

# MyTREASURY

## Improving transparency and efficiency in money market fund (MMF) trading:

## A Belgian International Treasury experience



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The International treasury operations of a Fortune 100 diversified technology and manufacturing company are based in Belgium and organised on the basis of 3 main regions; the Americas, EMEA and APAC, each of which has its own treasury centre. Overall responsibility for the EMEA and APAC regions rests with the Assistant Treasurer, based in Brussels. Individual regional responsibilities rest with the Director of EMEA Treasury also based in Brussels and the Director of International Treasury based in Singapore.

After the Belgian NV entity lost its Coordination Centre status on 1st January 2009 the EMEA team was able to follow the same path as the other treasury teams in the organisation and use money market funds (MMFs) as a major instrument for the investment of short term cash. The Assistant Director and her team were acutely aware that as their trading activity increased a situation would rapidly develop in which their treasury operation was involved in trading a number of MMF accounts directly, whilst satellite teams in the UK and Singapore would continue to be actively involved in trading their own fund accounts. This would inevitably create significant workload for the EMEA treasury team both in terms of trading their own multiple accounts and in maintaining visibility across the trading activities of the various EMEA and International teams.

To make things manageable the EMEA team were keen to find an electronic trading solution that would deliver simple and efficient trading for every team with all their MMFs via a single gateway whilst providing an overview of trading activity and account balances for all trading teams to the EMEA team based in Brussels. Fortunately the organisation had participated earlier in an EC-funded project called MyTreasury to develop a multi-fund, multi-currency electronic trading portal that they already knew would meet these requirements. MyTreasury is part of the electronic broking division of ICAP, the world's premier interdealer broker and provider of post trade risk and information services. The MyTreasury platform is a fully disclosed, fully automated MMF trading platform that has both the breadth of fund participation and flexibility in implementation to allow the organisation to meet its twin objectives of trading efficiency and comprehensive visibility across all its treasury operations.

MyTreasury configured the set up of the platform to create individual trading groups for the EMEA team and each of the satellite teams, all under the umbrella of the Europe NV organisation. This allowed it to specify which funds each trading team had access to as well as setting trading authorisations for the whole EMEA team. At the same time it was also able to identify those members of the EMEA central team who had the authority to look across all of the teams and, if necessary, act as

second signatories on the trades raised by the satellite teams. And perhaps most importantly the organisation's treasury policies relating to fund investment limits could be loaded onto the platform and used as the basis for active monitoring of trading activity against the guidelines. All of these and a number of other risk management controls built into the MyTreasury platform provided a high level of comfort that trading multiple accounts across multiple teams could be accomplished both efficiently and without risk.

The organisation were also aware of the additional benefits that come from the fact that MyTreasury is the only fully automated trading platform that involves no manual intervention at any stage. This can be seen in Diagram 1 which illustrates clearly the fully automated trading process via the SWIFT messages generated by the platform itself and exchanged with the funds' transfer agents who accept and confirm the trades. Not only does this ensure that the potential errors associated with traditional trading by phone and fax can never arise but it has also provided the EMEA team with a complete audit trail of all the trades of every team. MyTreasury maintains a full audit trail of who did what when in connection with every trade as well as keeping a library of the SWIFT messages, which are date stamped, time stamped and legally binding.

More recently the organisation has also been able to take advantage of the on line account statement capability of the MyTreasury platform allowing them to track balances, actual interest accrued and dividends paid on a daily basis across all their funds directly from the platform. Again this has delivered significant time savings in terms of not having to reconcile estimated interest accrued with actual dividends paid by the funds at the end of the month as well as the major benefits from having all account information in a common and downloadable format from a single source. The partnership with MyTreasury is now continuing in connection with the extension of the platform into the term deposit market, which MyTreasury is launching in June 2011.

Diagram 1: MyTreasury Trade Automation

