

# The Right Data in the Right Place at the Right Time: The Challenge of Corporate Actions



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Risk managers and back office teams work around the clock to understand and analyse their institutions' risk exposure, relying on the efficient processing of a range of corporate actions data in a timely manner. It is clear that corporate actions must play a prominent role when companies seek to reassure their investors that they are constantly monitoring the implications of events on the value of their portfolios. So how can these organisations acquire the reliable data that will support their trading operations?

As corporate actions teams strive to maintain an accurate appraisal of ongoing risk exposure, they have to contend with an ever increasing flow of information. New types of corporate actions continue to emerge, covering an array of instruments that have grown in complexity. Sophisticated structured products and packaged instruments have made defining exposure much more complex, as each corporate action could have an impact not just on the issuer's securities but also on bundled products that include the security. In addition, corporate actions that were previously considered simple, such as the announcement of a dividend, have been made more complex as shareholders are given the election to receive dividends in a variety of foreign currencies. Besides growing complexity, the volume of corporate actions data is expected to continue to increase in the future, and back office teams will be sorely pressed to keep it under control.

Automation and standardisation have both been identified as solutions to the increasing volume of data that needs to be processed. Automation services have developed quickly in some major finan-

cial institutions, but still need input from risk managers, as many corporate actions are open to interpretation or various elections. Standardisation has been strongly supported by the industry, with providers such as Interactive Data supplying corporate actions in ISO 15022 format as well as developing services to support the ISO 20022 format.

Interactive Data works closely with its customers and has made complexity and timeliness a high priority. Interactive Data offers:

- Breadth and depth of coverage: with a constantly growing universe of complex securities to monitor, corporate actions professionals need access to a broad range of data across asset classes. In addition, this data needs to be fully annotated. In the past, much of the data available has been limited geographically, but Interactive Data can address the need for consistent, global coverage.
- Timeliness: corporate actions are a 24/7 requirement. End of day data is now too slow for many financial services companies and clients are seeking more timely solutions, especially in the trading space and when analysing exposure. Interactive Data is continuously upgrading its services and is now moving towards near-time publishing capabilities.
- Flexible delivery: the data must be easily integrated into a company's existing systems. Interactive Data works closely with the industry to incorporate the latest standards and offers consistency of delivery in XML format.

Historically, corporate actions were firmly anchored in the back office, but recent market events have highlighted that firms need to have a greater understanding of

how a corporate action can affect their risk profile. If firms are to demonstrate to the market and their clients that they are serious about risk management and analysing their risk exposure, the discussion about data management in general – and corporate actions data in particular – needs to be understood holistically across the organisation. Financial institutions are subject to reputational and financial risks if their corporate actions systems are ill adapted to the evolution of the market.

Interactive Data has decades of experience in gathering, updating, validating and delivering its award-winning\* corporate actions data, covering multiple markets and instrument types, to financial institutions worldwide. The company is at the forefront of the industry, leading the way in integrating industry standards to deliver value-added data that is richer and easier to manage than traditionally-coded datafeeds.

*\* Interactive Data was recognised as 'Best Corporate Actions Data Provider' at the Inside Market Data / Inside Reference Data awards in 2008 and 2009, and 'Best Corporate Actions and Reference Data Provider' at the (UK) Systems in the City Awards 2009.*

*Interactive Data Corporation (NYSE: IDC) is a leading global provider of financial market data, analytics and related solutions to financial institutions, active traders and individual investors. The company's businesses supply real-time market data, time sensitive pricing, evaluations and reference data for millions of securities traded around the world, including hard to value instruments.*

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