



MONOCLE

◆ Case Study

Large Retail, Corporate and Investment Bank

Financial Markets Legal Agreements

Legal Agreement Data Management and Integration



Implementation and embedment of a legal agreements service to enhance pricing and risk management.



Integration of a CRM system with front-office platforms to enable trade tagging against the respective legal contract.



Remediation of data quality issues across the legal agreement data stream (back office to front office).

Overview

Due to rapidly changing markets and stringent regulatory requirements, efficiency in financial market operations lives and dies by consistent, accurate and timely access to data across the front, middle and back offices.

Following the implementation of a Customer Relationship Management (CRM) system, to maintain and store legal agreement data, Monocle successfully assisted in the design and testing of a legal agreements data service at one of our large banking clients. The project implemented data integration between the client's CRM system (a golden source for market and legal agreement data) and the front-office trading and pricing platforms. The need to develop a user-friendly front-end interface was identified, in order to allow for more accurate legal agreement data capturing and display.

Our solution replaced the need for front office to rely on static agreement data that was not updated regularly with amendments. This practice led to inefficiencies in pricing, risk calculation and reporting. Ultimately, informed business decision-making was being compromised.

The legal agreements service enabled front-end users to seamlessly query and tag trades to their respective legal agreements. Additionally, it enhanced calculations for counterparty credit risk, X-value adjustments, exposure at default, limit thresholds, collateral management and various other market risk and pricing calculations with up-to-date and accurate data. The solution also helped to lower costs related to licensing.

Monocle worked closely with the various impacted parties in the design of the APIs as well as the transformation logic required by the traders and risk managers and was extensively involved in coordinating the implementation between the legal, IT, operations and front-office stakeholders.

Additionally, Monocle was heavily involved in remediating data quality issues related to legal agreement data that had not been addressed during the CRM system implementation. This entailed an end-to-end remediation process of reviewing captured legal agreements, amending incorrect and missing data, and coordinating historical retagging to ensure data updates filtered downstream accordingly.



Solution

- Implementation of a legal agreement service to integrate CRM system (a golden source for legal agreements data) with front-office platforms to enhance pricing and risk calculations.

Insights

- Legal agreement data capturing requires additional oversight due to the technical nature of legal contracts and the specific requirements of front-office data users.
- Policies and procedures should be in place to manage how legal agreement data is updated and amended due to its legally binding nature.
- All impacted parties must communicate and collaborate on project deliverables and timelines due to the high level of data and process interdependencies across financial market operations.

Key Skills Required

- Business knowledge across financial market operations in order to understand the interdependencies across stakeholders (counterparty credit risk, market risk management, legal and transaction management as well as IT and data stakeholders).
- Data analysis and analytics.
- Business analysis skills.

Banking Area

- Financial Markets:
 - *Front Office*
 - *Middle Office*
 - *Back Office*

Skill Sets

- Financial Markets Expertise
- Data Management

Themes

- Legal Agreements Data
- API Integration
- Trade Tagging
- Risk and Pricing
- CRM Systems
- Counterparty Credit Risk
- Credit Risk
- Market Risk

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