

# EPF Malaysia & Omgeo

Leading the way in operational risk management for Southeast Asia

Malaysia’s retirement savings fund the Employees Provident Fund (EPF) has a track record of driving operational best practice to deliver the highest level of service to its clients. Headquartered in Kuala Lumpur, the EPF manages retirement contributions mainly for Malaysian private sector employees and is acknowledged in Southeast Asia as a barometer of good governance. When growth drove expansion of its international investment portfolio, the EPF secured its post-trade processes by adopting Omgeo solutions.

**Dato’ Ibrahim Taib, Deputy Chief Executive Officer (Operations) of EPF discusses EPF’s pioneering role in the development of post-trade automation in Malaysia.**



The EPF has AUM in excess of RM525 billion (USD 163 billion), with year-on-year growth of its fund surpassing 12% as at end 2012. The significant growth of the fund led the EPF to invest in international financial markets. The organisation now has a diverse, global investment portfolio spread across three continents - Asia, Europe and the Americas. Trades are executed with an extensive suite of domestic and international brokers, and settled with two global custodians.

As the custodian of members’ retirement savings, the EPF places great importance on effective risk management. In order to deliver greater value and security to its members, the EPF adopts best-practices for their middle- and back-office processes. Truly a pioneer in the adoption of post-trade automation in Malaysia, the EPF embarks on the journey with high aspirations – zero tolerance for errors, manual intervention or downtime. The search quickly led the EPF to Omgeo, the global standard for institutional post-trade efficiency.

Being able to process trades across a trusted and secure platform is vital to the EPF. The fact that Omgeo is owned by the Depository Trust and Clearing Corporation (DTCC) is a key factor in their decision. The EPF understands the importance of working with an established, industry-supported provider. This is further reinforced by Omgeo’s commitment to business continuity, data security and regulatory compliance.

**“At EPF, we like to be very open-minded with regard to innovation. We keep asking – ‘what is the best way to do this?’ and keep looking for solutions. This has led us to begin our partnership with Omgeo.”**

Dato’ Ibrahim Taib, Deputy Chief Executive Officer (Operations) at EPF

Recognising the importance of a streamlined, end-to-end process in enabling growth and mitigating operational risk, the EPF is determined to ensure maximum interoperability between their internal and external systems. The EPF has since adopted three key Omgeo solutions to address operational challenges:

- Omgeo Central Trade Manager<sup>SM</sup> (Omgeo CTM) for the central matching of trades;
- Omgeo ALERT<sup>SM</sup> for automatic, compliant account and standing settlement instruction (SSI) enrichment;
- Omgeo Benchmarks<sup>SM</sup> to measure organisation’s operational performance as well as counterparty performance.

The implementation of Omgeo solutions is a straightforward process, aided by Omgeo’s global partner programme which enables EPF to leverage a proven interface with the firm’s existing order management system. The EPF now connects seamlessly with trading counterparties worldwide, many of whom are already members of Omgeo’s global community.

[www.omgeo.com](http://www.omgeo.com)

**ALERT**

Benchmarks

**Central Trade Manager**

Connect

OASYS

OASYS-TradeMatch

ProtoColl

TradeHub

TradeSuite ID



A DTCC Company



Omgeo CTM offers central matching of trades, ensuring that the EPF manages trades on an exception-only basis. With an improved same day affirmation (SDA) rate, trades are now affirmed and matched on execution date. SDA is an important step to reducing rates of trade failure and associated risk while achieving shorter settlement cycles.

With Omgeo ALERT, the world's largest web-based global database of account and standing settlement instructions (SSIs), the EPF can automatically enrich trades with accurate and compliant SSIs prior to settlement, and without the need for manual intervention or review.

**“The implementation of Omgeo CTM and Omgeo ALERT is one of the fastest projects we have ever embarked upon, with everything up and running within a month. Omgeo provides plenty of support and training to make this a very smooth exercise.”**

Cindy Tan, Head of Investment Compliance Department at EPF

The EPF finds Omgeo solutions to be effective and are pleased that they are able to view matched trades immediately. With the vast majority of trades now matching and flowing to settlement automatically, employees can easily resolve the few remaining exceptions.

Automating post-trade processes has provided the EPF with significant benefits. International trade volumes have increased, without the need to add resources. Most trades are now ready on T+1, exception rates have dropped and employees can be redeployed to other critical compliance functions. With a fully automated trade lifecycle established, the EPF estimates that it can continue to take on more volume with capacity constraints no longer an issue.

Another area the EPF aims to enhance is how they evaluate the performance of their counterparties. With the adoption of Omgeo Benchmarks, the EPF has access to league tables that track the performance of their brokers and measuring key service indicators such as accuracy and timeliness of execution. This has enabled the EPF to conduct more objective evaluations of brokers/ counterparties' performance. The EPF is also able to calibrate its own operational performance against industry standards.

**“Manual processing is never the solution. Eventually, you have to move on and develop more efficient processes via automation. At EPF, we always encourage our employees to look for improved processes and greater efficiency. We want to be able to offer the best.”**

Datuk Shahril Ridza Ridzuan, Chief Executive Officer at EPF

The EPF has taken a clear decision to support growth via automation, increasing efficiency and creating stability across their trade operations lifecycle. With a proactive approach to improving and maximising processes via the adoption of Omgeo solutions, the EPF is strategically placed to further expand its business.

## About the EPF

The EPF is Malaysia's premier retirement savings fund, providing basic financial security for retirement. The Fund is committed to preserving and growing the savings of its members in accordance with best practices in investment and corporate governance. It will always be guided by prudence in its investment decisions.

## About Omgeo

Formed in 2001, Omgeo automates trade lifecycle events between investment managers, broker/dealers and custodian banks, enabling 6,500 clients and 80 technology partners in 52 countries around the world to seamlessly connect and interoperate. By automating and streamlining post-trade operations, Omgeo enables clients to accelerate the clearing and settlement of trades, and better manage and reduce their counterparty and credit risk. Omgeo's strength lies within its global community and its ability to create solutions to enable clients to realize clear returns on their investment strategies, while responding to changing market and regulatory conditions. Across borders, asset classes, and trade lifecycles, Omgeo is the global standard for operational efficiency across the investment industry.

For more information about Omgeo, please visit [www.omgeo.com](http://www.omgeo.com).

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