



A State Street Company

# Commission Management with Charles River IMS

Successfully managing Commission Sharing Arrangements and Client Commission Arrangements requires an automated and integrated commission management solution. The Charles River Investment Management Solution (Charles River IMS) provides extensive and flexible commission management capabilities to help clients specify and track the commissions they need to accrue in order to fund the research consumed by their portfolio managers. This streamlines commission management and provides clients with several important benefits:



## **Improved Trade Decision Support and Compliance**

Commission management fully integrated into trading workflows results in better trade decision support. Commission tracking data and targets can be combined with other factors within an auto-routing rule or as part of a broker decision support process that combines target data with pre-trade Transaction Cost Analysis (TCA) estimates and post trade TCA. By providing real-time visibility into commission accruals, traders avoid making suboptimal decisions that may impact best execution. In addition, Charles River clients can make use of real time updates to commission amounts on orders defaulted from rules on orders, depending on commission sharing agreement budgets being met. Most importantly, Charles River's commission management solution helps buy-side firms remain compliant with commission sharing regulations and, avoiding potential fines and reputational risk.



### **Real-time Visibility Helps Identify Shortfalls**

Charles River IMS provides highly configurable and flexible reporting options. Reports can be set up to sum up commissions by month, quarter or year, in any currency picked and can be viewed at the individual broker level or by account. For example, users can generate a broker commission report detailing total broker commissions and compare how accruals compare to commission targets. This provides the trade desk with greater visibility into commission accrual status and can identify potential adjustments that should be made to executions going forward depending on soft dollar commission budgets being met.



### **Simplified Commission Tracking**

Each allocation in Charles River IMS tracks a break-out of its commission and fee types. This allows clients to view separate commission totals on a per-trade basis for both research and execution. Users can track and view accrued commissions directly within Charles River IMS, eliminating the need for a separate system integration or any other manual, spreadsheet-based process.



### **Automated, Rule-based Commission Management**

Charles River IMS supports customized FIX instructions and messages by broker, and applies comprehensive rules for defaulting execution, directed, step-out, and research / credit broker commission arrangements. Default rules can be set up for execution commissions, soft-dollar commissions, and various fee types through any combination of account, exchange, security type, broker, broker reason, order type, and other criteria used as determinants. Once trades are executed and allocated in the system, these rules lead to automatic calculation of commission and fees. Only exceptions from rules would warrant manual updates, therefore minimal manual intervention is needed from trader to set the correct commissions and fees on trades.

# Charles River Development, A State Street Company

Investment firms, asset owners, wealth managers, hedge funds and insurers in more than 30 countries rely on Charles River's front and middle office investment management platform to manage more than US\$30 Trillion in assets. Together with State Street's middle and back office capabilities, Charles River's cloud-deployed software technology forms the foundation of State Street Alpha<sup>SM</sup>. The Charles River Investment Management Solution (Charles River IMS) is designed to automate and simplify the institutional investment process across asset classes, from portfolio management and risk analytics through trading and post-trade settlement, with integrated compliance and managed data throughout. Charles River's growing partner ecosystem enables clients to seamlessly access external data and analytics, applications and liquidity venues that support the demands of their product and asset class mix. Headquartered in Burlington, Massachusetts, we serve clients globally with more than 1,000 employees in 11 regional offices.

(Statistics as of Q3 2020)

Learn more at [crd.com](https://www.crd.com)

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