



A Rapid Implementation

Northern Trust completed the full project within nine months from signing contracts which included recruiting dedicated collateral management expertise, writing business requirements and extensive testing before going live. The actual integration work with Colline®, which began in July 2006, was very rapid, taking approximately six weeks to complete. "The fast implementation was invaluable to us", emphasises Revel Wood, enabling Northern Trust to go first to market with a full service offering. Following the initial installation, Northern Trust carried out a period of parallel testing and the service went live in January 2007.

Post-implementation, Northern Trust has been very satisfied with the support received from Lombard Risk. Requests for help can be submitted to Lombard Risk support staff via the customer support website. This automated support, comments Ben Aston, Head of Northern Trust's London Operations Group for collateral Management, has prove "very effective". He adds, "We receive an immediate response to our inquiries and have the ability to track the status of our incidents. Ongoing training offered as part of the annual upgrade has been excellent and release notes are also very good." Revel Wood concurs, adding, "Although Lombard Risk has a strong presence globally, they have only recently begun to expand in the USA, and we have been impressed with the accessibility to key staff and their responsiveness to our needs."

Multiple Benefits

Using Colline®'s sophisticated technology as a basis, Northern Trust is now able to offer a full collateral management service. This includes management of collateral in accordance with the terms of clients' legal agreements, calculating exposures, making collateral calls, verifying and responding to collateral demands from counterparties to clients' trades, recording and reconciling collateral positions, plus reporting collateral activity.

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Revel Wood

Product Manager for Corporate and Institutional Services

Northern Trust operates its collateral management service from London and Chicago, however, thanks to Colline®'s intranet technology, only one installation, centrally managed in Chicago, has been necessary. Should Northern Trust extend its service globally, new clients can simply be added, when required, without

necessitating any additional installations of the application or servers. This aspect is "definitely useful", confirms Revel Wood, particularly as the company's aim is to create a "global derivative servicing utility." Importantly, Colline® enables Northern Trust to minimise exposure to operational risk. Tight security privileges inherent in the solution prevent improper use of the system. Additionally, trade information is uploaded automatically so incorrect re-keying of information is prevented. The system's automated workflow helps identify and minimise processing errors and thus contributes to lower operational risk. "The dashboard offers benefit through a centralised view of the daily process", emphasises Mr. Aston. Colline®'s full set of reporting suites have also proved useful. Mr. Aston believes that the reporting function is particularly good "as you can tailor it to your needs."

For collateral management staff at Northern Trust, Colline® has proven itself to be "very user friendly". A dashboard provides a consolidated view for collateral managers to see all daily exposure management activities on one screen. "This," comments Ben Aston, "is very easy and self-explanatory. Intelligence is built into the solution which prompts you as to what you need to do, at every level, and gives you all the required information right in front of you." Mr. Aston adds, "What we're most please with is that as Colline® is so easy to learn and use, our clients and employees have received the advantage of the solution very quickly".

In Summary

Northern Trust is one of the first asset management service providers to offer an automated collateral management service for investors trading in OTC derivatives. At present, the scope of the service is limited to ISDA-related OTC products, however, Revel Wood emphasises that Colline® will "support us as we grow and continue to expand the service". Critically, the company believes that it would not have been able to provide the service without a designated collateral management system such as Colline® which has proven itself "core" to the success of the project.

For further information about Colline® Collateral Management, email sales@lombardrisk.com or contact us at :

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For information about any other Lombard Risk product or service, go to www.lombardrisk.com.