

Inside Reference Data

Utilities Rise, But Middle Offices Retain Value

Data operations efforts will be enhanced but not replaced by SPReD and similar offerings



Matthew Nelson, managing director, global product and strategy, DTCC

Executives from DTCC and SS&C, speaking at ISITC's annual conference, say utilities will not replace middle offices, and could enhance their functions

For data and operations governance at financial services firms, utility offerings are increasing in popularity, but the value of middle-office activities should not be completely discounted, according to service provider executives and industry professionals who spoke at ISITC's annual conference in Boston on March 21.

"I wouldn't say we can completely remove the middle office because utilities will take it over," said Matthew Nelson, managing director, global product and strategy at DTCC. "Regulation is often all that gets talked about, for cost structures and an overall operational path forward to cope with [regulatory] changes. You'll see more adoption and more utilities. Some will be commercial; some will be industry owned and governed. There will always be products traded that will require some intervention. There will always be firms that are lagging and firms that are leading."

The Securities Product Reference Data (SPReD) utility, based on SmartStream's Reference Data Utility (RDU), launched last fall, is the most prominent recent data utility. Robert Moitoso, senior vice president and general manager, financial markets, at SS&C Technologies, a major buy-side financial services technology provider, said firms will use SPReD to leverage previous technology investments, as his firm is doing with its investment in Financial Information Exchange (FIX) capability.

"Investment firms are trying to leverage investment in their middle office and move it down to post-trade [functions]," said Moitoso. "They want to employ new technology to streamline a situation."