



Case: Carnegie

Back Office system for Nordic investment bank

CARNEGIE IN BRIEF

Carnegie is an independent Nordic investment bank with a strong position in securities, investment banking, asset management and private banking. Carnegie provides a wide array of financial products and services from offices in eight countries; Sweden, Finland, Norway, Denmark, Luxembourg, Switzerland, the UK and the US.

Carnegie is one of the largest Nordic players with strong niche market positions in the large international markets. This contributes to the position as the leading Nordic investment bank. Carnegie's largest business area is Securities, encompassing equity broking, research and trading, all focusing on Nordic equities.

SOLUTION'S CUSTOMER BENEFITS

- End to end STP from trade order capturing, netting, matching, currency conversion through clearing and settlement, reconciliation and confirmation
- Reduced manual processing, workload and entries in disparate systems
- A flexible environment ready for future changes and directives including new clearing providers, multi-lateral trading facilities and regulations
- Increased control and efficiency in tailoring and managing derivative instrument financing
- A platform that employs modern technology

In order to manage the investments and securities custody of its customers in the most efficient way Carnegie prioritises constant improvement in the securities trading back office systems. The aim is to enable fully automated post-trade straight-through processing (STP), minimise manual procedures and staff workload. To face new requirements and the increasing volume of business transactions Carnegie defined a new initiative to improve the back-office processes flow and system architecture.

The project needed to provide automated clearing and settlement processing including a generic settlement flow, easier administration and an intuitive user interface. To achieve best practice STP, they also defined a second phase in this key initiative. The requirement included real-time order capturing and the ability to process securities and foreign exchange trades with increased efficiency.

In addition to improving the securities trading, Carnegie also defined another project in order to improve operations and management of equity financing via derivatives deals.

The projects are part of a long-term strategy to create modular application architecture for a "pan-Nordic" setup. New applications are loosely coupled around the core back-office portfolio and custody system to provide a flexible environment for future enhancements.

Cost effective and flexible solution

Digia delivered its Trade Management Business Applications suite in two phases. In first phase, Carnegie's solution for handling domestic and cross-border clearing and settlement was introduced using the Clear application. This included real-time integration to CSD and global custodian systems. The application provided a generic settlement flow and reduced administration with focus on deviations.

The second phase encompassed of three projects running in parallel. The Trade application provided full STP in post-trade processing, handling trade executions and integrated to external business systems for order capturing, currency conversions and matching without manual intervention.

In November 2007, the TRS reporting module was installed for compliance of securities trading according to EU's MiFID directive in both Sweden and Finland. In the beginning of 2008, the first version of the Finance application was put in production in the equity finance department.

TECHNOLOGY USED IN THE SOLUTION

- Digia Trade Management Business Applications
 - Trade
 - Clear
 - Finance
 - TRS
- Java based platform
- J2EE, ESB, Application Server
- MS SQL Server

The application automated management of derivative deals supporting multiple instruments using existing equities as collaterals.

By implementing Digia's business application suite, Carnegie has achieved a cost effective and flexible back-office trade platform suitable for meeting future needs.

"We use Digia as our partner because their knowledge and long experience as a reliable application provider for the trade finance sector. Cooperation during the project was excellent, even when timetables were tight", says Per von Elern, Carnegie's Project Manager for Business Support.

"Our software solutions for the securities trade finance management are designed to meet the specialised needs of the industry. The modular approach for Carnegie presents the new generation of solutions for trading back office and proves our capability in delivering projects with expertise and within agreed timeframe," says Niklas Lager, Business Group Director at Digia.

DIGIA IN BRIEF

Digia delivers information and communication technology solutions worldwide. Our strength in smart mobile devices and real-time information systems enable a mobile life. Our clients are entities who want to capitalise on digital information in their business. New technologies, well thought usability and modern service channels enables real time access for correct information or services through their computer, a mobile handset or any other digital device. We are based in the Nordic countries, operating globally and employing over 1,200 professionals. We are listed on the OMX Nordic Exchange Helsinki (DIG1V).

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