



PRESS ANNOUNCEMENT

AFME and Thomas Murray Collaborate on Sub-Custodian Monitoring Due Diligence

Institutional investor assets are held around the world in chains of custodian and sub-custodian banking relationships. These institutions have a fiduciary responsibility for the owners of these assets to monitor the custody providers at all levels of the chains, and in all markets. Thomas Murray Data Services (TMDS) has been providing monitoring and operational review services for clients, and today regularly covers and communicates on 260 such banks. Given the firm's historic expertise in custody questions and its global reach, it has the scale to meet today's market requirements.

For some years, sub-custodian banks have been facing the challenges of responding to their clients' bespoke questionnaires, covering in the main the same questions but delivered in a multitude of ways. As legal requirements and liabilities increased post-2008, responding rapidly became more complicated and time-consuming. At the NeMa conference for network managers in 2015, the administrative problem was highlighted, and it was agreed that an industry standard sub-custodian monitoring questionnaire should be written. In response, TMDS have been serving as a special advisor to the Association for Financial Markets in Europe (AFME), together with a working group of leading banks constituting around 20 network managers.

The questionnaire was reviewed and piloted by a group of leading banks. In representing our clients, TMDS were delighted to consolidate the firm's Working Group plans with those of AFME, and work collaboratively with the industry between Q4 '15 - Q4 '16 to develop and agree an industry standard sub-custodian monitoring questionnaire. Using TMDS's questionnaire as a baseline, AFME's goal was to harmonise 80% of members' questions. Once the common document was written, the percentage proved to be significantly higher during the AFME piloting. This common text has just been published, and is linked below in this posting. The document will be reviewed by AFME in the third quarter of 2017, in order to be sure that it reflects regulatory changes or commercial themes developing in the months ahead.

TMDS currently handles sub-custodian monitoring for over 30 financial groups. This entails on-site reviews covering some 100 markets, on a rolling 24-month cycle. The firm issues over 1,000 sub-custodian monitoring questionnaires annually, covering 260 sub-custodians on behalf of our clients via SupplierSelect, the firm's bespoke software platform for RFI/RFPs.

In response to both issuer and respondent demand, and as announced at NeMa 2016, TMDS has agreed to make its software platform available to the industry for custodian bank monitoring. This will support the launch of the AFME initiative, and streamline the process for issuers and respondents. That simplification truly is the point of it all. Thomas Murray will be conducting webinars in January to demonstrate how the platform works, to make sure issuers are familiar with it.

SupplierSelect represents the third major iteration of TMDS's electronic RFP and due diligence monitoring platform; it has been under continuous development for 15 years to deliver an intuitive, fast application user-interface with the convenience of secure web access from any location at any time. *"To support the adoption of the new questionnaire, TMDS is offering access to SupplierSelect to all questionnaire issuers on a multi-tenant basis"*, says Derek Duggan, Director, TMDS. With a multi-tenant architecture, the application is designed to provide every tenant with a dedicated share of the instance - including its data, configuration, user management, tenant individual functionality and non-functional properties. *"SupplierSelect is an industry-proven and accepted system that is currently used by major financial services groups. It has been designed to meet the highest security standards and adheres to Open Web Application Security Project principles. TMDS is committed to ensuring that the security and privacy of client data are never compromised"*, says Duggan. This service will support the efficient issuance and collection of responses on a confidential basis.

Other comments from AFME and Task Force can be found within the AFME press release:

<http://www.afme.eu/en/news/press-releases/20162/afme-seeks-to-harmonise-post-trade-network-selection-process-with-new-standardised-due-diligence-questionnaire/>

The questionnaire is available to all in word format, free of charge, at <http://resources.thomasmurray.com/email/afme-ddq-final-version-december-2016.docx>

For further information

For further details on the TMDS AFME Questionnaire Solution please contact:

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