

Commission Management with Charles River IMS

Successfully managing Commission Rates with counterparties for trading, 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 commission rules for brokers and track the commissions accrued by type, for execution or 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 can 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 commission default rules, 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, while avoiding potential fines and reputational risk.



Real-time Visibility Helps Identify Shortfalls

Charles River IMS provides highly configurable and flexible reporting options. Blotter dashboard and SQL Server Reports can be set up to sum up commissions monthly, quarterly, or annually in any currency 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 right in blotter view. 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 soft-dollar/research and execution components. 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 or research 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 nearly US\$48 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 AlphaSM. 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 1,250 employees in 11 regional offices. (Statistics as of Q4 2022)

Charles River Development - A State Street Company is a wholly owned business of State Street Corporation (incorporated in Massachusetts).

This document and information herein (together, the "Content") is subject to change without notice based on market and other conditions and may not reflect the views of State Street Corporation and its subsidiaries and affiliates ("State Street"). The Content is provided only for general informational, illustrative, and/or marketing purposes, or in connection with exploratory conversations; it does not take into account any client or prospects particular investment or other financial objectives or strategies, nor any client's legal, regulatory, tax or accounting status, nor does it purport to be comprehensive or intended to replace the exercise of a client or prospects own careful independent review regarding any corresponding investment or other financial decision. The Content does not constitute investment research or legal, regulatory, investment, tax or accounting advice and is not an offer or solicitation to buy or sell securities or any other product, nor is it intended to constitute any binding contractual arrangement or commitment by State Street of any kind. The Content provided was prepared and obtained from sources believed to be reliable at the time of preparation, however it is provided "as-is" and State Street makes no guarantee, representation, or warranty of any kind including, without limitation, as to its accuracy, suitability, timeliness, merchantability, fitness for a particular purpose, non-infringement of third-party rights, or otherwise. State Street disclaims all liability, whether arising in contract, tort or otherwise, for any claims, losses, liabilities, damages (including direct, indirect, special or consequential), expenses or costs arising from or connected with the Content. The Content is not intended for retail clients or for distribution to, and may not be relied upon by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. The Content provided may contain certain statements that could be deemed forward-looking statements; any such statements or forecasted information are not guarantees or reliable indicators for future performance and actual results or developments may differ materially from those depicted or projected. Past performance is no guarantee of future results. No permission is granted to reprint, sell, copy, distribute, or modify the Content in any form or by any means without the prior written consent of State Street.

The offer or sale of any of these products and services in your jurisdiction is subject to the receipt by State Street of such internal and external approvals as it deems necessary in its sole discretion. Please contact your sales representative for further information. State Street may from time to time, as principal or agent, for its own account or for those of its clients, have positions in and/or actively trade in financial instruments or other products identical to or economically related to those discussed in this communication. State Street may have a commercial relationship with issuers of financial instruments or other products discussed in this communication.

©2023 STATE STREET CORPORATION