HOW WE HELPED AN AUSTRALIAN VENDOR GO-TO-MARKET IN EUROPE

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CLIENT

GBST provides financial services technology to the capital market and wealth management sectors globally. Its experts create vital back, middle and front office technology solutions for investment bankers, stockbrokers and fund managers to assist them with streamlining operations and engaging their customers.

Established in Brisbane, Australia in 1984, GBST today works with over 100 organisations across Australia, Asia, the UK and the USA. Its technology supports millions of people around the world who are investing in their future.

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CHALLENGE

The EU FTT was a proposal made by the European Commission to introduce a financial transaction tax (FTT) on equity and bond trades within some of the member states of the EU.

Outside of Europe other countries, including the USA, were also considering introducing FTT equivalents. The Commission proposed a directive for an EU FTT in 2013.

Australian software vendor GBST had reasonable penetration for its wealth management solutions in Europe but now needed strong brand awareness to launch its capital markets FTT solution (Syn~FTT), aimed at investment banks, custodians and asset management firms. Portfolio was brought in to tackle this challenge.

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PROCESS

We first developed some sales collateral, before writing and issuing a press release announcing the launch of Syn~FTT to the European investment banking, asset management, custodian and social media. We then issued further press releases announcing major client wins and a partnership with data provider SIX Financial.

In parallel with this media activity, we organised analyst briefings with influential firms such as Cutter Associates and Aite Group, and helped arrange a launch event at the Royal Exchange in London.

We then facilitated media briefings with *The Banker, Financial News, Global Custodian* and a press trip to Paris to meet *L'AGEFI Hebdo, L'AGEFI Quotidien* and *Les Echos.*

We also wrote and pitched a series of opinion pieces to a number of key publications in Europe and the USA.

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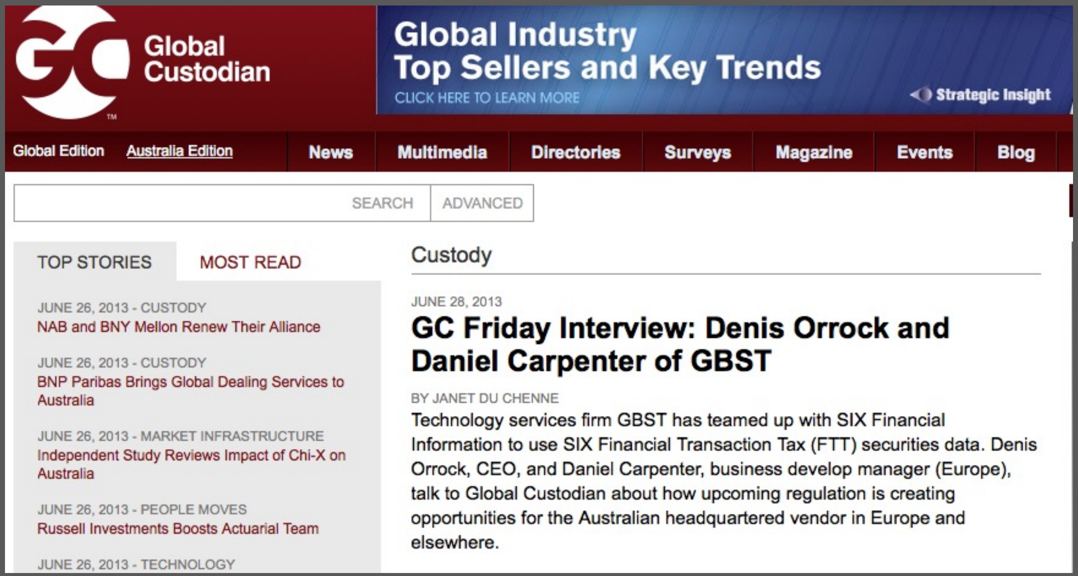
RESULTS

Here are some examples of our media coverage for GBST (clockwise):

- Interview in *Global Custodian*.
- Opinion piece in *Banking Technology*.
- Opinion piece in *Best Execution*.
- Opinion piece in *Wall Street & Technology (USA)*.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Independent Study Reviews Impact of Chi-X on Australia

JUNE 26, 2013 - PEOPLE MOVES
Russell Investments Boosts Actuarial Team

JUNE 26, 2013 - TECHNOLOGY

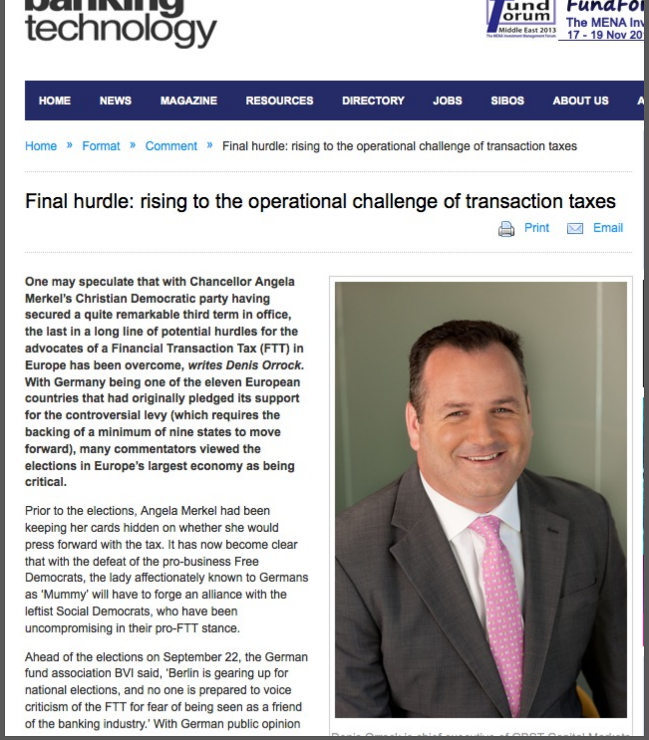
Custody

JUNE 28, 2013

GC Friday Interview: Denis Orrock and Daniel Carpenter of GBST

BY JANET DU CHENNE

Technology services firm GBST has teamed up with SIX Financial Information to use SIX Financial Transaction Tax (FTT) securities data. Denis Orrock, CEO, and Daniel Carpenter, business develop manager (Europe), talk to Global Custodian about how upcoming regulation is creating opportunities for the Australian headquartered vendor in Europe and elsewhere.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Final hurdle: rising to the operational challenge of transaction taxes

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One may speculate that with Chancellor Angela Merkel's Christian Democratic party having secured a quite remarkable third term in office, the last in a long line of potential hurdles for the advocates of a Financial Transaction Tax (FTT) in Europe has been overcome, *writes Denis Orrock.* With Germany being one of the eleven European countries that had originally pledged its support for the controversial levy (which requires the backing of a minimum of nine states to move forward), many commentators viewed the elections in Europe's largest economy as being critical.

Prior to the elections, Angela Merkel had been keeping her cards hidden on whether she would press forward with the tax. It has now become clear that with the defeat of the pro-business Free Democrats, the lady affectionately known to Germans as 'Mummy' will have to forge an alliance with the leftist Social Democrats, who have been uncompromising in their pro-FTT stance.

Ahead of the elections on September 22, the German fund association BVI said, 'Berlin is gearing up for national elections, and no one is prepared to voice criticism of the FTT for fear of being seen as a friend of the banking industry.' With German public opinion


Too late to hold back the tide

Amid much speculation about whether, when and in what form an EU-level Financial Transaction Tax (FTT) might be imposed on securities trading in Europe, Denis Orrock* suggests that burying your head in the sand is not an option.

There are approximately 40 transaction taxes or stamp duties that are either active or being implemented in countries around the globe. These taxes, whilst being conceptually similar in principle, often are referred to as something other than a Financial Transaction Tax (FTT). In the Americas, eight out of 35 countries have some form of transaction tax (including Bolivia, Columbia and Peru), while in the Asia Pacific region almost half the countries there have such a tax.

It is becoming clear (especially since the MEP's landslide vote in favour of an FTT on 3rd July) that the tide that is now lapping at the shores of Europe (and in particular France and Italy) is part of a much stronger global swell that, despite the debate and political rhetoric, will not be turned back by any one jurisdiction or even region.

Most commentators would agree that some form of EU Financial Transaction Tax is inevitable. Yes, it will probably be delayed and certainly it will be diluted, but the tax and its inherent operational challenge will not disappear. Whether the transaction fee is 1.0 per cent or 0.01 per cent, the operational task remains the same. And irrespective of the decisions taken at an EU level, there is still

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Operations

Transaction Taxes: Finding an Operational Solution To A Global Problem

By Denis Orrock, GBST @wallstreettech

If financial firms are required to calculate taxes in more than one jurisdiction, operations teams will be tested to keep up without the proper automation.

Tags: FATCA, Financial Transaction Tax, Operations, Tax Reporting,

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JULY 30, 2013

Regulatory pressures and their impact on operational technology requirements are top of mind issues for executives at investment banks and other institutions.

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RESULTS

Here are some examples of our media coverage for GBST (clockwise):

- Opinion piece in *Funds Europe*.
- Press release in *FTSE Global Markets*.
- Opinion piece in *Banken & Sparkassen* (Germany).
- Opinion piece in *AGEFI* (Luxembourg).

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BACK OFFICE VIEW: RISING TO FTT CHALLENGE

19 DECEMBER 2013

The election results in Germany have now put the much discussed roll-out of an EU Financial Transaction Tax (FTT) in Europe firmly back on the EU agenda, says Denis Orrock of GBST Capital Markets.

Germany is one of 11 eurozone countries that originally pledged its support for the controversial financial transaction tax (FTT), a levy designed to reduce the amount of excessive short term trading that, arguably, contributed to the financial crisis. With its many complicated rules, rates and exemptions, the tax is something investment managers must monitor carefully.

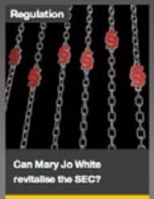
For the investment management community, the tax will generate a large workload for the operations teams: in terms of capturing the trades and relevant data; sifting through this data to determine those trades that are exempt; performing the tax calculations and generating the appropriate messaging to the relevant authorities.

Under the current legislation, fund managers, where involved, are ultimately responsible for the payment of transaction taxes. If they use a broker, then the broker is responsible for the transaction and trading aspects. But most fund managers will, of course, wish to ensure that the tax payments are correct.

There will still remain many incidences, however, where instrument movements may not go through the brokerage houses. In such circumstances, the fund management company will be liable for posting the appropriate declaration – either direct or through their custodian.

FTSE GLOBAL MARKETS

Tuesday 26th March 2013



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GBST offers solution for financial transactions tax

Friday, 08 March 2013

GBST's Capital Markets division has launched a financial transaction tax solution available to market participants. Syn~FTT follows the introduction of financial transaction taxes by France and Italy, and the pending launch of a further dozen similar taxes across Europe within the coming months.

Die Finanztransaktionssteuer kommt – **vielleicht – aber wie?**

Banken und Sparkassen müssen effiziente Tools zur Realisierung finden

Merkels CDU zieht zum dritten Mal ins Kanzleramt ein. Das war eine der jüngsten potentiellen Hürden der Fürsprecher einer Finanztransaktionssteuer (Financial Transaction Tax, FTT) in Europa. Viele Kommentatoren sahen die Wahl besonders kritisch, da Deutschland als einer von elf europäischen Mitgliedsstaaten ursprünglich dagegen ausgesprochen hatte, werden die mindestens neun weitere Staaten überzeugt werden müssen.

Ein weltweites Phänomen

Der Einfluss auf Vermögensverwalter

Schlussfolgerung

Der Autor: Denis Orrock, CEO, GBST Capital Markets

Le fléau du système de papier-monnaie sans couverture

Si les forces du libre marché tentent de déclencher une récession visant à évincer les investissements non productifs, le système de papier-monnaie sans couverture

L'instrumentalisation des marchés financiers à des fins politiques

La principale raison des interventions publiques est l'instrumentalisation des marchés financiers pour la réalisation d'objectifs politiques peu importe la volonté

plus en plus dépendants du soutien financier des banques centrales, la plupart des pays rencontrant des difficultés croissantes pour mobiliser des fonds sur les marchés de capitaux. En revanche, dans le cadre du système de papier-monnaie sans couverture, les banques centrales disposent de moyens financiers illimités grâce à la planche à billets électronique. C'est en

la monnaie de la liberté.

* *Joël Reuland est Head of Equities et gestionnaire de fonds auprès de la Banque de Luxembourg*

Source originale du texte: www.guywagnerblog.com/fre/entry/le-mensonge-sur-le-capitalisme

Transaction taxes : finding a global solution to a global problem

By Denis ORROCK, CEO, GBST Capital Markets

Regulatory pressures and their impact on operational technology requirements are at the forefront in the minds of investment banks and other institutions. Before 2008, the usual response from institutions to most forms of regulation was a 'fix' that allowed them to maintain their operating model without making major changes. Since the crisis and the subsequent raft of control measures applied by regional and national jurisdictions, the need has emerged for more robust, scalable solutions. Indeed, from our global conversations with major capital markets players today we typically find that two thirds of IT and operational spend is being allocated to developing strategic regulatory solutions that can accommodate more than one problem.

One very high profile and major headache for investment banks at present is developing a quick response to the EU Financial Transaction Tax (FTT), which is due to be implemented imminently. The EU tax is currently being agreed as a framework by eleven members of the EU (the most notable exclusion being the UK) in order to raise revenues and reduce the excessive trading that many argue contributed to the financial crisis. While the EU Financial Transaction Tax is gaining a global profile (especially as Depositary Receipts fall firmly in scope), there are in fact in the region of 40 similar transaction or stamp duty taxes in operation. In the Asia Pacific region, for example, 12 out of 26 countries have an active transaction tax or stamp duty. And although the US Government is still opposing the implementation of an FTT, a number of Democrat congressmen amongst others continue to propose similar legislation in the US, with Canadian organisations also pushing forward proposals.

The three types of transaction tax

There are potentially three 'flavours' of transactional tax for which all institutions should currently be considering the deployment of a strategic system. The first is a UK stamp duty-style tax; the second is a EU FTT-style tax; and the third is a US Foreign Account Tax Compliance Act FATCA-style tax. All three are transactional taxes but each operates in its own unique fashion. Each also generates a huge workload for the Operations team in terms of capturing the trades and relevant data, sifting through this data to determine those trades that are exempt, performing the tax calculations and generating the messaging to the relevant authorities. To do this manually for one country is not really feasible, let alone 40 countries. It is an immense responsibility, in terms of compliance, governance and risk, to be left to a non-automated system. Indeed, at an FTT seminar of 30 prime brokers, custodians and consultants (hosted in London during June 2013 by GBST) the view was expressed that the tactical French and Italian solutions that have been deployed to date are not scaled to sufficiently handle further jurisdictions. The compelling drivers for a strategic solution to the FTT question that emerged from the seminar were competitive advantage, future proofing, risk mitigation and cost reduction. Interestingly, the most queries with regards to the mechanics of the EU proposal have been from countries outside of the group of eleven EU FTT states, namely the UK, Luxembourg and the Czech Republic. While unintended consequences for the repo and securities lending markets are acknowledged, there was recognition among the participants that the FTT is here to stay.

The need for scalability in back office systems

It has swiftly become apparent for those firms already involved in calculating an FTT that there are far more data flows within the organisation to understand, for example, the underlying instruments and trades of a derivative. This processing is also potentially happening in real-time, for 'what-if' pre-trade analysis, and post-trade. Tactical solutions to transactional taxes are typically not scalable and are instead resource-intensive, with limited capability in terms of workflow, exceptions management or rule flexibility. Industry evidence with regards to both the French and Italian experiences has demonstrated the costliness and inefficiency of these tactical solutions. Forward-thinking firms are now looking for a more strategic tax-processing solution that acts as a central repository for all tax rules – not just the EU FTT. The principle is that this repository would then serve all of the regional tax requirements, interfacing with the firm's local tax systems. As each country implements their own unique version of the FTT, institutions will need to develop a unique set of calculation rules and messaging formats for each jurisdiction. For the Head of Operations or IT, the solution they deploy will also need to interface with in-house ledgers, MI systems and other applications both up and downstream. Ideally the solution should also embrace the whole lifecycle of a trade, including pre-trade 'what if' analysis. There are obviously huge advantages to be derived from having one central tax repository that can maintain rules and can interface with local tax systems where necessary.

Conclusion

While the EU FTT is making its own waves in terms of European jurisdictions, at a global level a transaction tsunami is threatening to swamp the Tax and Operations teams within many institutions. A tactical 'lifebelt' that will solve only one problem or a strategic 'life raft' that will assist with many is the operational choice.

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REACTION

Daniel Carpenter
Former Head of European Sales & Marketing, GBST

"For those looking for a partner with: domain knowledge; creative flair delivered to a brief; and a commendable work ethic I can highly recommend Russ. He is an extremely approachable, convivial individual with great ideas, and once briefed is on the case. On the several occasions that I have worked with Russ he delivered against the above, every time."

ABOUT PORTFOLIO

Based in London, Portfolio Marketing Communications is an award-winning marketing firm with extensive experience in the fintech market.

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