

IN BRIEF

In another pointer to heightened competition in post-trade services, the **London Stock Exchange** (LSE) is to introduce a post-trade router to facilitate competition between clearing services. The Italian **CC&G**, **Eurex Clearing** and **SIS SegalInterSettle** are among a number of Central Counterparties (CCPs) believed to be looking to take on the current sole supplier of clearing, **LCH. Clearnet**. The LSE facility would eliminate the need for bilateral reconciliation between each.

'As an exchange, we want to use every lever we can to reduce the cost of trading,' says LSE spokesperson, Catherine Mattison. The proposed router, dubbed X-TRM, stemmed from LSE's acquisition of **Borsa Italiana** and derives from **Monte Titoli**, which provides post-trade routing, clearing and settlement netting in a number of Italian markets. 'Post-trade services in Italy are quite well regarded,' Mattison says. Indeed, Italy is recognised by the European Commission as the most efficient in Europe. Monte Titoli is owned by Borsa Italiana.

As well as routing, X-TRM will also provide exchange-level netting services to LSE trading members, so becoming an alternative to **Euroclear/Crest**. Mattison says the LSE service will be cheaper than Crest. There will be a per settlement charge but the pricing structure has not yet been announced. Overall, LSE estimates the X-TRM service will bring users a saving of around 35 per cent. The router will be available later this year.

US-based AML vendor **Fortent** has been selected by Japanese bank, **Mizuho Financial Group**. This is the first time the vendor has been selected for the local operations of a Japanese bank. After reviewing several solution providers the bank selected latest the release of Fortent's AML software, Version Six, which has been enhanced and fully localised for the Japanese market.

US duo offer accounting SaaS

New York-based Pendo Systems has tied up with fellow US company, Tier 3, to provide its BasisPoint investment accounting package on a Software as a Service (SaaS) basis. The BasisPoint solution is relatively new onto the market and has its roots within a development for Industrial Bank of Japan (IBJ). Pendo was set up by a number of experienced industry individuals and was incorporated in 2006, having acquired the rights to the system.

The original development began within a consulting company called E/W Group, set up by Sam Eckelmann and Laird Wiggin. Eckelmann was at SS&C Technologies in the late 1980s, responsible for the Camra investment accounting system. Wiggin was ex-DST Systems, among other companies. E/W Group then set up EF Solutions to offer a suite of software, including the emerging BasisPoint. However, the development of the accounting system came to an abrupt halt when IBJ became part of the merger to form Mizuho. Pendo acquired the assets and Eckelmann moved with the system to become executive vice president and continue the development of the system. Pendo CEO and president, Pamela Pecs Cytron, says validation of the software was done in 2007, with the likes of State Street and Brown Brothers Harriman. The company 'ran very leanly and was self-funded' until mid-2007, when it gained a first tranche of investment.

It now has 19 live clients, says Cytron, all in the insurance sector. This space was under-populated in terms of applications, particularly with systems that could handle the US's Stat Accounting requirements, she says, so offered some 'low-hanging fruit'. Pendo couldn't go after multiple markets at the outset but banks, mutual funds and other financial services companies are now in its sights. The design was intended to take the 'best of the buy-side and best of the sell-side' and come up with a data model and warehouse which treated accounting as a commodity and held transaction and reference data in one place. Pendo COO, Kaj Pedersen, adds: 'Arguably, it could support all verticals in financial services.' The engine is multi-currency, multi-GAAP and multi-timezone. The



Pamela Pecs Cytron,
Pendo

breadth of the product means a diverse set of rivals, with those cited including Simcorp on an international basis; Princeton and Sungard (with InvestOne and GlobalPlus) in the US; Thomson's Portia, DST's HiPortfolio and SS&C in Canada. Cytron also feels there is a 'gaping hole' in the wealth management space, populated only by Advent Software and a few others.

The BasisPoint solution could also be embedded within third party offerings, says Cytron, and there are discussions with a couple of potential partners. E/W Group had a partnership with Fiserv which saw Pendo inherit a couple of small clients and which might be revisited, she says. Another partner is Investment Conversions and Consulting Inc (ICC), which provides tools for migration projects. And 'near-shore' development for Pendo is carried out in Mexico through a company called Column A.

BasisPoint is Microsoft-based and was originally written in Powerbuilder, although is evolving away from this, says Pedersen. The component and .Net-based nature of the system means it can leverage web services, so fits well with an SaaS model, he says. Seattle-based Tier 3 actually describes itself as an Infrastructure as a Service (IaaS) platform specialist and provides not only the hosting capabilities but also services such as application monitoring and tuning and utility-based pricing. While none of Pendo's current customers have its system on a hosted basis, the supplier's expectation is that this will be in demand.