

 Press Release

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## **Fidessa and Commcise solve industry MiFID II unbundling conundrum**

*New partnership to evidence transparency when using dealing commissions to fund RPAs*

London, 21st June 2016 – Fidessa group plc (LSE: FDSA) has today announced a new partnership with Commcise that brings to the market a transactional method for funding Research Payment Accounts (RPAs). This allows the industry to support evolving MiFID II regulatory requirements whilst at the same time improving operational efficiency.

It is estimated that 75% of European buy-sides pay for research via Commission Sharing Agreements (CSAs) which allows them to reward providers of research via dealing commissions. But under the new rules endorsed in the Delegated Directive released by the European Commission on 7<sup>th</sup> April 2016, buy-sides must clearly demonstrate that the research charge is separately identifiable to the client. In addition, they will need to be able to demonstrate that they have robust processes in place for tracking and measuring what is spent. One approach to the problem is to charge upfront research fees to end investors which are then used to fund an RPA. This approach, however, requires renegotiation of every single relationship between the fund manager and their end investors and, under current legislation, will also be liable to VAT. As a result, many firms have been looking at how they can fund their RPAs using dealing commissions thereby maintaining the approach introduced by CSAs.

Under the traditional CSA model buy-side and sell-side firms agree commission splits in advance of executing a trade. The new approach moves this decision into the post-trade arena which makes it both more efficient and less open to conflict. Furthermore, the asset manager is now empowered to determine exactly how much commission should be added to trades at a fund level. This creates a model that respects fund level budgets and can also be considered across asset types.

Fidessa and Commcise have worked together to provide a solution that leverages the strengths of the market-leading technology that both firms represent. Commcise Buy, the award winning buy-side focused commission management platform, provides an algorithmic rules engine that dynamically calculates research charges at allocation level for the asset manager. Fidessa's award winning AMS global post-trade utility provides buy-sides and sell-sides with workflow and technology to confirm and affirm these trades. Under the terms of the partnership, AMS has been extended to support this buy-side determined research charge so that it can be delivered directly into sell-side settlement operations.

Steve Grob, Director of Group Strategy at Fidessa, commented: "Firms wishing to use an RPA have to demonstrate competence in three distinct areas: (i) funding; (ii) research evaluation; and (iii) reporting. The approach proposed by Fidessa and Commcise reuses existing CSA infrastructure to simply and effectively solve this funding challenge for the industry. We were approached by Commcise as they have already solved the research evaluation and reporting elements required to demonstrate compliance with the new MiFID II regulations."

Amrish Ganatra, Managing Director of Commcise, commented: "We are excited to announce our partnership with Fidessa as it provides the industry with a natural evolution to the existing CSA model. By allowing asset managers to determine a research charge independent of their trade execution, any suggestion of conflict is removed and, at the same time, the research charges can respect budgets. Above all, they can be calculated in a manner that is not linked to trading value or volume which lies at the heart of the new regulations. Whilst we have started with cash equities, we know that this can be applied across multiple asset types too. Fidessa AMS is not based around central matching and so allows the buy-side to drive this process. In this way, AMS provides the ideal transport mechanism and workflow to ensure that trades can efficiently settle under this new model."

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#### **About Fidessa group**

Exceptional trading, investment and information solutions for the world's financial community.

New technology, new regulation, new challenges: making money in today's financial markets is all about staying ahead of the curve. Having the capability to spot new trends and act fast turns change into opportunity. That's why 85% of the world's premier financial institutions trust Fidessa to provide them with their multi-asset trading and investment infrastructure, their market data and analysis, and their decision making and workflow technology. It's also why over \$20 trillion worth of transactions flow across our global network each year. Because we're the market leader, we can also offer unique access to the world's largest and most valuable trading community of buy-side and sell-side professionals, from global institutions and investment banks to boutique brokers and niche hedge funds.

Fidessa is a global business with scale, resilience, ambition and expertise. We've delivered around 25% compound growth since our stock market listing in 1997 and we're recognised as the thought leader in our space. We set the benchmark with our unrivalled set of mission-critical products and services and, uniquely, serve both the buy-side and sell-side communities. Ongoing investment in our leading-edge, integrated solutions ensures Fidessa remains the industry's number one choice.

#### **About the Fidessa Partnership Program**

The Fidessa Partnership Program allows financial technology companies to access its global community of clients through tight integration with the business workflows provided by its award-winning trading platforms.

Working in true partnership with those new and established technology companies who present the most compelling tools and content for its trading platform users means Fidessa can enable thousands of institutional professionals globally to access the very best innovations, trading tools and new data sets.

The Partnership Program puts partners' technology and data at the heart of the Fidessa ecosystem and presents an unrivalled opportunity for them to reach new customers and carve out new revenue streams while significantly lowering costs. Partners also benefit from Fidessa's relationships across the industry and its proven track record of delivering the very best trading platforms.

Working with partners who share Fidessa's vision for the best trading screens of the future will help deliver its vision of optimal functional design for real-time workflow professionals, while maintaining excellence in operational standards, reliability, accuracy and privacy.

[fidessa.com](https://www.fidessa.com)

## About Commcise

Commcise offers independent, fully-integrated commission management solutions to the buy-side, sell-side and research providers. Commcise Buy, our award-winning cloud-based commission management platform is designed from the ground up to meet the specific needs of investment managers. Commcise Buy is the market-leading software solution helping asset managers to evidence end-to-end compliance with the latest MiFID II regulatory requirements. Commcise Buy provides automated trade reconciliation, algorithmic rules engine, invoice management, research evaluation / broker vote, consumption tracking, commission budgeting, research accounting and reporting in a single fully-audited solution.

Built on the same technology stack as our award-winning buy-side platform, Commcise Sell is a cloud-based commission management platform for the sell-side. Commcise Sell allows executing brokers to transparently manage research commissions on behalf of their buy-side customers in a regulatory compliant manner. Whilst fully supporting the management of CSAs, Commcise additionally supports management of research payment accounts (RPAs) funded by transactions or by the accounting model. By providing a fully-audited and controlled platform that includes our industry-leading algorithmic rules engine, invoice management, research accounting and reporting in addition to white-labelled portal, Commcise can allow brokers to manage commissions in any level of granularity and as demanded by their customers.

Commcise was founded by buy side industry professionals, with founding members including the partners of a leading Investment Technology consulting firm who have in-depth experience of implementing complex global technology solutions for asset management firms. With over 200 buy-side and sell-side clients globally, Commcise's clients include some of the largest institutional asset managers, hedge funds and brokers in the world.

[commcise.com](http://commcise.com)

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