



## **ISITC Group Targets Risk Reduction for MBS TBAs**

New York, NY – March 3<sup>rd</sup>, 2008 - The ISITC Settlements Working Group released a Market Practice document outlining the nuances required to support the processing and automation of Mortgage Backed Security (MBS) “To Be Announced” (TBA) trades.

MBS TBA trades and their associated mortgage pool allocation trades are generally considered to be the most difficult non-derivative security in the US Market. Increased volume and more non-US Investment Managers and Custodians needing to process these types of trades have created a huge demand for a document that demystifies the best practices and procedures required to support this product.

The Working Group has provided a Market Practice document that addresses custodian and accounting requirements as well as business requirements and examples using the ISO 15022 MT541/MT543 messages.

Reducing risk has become a top priority for all firms in the settlements/operations area of the business. Due to the natural high volume spikes this product causes, manual processing is no longer an option for many shops. “The automation of this process has been a long and complex task but the reduction of operational risk is well worth the time invested” said Leonora Everett of The Capital Group, Co-Chair of the ISITC Market Practice - Settlements Working Group.

In addition, the Settlements Working Group is set to tackle the overwhelming issue of automating the short sell process. With the growing popularity and the increased short sale volume generated from the 130/30 fund strategy, the trade notification process really needs to be automated. Topics at the Working Group meeting will cover the various methods investors use to cover short sells as well as defining the standard for communicating each method to the custodian bank.

Members of the ISITC Market Practice – Settlements Working Group will hold an open meeting in Boston at the ISITC 14<sup>th</sup> Annual Industry Forum and Vendor Show, taking place March 30<sup>th</sup>, 2008 – April 2<sup>nd</sup>, 2008. All conference participants are welcome to join in the discussions.

For more details on conference topics, speakers or a schedule of activities please visit the following: <http://www.isitc.org/events/> .

### **About ISITC**

Comprised of 1,500 individuals from 350 companies worldwide, ISITC provides members with the means to revolutionize the securities-trading process. ISITC brings together broker/dealers, custodians, investment managers, vendors/utilities, and other industry professionals to develop proposed standards that are designed to enhance efficiencies in trade processing and related communications. Through collaboration, ISITC’s members reduce inefficiencies, lower risk, and build shareholder value while developing and promoting the global securities industry. For more information on ISITC please visit our website: [www.isitc.org](http://www.isitc.org).

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