10 MISTAKES TO AVOID

when processing corporate actions

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The world of corporate actions (CA) processing can come across as an antiquated place. Firms of all sizes can find themselves following a particular way of working for many years, before its flaws become apparent. Without assessing their efficiency or looking for better alternatives, it is hard for the back office team to spot the mistakes before they become costly.

WHEN PROCESSING CORPORATE ACTIONS TRY TO AVOID THE FOLLOWING:

10. USING A TEAM THAT'S RESPONSIBLE FOR TOO MUCH

Many CA teams reside in the back office operations area. These groups wear many hats and maintain vast responsibilities. It's hard to be an expert in something, let alone produce quality work, when your attention is constantly shifting elsewhere.

9. RELYING ON A SINGLE DATA SOURCE

Some CA desks manually look up their securities of interest from a market data provider or an Internet search. Don't use this as your primary means of research. You'll miss something.

8. VIA FAX

This may come as a surprise to those not directly involved in the day-to-day, but a majority of CA notices are transmitted via fax. It's 2016 not 1986. If you're not going to move it online, at least consider using a SWIFT message.

7. NOT LEVERAGING AN INDUSTRY STANDARD

The SWIFT organization and members of the regional working groups work hard throughout the year to ensure there's a consistent and reliable way to communicate. There are many CA teams out there that don't leverage the industry standard and could benefit from learning a little about it.

6. USING YOUR ACCOUNTING SYSTEM

Many accounting systems offer a corporate actions module. They are perfectly fine for many of the standard CA events that occur regularly in the market; but what about the ones that aren't so regular? Look to an industry leader and not a provider that bolts-on to another application.

5. NO VISIBILITY INTO THE RISK OF YOUR CLIENT'S POSITIONS

Ever wonder how much it might cost your firm to miss an event? Or what it would mean if you elected Option 3 instead? Come up with a strategy that helps your organization quantify and analyze the risk associated with given events or use a tool to do so.

4. NOT BEING SURE YOU HAVEN'T MISSED SOMETHING

Ever leave your house for work in the morning feeling like you've forgotten something? A work ID, perhaps, or keys? Imagine going home from work each night wondering the same thing – except the impact at the office could be more magnified than your locksmith would hear about.

3. TRACKING RESPONSES VIA PHONE/EMAIL

"Can you hold, please?" Ever hear those words? Ever been holding on a line for eternity, seemingly forgotten about? Imagine if there's a deadline you're up against – that hold music sounds even worse. Don't rely on a phone call or email to obtain responses from your decision-makers, you'll miss one.

2. NOT USING AN ONLINE PORTAL

Instead of relying on your inbox to obtain your client's elections how about offering them some self-service via the online experience they (hopefully) already have with you? Employing this method you can even procure some stats and metrics around the volume of events your teams are processing.

1. MANUALLY!

Some level of manual or human effort will likely always be required to process an event, at least the complicated ones. But manila folders, excel spreadsheets, calendar alarms or reminders, post-it notes? We can certainly do better than this.

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