

DCV-BEC Alliance: More efficiency in Forward contracts

In its constant effort to innovate and increase its service offering to its clients, DCV, in conjunction with BEC, agreed on a new operating process which allows information to flow directly to the people involved in the process.

This is an alliance between the two companies that has been in operation since August 1st and which complements the Forward contract transaction services – provided by BEC – with the Forward contracts electronic registry, signature and custody service currently provided by DCV.

Luciano Yerkovic, BEC's Market Manager, explains that this agreement has addressed the existing natural need to unify the transaction system, which has proven successful, with the electronic registry.

He explains that one of the main benefits of contract automation is the elimination of error risk in the entry of data, processes are organized and users may dispose of this information at the moment the transaction is performed.

"In theory, the timing should reduce significantly. I would dare say that today, more than three days are likely to elapse from the moment of the transaction until the Forward contract is subscribed.

Today this is performed manually and requires a meeting of the parties involved. The contract comes from one location, flows to another, is signed and counter-signed, which probably takes at least three days and more likely nearly a week on average.

This is quite a period of time and the new functionality allows the contract to be subscribed by the parties on the same day, since DCV has implemented the electronic signature", adds Yerkovic.

Another benefit of this alliance is that the parties involved in the business send this information to DCV and whose representatives that need to sign are already defined and authorized, explains the executive. This allows the parties to view the contract through the platform and they just have to subscribe it. "The information flows directly to the people involved in the process which constitutes a saving. It is ultimately ensuring the transaction and furthermore, avoiding problems, losses and complex situations", he adds.

With regard to the clients that may access this service, this is available as of early August to banks and stockbrokers, which are the entities that carry out the business in the wholesale market.

Until now, BEC and DCV have been in the stage of introduction to the different market players. "It's a new product and we also have to consider that in order for this to work we have to change the way things are done. This not only involves a cultural change, but also a change in the systems of those who will use it. Someone who previously received the papers will now have to enter a new platform", adds the executive.

Desde el 1 de agosto de 2011, un acuerdo entre el Depósito Central de Valores (DCV) y la Bolsa Electrónica de Chile (BEC) permite automatizar los contratos de forward, con el fin de hacer más ágil el proceso de negociación y suscripción de este tipo de contratos, como también aumentar aún más la seguridad en las transacciones.

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However, client receptivity has been very good. "They think it's fantastic and the fact is that the people we have contacted are quite willing to make this function properly. They love it. I think it will be a great product", he emphasizes.

Innovation and efficiency

With regard to as how this initiative originated, Yerkovic says that BEC came up with the idea of automating and addressing the issue of the Forward contract subscription. "We have good registration of guaranty systems for operations which flow through DCV. From this experience, we saw that forward contracts were actually contracts and not physical positions, so it was then when we suggested that DCV join us since we were already working together from the equity market point of view", he explains.

Therefore, the development of this new product did not require an investment. "The issue was basically to understand our clients' business and how, through simple solutions, we can contribute in providing value. This has nothing to do with money, but with intelligence and leveraging the existing capacity, reaching agreement and fundamentally understanding the business, and from this point, realizing that value can be added", he states.

Complementary service general model

