



Simplifying Trading for Registered Investment Advisor Firms Leads to Greater Efficiencies

Challenge

A \$12 billion AUM investment management firm was experiencing operational inefficiencies related to its order handling and trading of securities.

This privately-held firm offers a variety of investment options, including a family of mutual funds, a variable annuity product, and unlimited trading amongst its funds.

The firm's clients include individual high-net-worth investors who are represented through the fiduciary responsibility of a Registered Investment Advisor (RIA). Most of these RIAs are active traders, taking advantage of market volatility.

Several years ago, the firm was experiencing difficulty in managing the sheer volume of trading orders on a daily basis. The firm was unique in that every employee was required to pick up phones, take orders for trades and execute them, regardless of their job title or primary responsibilities. This meant employees in accounting, portfolio management, operations, sales, marketing, IT, compliance and customer service were all responsible, at least for a portion of their day, to accept orders for trades.

Included in the high trading volume was a significant flow of internal assets amongst its funds, averaging more than \$8 billion per day. This situation created a perpetual flurry of activity for the entire firm, especially as the markets were coming to a close at the end of the day. At times RIAs could not get their orders executed.

The mandate from the CEO was twofold: 1.) Find a solution to better manage the firm's internal trading processes, and 2.) Create a better user experience for the RIAs who are calling in their orders.

Solution

First, the internal risk to the firm needed to be addressed. The fact that there was not a dedicated, highly trained team of employees to focus primarily on the intricacies of executing trade orders was a problem.

- ✓ The solution to managing this risk was to create an internal team of order takers whose primary responsibility would be to handle trading orders. Other employees could focus on what they do best, and what they were hired to do.

Second, the user experience needed to be drastically improved. Orders could not be missed. RIAs could no longer be left frustrated with the inefficient process.

- ✓ The solution was to build a proprietary online trading platform. We created a “group trading” technology that allowed the underlying securities in hundreds of client accounts to be automatically traded at one time. The online trading system was integrated with the corporate web site, providing RIAs with the option of trading online, or phoning in their orders.

Impact on Business

This solution freed up employees to focus on their primary responsibilities. And, with the option to either call in orders, or place them online, the volume of call orders substantially decreased. Other impacts to the business include:

- ✓ The internal risk for trading errors by employees was dramatically reduced
- ✓ Client orders were no longer missed
- ✓ Increased traffic to corporate web site by 400 percent
- ✓ Client satisfaction and employee morale were greatly improved

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