

# A voluntary solution for mandatory events - CoacsConnect by Pirum

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## Lights, Corporate, Action!

Perhaps I have missed my vocation with all the word play, or perhaps my time on the Sun newspaper pun desk is still to come. Either way, in 2021 the spotlight is officially on corporate event processing and now is the time to take action.

Many areas of capital markets have seen seismic changes to processing standards, much of which has been driven by regulation, but some areas have been 'reupholstered' for the specific purpose of bringing them up to date. Corporate Actions processing spans both scenarios. Securities Finance Transaction Reporting (SFTR) in Europe has helped improve the accuracy of stock outturn bookings and firms such as Pirum have listened to its clients and looked to use technology to bring about fresh tools to enhance processing.

As with most things, it is easy to speak in broad terms, but it is the detail that you must seek to get to the

real story. Corporate Actions is a huge area that incorporates a large number of actors and much complexity. Some events have a financial impact on the shareholders, some directly impact liquidity, and some have no direct financial impact at all.

Before we go any further, let's take a moment to define what a corporate action is. A corporate action is any event initiated by a company that changes its capital structure or financial condition, and thus impacts its shareholders. Some events are mandatory: Income processing (dividends and coupons), stock splits, mergers. Some events are voluntary: Rights issues and Buy-backs.

Pirum is not trying to become all things to all actors, and certainly isn't making that claim. CoacsConnect has been introduced to the market as a thoughtful approach to solving existing challenges where technology can enhance the existing processes. CoacsConnect is another product

from Pirum's Future Tech Initiative and begins with Income processing as the first phase of delivery. Services have existed in this space for a number of years and have tackled issues that have made it easier for their clients to process events, but what has been missing is a centralised service that brings parties together to share in rich functionality and automation of manual processes. The Income Processing phase covers 100% of claims with 100% of a client's counterparties. We have centralised the process of claim creation, through to agreement and payment. What this means, is that clients can manage all claims as the issuer or receiver through one channel and bring about process efficiency, greater transparency and a measurable risk and capital reduction. There are no manual touch points in the processing of a matched claim, allowing valuable human resource to focus on exceptions only.

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# CoacsConnect

## Corporate Actions Services



### Centralise

A single solution for all claims for all counterparties



### Automate

Fully automate your claims from issuance to payment



### Reduce Risk

Improve levels of STP with greater transparency and more stringent control, preventing aged payments

For more information

✉ [connect@pirum.com](mailto:connect@pirum.com)

🌐 [pirum.com](http://pirum.com)

CoacsConnect provides connectivity between counterparts and enables reconciliations for corporate actions in real-time, allowing for events to be paid and closed on a fully automated basis reducing capital impact and risk to lenders and borrowers. The removal of manual emails and faxes will lead to more efficiency and enable beneficial owners to offer better deadlines for voluntary events.

Connecting with the service is easy and builds on the real-time data exchange we have with our clients today. Pirum's experienced integrations team will handle 90% of the effort for clients to get connected.

Pirum provides a limited cost-free option that allows clients to respond to issued claims, mostly lender driven. We encourage users to start with the limited usage where this complements their operating model, but to consider full-service adoption when looking for a wholesale change to an often-disparate communication approach.

Elon Musk once said that 'technology should be used as a tool allowing employees to focus on value-added activities instead of mundane processes. Technology alone need not be the answer'. My interpretation of his meaning here, is that technology should take away the often boring and repetitive tasks, but often fails to do this on a wholesale basis. If I think about why the securities finance industry has embraced wholesale change or hasn't, it is often the same reason. Coverage. Market leading software and services are nothing without a network of clients. If I am the only firm processing corporate actions in an efficient way, this isn't going to get

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me far. In the case of CoacsConnect, we have the hard-earned benefit of leveraging a community of clients that contains almost, if not all, of the major players.

In traditional style, Pirum consulted with clients on where and how we began with our foray into corporate actions processing and it was universally agreed to begin with income processing. Whilst many firms have sound operating models, the tools of communication appear to be the biggest reason for long winded processing.

Pirum has already begun the build for mandatory and voluntary events and with a strong depth of internal practitioner knowledge, coupled with client input, we will endeavor to untangle some of the complexity that exists in this arena.

Improving the efficiency of corporate actions handling can provide firms with a competitive advantage through client service, reduced operational and reputational risk, as well as cutting costs.

Depending on the source you use, my experience is that the write off costs for losses associated with processing errors can run into tens of millions of dollars per year.

When we look at what ISLA, the RMA, ICMA and the broader industry see as the tenets of best

practice, the consistent element that I see is standardisation. This can be interpreted as data shared, the style of communication and the approach to record keeping. These are three areas where Pirum helps, and these are arguably the areas in most need of external assistance. Event data sourcing, tax management and interaction between traders and operations are all key areas that can be solved for internally.

In many of our articles published in the last two years, we have emphasised the importance of choosing a technology partner that has a deep suite of products, one that can extend services to assist the full processing lifecycle and, of equal importance, one that integrates easily with the remainder of your upstream and downstream systems. Choosing your partner(s) carefully and thoughtfully can yield many benefits that should easily outweigh the cost of adoption. For CoacsConnect, a reduction of risk, greatly increased scalability and that of staff productivity all result in a compelling story and bring a measurable ROI. ■

For more information on CoacsConnect or our suite of products, contact [connect@pirum.com](mailto:connect@pirum.com) or visit us at [www.pirum.com](http://www.pirum.com)

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