatory reporting in a standard format (ISO17442), validates the accuracy of associated reference data, and stores the LEI information in a freely accessible public database for use and redistribution. The information contained in the GMEI utility is critical for helping regulators and market participants understand exposures, enhance market transparency and manage systemic risk. The GMEI utility has strategic partnerships with Cusip Global Services, the Canadian Depository Service, NordLEI which serves Nordic countries, and Lux/CSD, the Luxembourg pre-LOU. LEI codes have also been integrated into other DTCC products and services including Avox, the Clariant Entity Hub, Omgeo ALERT and DTCC's Global Trade Repository (GTR). These DTCC's services continue to actively develop links to the GMEI Utility to enable clients to seamlessly register and renew their LEIs as part of an integrated solution.

## *Avox Enhanced Data Service (EDS)*

Avox EDS comprises modular based offerings to support entity data requirements for regulatory reporting. In addition to the core entity records pulled from the Avox MDS record, additional classification and identifier fields are provided to assist clients in meeting the specific reporting challenges of Dodd-Frank, EMIR, FATCA and FCA transaction reporting.



# PRIVATE DATA & EVIDENCE

## *Clariant Base*

Clariant Base is the foundational service for counterparties to establish a relationship for the exchange and maintenance of legal entity data – supported by the required evidence and documents – for client onboarding and account configuration and throughout the client lifecycle. Leveraging a global policy, agreed upon by Clariant Global LLC's founding members, the service gathers and validates legal entity information and confirms the authority required to provide data and evidence. The service achieves an important milestone in industry utility services by supplementing the private exchange of data and evidence with public data and ongoing maintenance. Base minimizes the need to request information from the client and accelerates the collection and maintenance process by including the fully integrated Clariant PKYC Service.

## *Clariant Full KYC*

Clients can select the Clariant Full KYC service to assist with Anti-Money Laundering (AML) and Customer Identification Program (CIP) requirements. The service was created in response to the industry's call for a single, global platform to collect and manage client reference data and to establish uniform data standards and consistent processes. Leveraging a unique, industry-driven policy engine, Clariant Full KYC Service satisfies clients' global regulatory KYC requirements by collecting publicly and privately sourced data points with evidence, based on entity type, domicile and jurisdiction. Clariant digitizes, extracts and validates KYC related data to create a consolidated record for a specific legal entity. This validated data is ultimately exchanged between permissioned counterparties through a secure channel.

## *Omgeo ALERT*

Omgeo ALERT is the industry's largest and most compliant online global database for the maintenance and communication of account and standing settlement instructions (SSIs). Clients need SSIs in order to trade and settle transactions. The ALERT service adds significant value at the end of the ready-to-trade process by providing clients with their SSIs. Future enhancements will provide clients with the ability to retrieve SSIs through Clariant, which will confirm that all applicable markets are open or provide a confirmation of what has been opened at the point of funding by the client. Clients will also have the ability to register for LEIs from GMEI within the ALERT service.

## *Clariant Configuration Services*

Clariant Configuration Services will help clients gain greater scalability, efficiency and transparency in the pre-transaction operational processes such as account setups, broker lines, custodial arrangements, instructions, messaging details, cash management and transactional reporting. The service will create synergies between KYC, regulatory and configuration processes by developing a consistent, practical and transparent framework on a low-touch platform connected with other DTCC and industry platforms/services.

## *Clariant Regulatory & Tax Services*

Clariant's development roadmap includes future services designed to help support private information required for regulatory and tax reporting.

Currently, Clariant and FIA Technology Services (FIA Tech) have partnered to offer firms a platform for collecting and storing their ownership and control reporting (OCR) information to meet regulatory obligations. The Clariant OCR Service provides firms with a streamlined, efficient solution to collect, validate, store, report and refresh OCR information. The service brings an easy-to-use platform that simplifies data entry.



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