

Torstone's Post Trade platform enables faster growth at Stifel Nicolaus

Using Torstone's cloud-based technology enabled Stifel Nicolaus to achieve greater operational efficiency, drive revenue growth, and minimize risk.

IBS Intelligence



Financial markets have become fragmented with increasing numbers of trading venues and counterparties, intensifying the complexity of middle and back-office functions. At the same time, there is an increasing expectation of middle and back-office systems to deliver efficiency with higher rates of straight-through processing, simplified regulatory compliance, and better client service and control. Companies are also recognising the important role that these systems play in delivering a 'one version of truth' or one consolidated view of business performance and exposure to risk.

Stifel Europe, a London-based full-service international investment bank, needed to accelerate its ability to adapt and evolve its middle and back-office. Its existing relationship with a major outsourced clearing service provider was sufficient while the operations were smaller in scale. But as Stifel grew rapidly, its headcount rose by over 500 percent in seven years, requiring a broader offering to clients and a much larger trading set-up across asset classes as well as regional markets.

To support Stifel Europe's rapidly expanding business, it needed to overcome expansion bottlenecks caused by its outsourced post-trade solution as well as consolidate and automate its operations, both across European entities and asset classes. The firm also needed to assess how its multiple systems could be consolidated, rationalised, and enhanced.

Torstone Technology, a leading global SaaS platform for post-trade securities and derivatives processing technology, is focused on meeting such needs via a single, flexible solution and offers an alternative to disparate back-office systems. Its platform provides a comprehensive view of business performance and exposure to risk by accessing and analysing information from a wide range of front-office trading systems.

Project and Solution Overview

Stifel Europe engaged Torstone Technology to provide the middle and

back-office technology it needed to underpin its range of businesses. Torstone's new middle-office solution, which automates allocation and confirmation processing in real-time across asset classes using cloud-based technology, was adopted to reduce manual work, allowing the team to work on higher value tasks and improving employee efficiency.

The platform enabled the investment bank to assess its risk position more easily and thereby deliver better, smarter access to the right trade execution methods for clients. The transition also reduced the reliance on a wide range of disparate systems while increasing the levels of automation and standardisation of its trade processing.

The product consists of the following:

- Functionality to process high-quality volume equity trades and complex derivatives at low transaction cost
- A single business solution for multiple asset classes and global markets
- Inbuilt reconciliation systems for cash, position, and trades that allow both internal and external reconciliation and remove the need for third-party products.
- A middle and back-office solution that reduces costs and supports the front office with improved operational efficiency, simplified regulatory compliance, better client service and risk management.

Implementation Process

In March 2020, Stifel was just a month away from going live with the first stage of its implementation of the Torstone platform. The plan, however, was put to the test by the sudden onset of the COVID-19 pandemic.

However, continuous engagement with the Torstone team and the



cloud-based nature of the platform which could be deployed and used remotely, helped in mitigating the challenges brought forth by the pandemic. The project team, which consisted of between five and fifteen resources over the life of the project, transitioned seamlessly to remote working and ensured little or no impact on the project implementation.

At the same time, Torstone's agile delivery model meant that the bank could implement significant enhancements and new solutions seamlessly without impacting the day-to-day operations of the bank.

Benefits Achieved

Post implementation, Stifel had a modern service-oriented architecture with continuous upgrade cycles, which enabled the bank to have the latest version of the system, whether it was for one module, a combination, or for the entire Torstone Platform. Key benefits that set the Torstone Platform apart included:

- A single integrated platform for multiple asset classes
- Provision of global market connectivity to the bank to seamlessly integrate with the leading front-office trading platforms and connectivity to all major markets.
- Provision of flexibility and assurance for post-trade services to bank's customers
- Enhanced control over its technical footprint, its data, and third-

party vendors. No costly or lengthy upgrade cycles. Reduced complexity and cost while giving brokers better control over change management, including vendor relationships.

Conclusion

With this implementation, Torstone provided a consolidated and highly automated operational platform for Stifel's business in Europe across markets and asset classes. Stifel was able to bring its middle and back-office operations back in-house and outsource the technology service to Torstone's SaaS platform. As a result, Stifel could scale its at-trade and post-trade operations to deliver a more effective and efficient service to clients.

At the same time, the new platform enabled Stifel to pick and choose the best of breed systems to plug in for the front office and provide its customers with the flexibility and assurance needed for post-trade services.

Key Facts



Supplier: Torstone Technology
Headquarters: United Kingdom
Founded: 2011
Client: Stifel Nicolaus Europe Limited
Solution: Torstone Post Trade Platform
Timeline: Go-live in July 2021