

FX dashboard – Description of business processes

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| Business Process | Description |
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| Pre-Trade | Pre-Trade covers all activity which occurs prior to a trade. Examples of pre-trade activity are indications of interest (IOI), trade advertisements, quotes and market data (in support of trade through post-trade functions, i.e. market data dissemination, instrument identifiers, descriptive data, attributes, rates, codes and contact data, etc.). |
| Quotes | The bid or ask quotes are the most current prices and quantities at which the currency can be bought or sold against another currency. The bid quote shows the price and quantity at which a current buyer is willing to purchase the currency, while the ask shows what a current participant is willing to sell the currency for. |
| Market Data | Refers to numerical exchange rate data, reported from trading venues or bank portals. |
| Reference Data | Includes exchange rate reference data (Currency pairs, descriptive data, attributes, exchange rates, calendars and taxes), entity reference data (counterparty data, entity identifiers, client data, contact data) and ancillary reference data (location of trading). |
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| Trade | The trade area includes the order and execution processes, including order management, order routing and trade execution. |
| Trade Execution | The process in which a trade is executed. The trade may be a single, multi-leg, cross, basket, list, etc. |
| Reference Data | Client data, credit profiles, account numbers. |
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| Post-Trade | Post-trade covers all activity after execution up until clearing and pre-settlement begins. |
| Trade Capture & Validations | The process in which trades (block and or allocations) are captured by a central counterparty or locally, for purposes of trade matching and confirmation. |
| Allocation | Allocation of trades from both two and three party models. |
| Matching | Trade and allocation level matching. May be performed locally (two party) or centrally (three party). Matching may occur prior to and also after allocation. |
| Confirmation/Affirmation | The process of confirming and affirming trades executed. |
| Position Management | Affects start of day positions, positions created through trading activity and end of day position management. |

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| Clearing/Pre-Settlement | This denotes all activities from the time confirmation is made for a transaction until settlement begins. In theory, this includes the management of post-trading, pre-settlement credit exposure, ensuring trades are settled in accordance with market rules. It is important to note that clearing may occur either bi-laterally or through a central party. |
| Matching | The process of “pre-matching” in order to alleviate issues (fails) in the settlement process, prior to instruction of settlement. |
| Netting | The process of netting trading obligations, with a goal to reduce the number of settlement transactions. |
| Funding | The process in which a party, individual corporate or central counterparty is responsible for ensuring that trades are properly funded, prior to settlement process initiating. |
| Reference Data | Clearing account numbers, settlement method |
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| Settlement | Settlement can be simply defined as the actual exchange of cash obligations. Settlement is the next step in the trade lifecycle after clearing / pre-settlement. |
| Pre-advisement | The process whereby a party prevents its transactions from settling on a temporary basis. This can be, for example, for pre-matching purposes without committing for settlement. |
| Settlement Notification | The process in which a trading party, ie, an investment manager, notifies, or instructs, their settlement agent of settlement instructions for a trade. |
| Settlement | The process in which obligations are settled between counterparties to fulfill contractual obligations of a trade. |
| Transaction Management | The process in which transactions related to settlement are managed. The process includes advice of settlement status, pending transactions, allegations, intra-position instructions, etc. The transaction management process also includes the reconciliation of settlement transactions. |
| Fail and Claims Management | The process in which failed trades and their associated claims are tracked, communicated and reconciled. |
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| Pricing/Risk/Reporting | Pricing, Risk and Reporting covers all processes across products related to the pricing and valuation of securities and derivatives, series of risk measures (or values), and all types of reporting including position management and regulatory reporting. |
| Income Collection | The process in which income due on an investment or otherwise, is tracked, collected and paid to an account. |
| Risk Management | The process of monitoring and controlling the financial exposure created by a collection of financial obligations with respect to fluctuating risk factors (e.g. market price, credit worthiness, etc). |

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| Pricing & Valuation | The determination of a financial instrument's „fair value“ by theoretically valuing the current and future financial behaviour |
| Reporting | The process of reporting on transactions, positions, currency accounts, etc. The reporting process includes general ledger and accounting statements. |
| Position Management | The process in which positions (interests) in financial instruments are managed by an account servicing institution on behalf of an account owner. |
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| Regulatory Reporting - Investor | |
| Trade Surveillance Reporting | Designed to assist with surveillance and investigations of member firms by regulators and exchanges for potential violations of federal securities laws and related rules. |
| Position Management Reporting | Affects start of day positions, positions created through trading activity, deliveries, transfers, and end of day position management. Depending on the type, position may be liquidated, adjusted, exercised, and marked to the market. |
| Tax Lot Reporting | The process of reporting (from custodian to authorities) or transporting tax lot information (from custodian to custodian). Tax lots can be defined as a breakdown of position per historical purchase. |