



## Trade Closing Services from WSO: Bain Capital Credit Case Study

### Client

Bain Capital Credit is a leader in the global credit and loan market, with nearly \$35 billion in assets under management across a range of credit strategies, including leveraged loans, high-yield bonds, distressed debt, private lending, structured products, non-performing loans and equities.

### Challenge

Bain Capital Credit managed loan trading operations internally, and was looking to increase operational efficiency by working with an outside provider.

### Solution

Bain Capital Credit selected IHS Markit's WSO Trade Closing services group for outsourced trade closing. By working with WSO, the firm lowered its trade settlement time by an average of 5 days, from T+19 to T+14.

### Operational challenges for loans

Average settlement times in the range of 20 business days have presented a challenge for the syndicated and leveraged loan markets for many years. Investment firms now face increased tangible risks associated with slow settlement. The SEC's recent consideration of the impact of loan liquidity on closed-end funds focused renewed attention on the issue. In addition, with the implementation of the new Delayed Compensation rules for LSTA loan trades, firms now face an economic penalty for missing key milestones by T+5.

One of the primary obstacles to faster trade settlement times in the industry is the complexity of settlement processes. Trades often involve multiple parties, with agent banks confirming allocations and custodians stepping in to fund trades. The high number dependencies and the many people involved in each trade create numerous opportunities for delay.

### Tackling complexity for faster trades

Bain Capital Credit first discussed using an outside provider after many years of using IHS Markit's loan settlement platforms and its WSO portfolio management software. WSO offers both software and outsourcing, which allows it to offer a flexible, consultative approach to designing services tailored to the needs of each client.

#### Key Benefits of WSO Trade Closing

##### Sophisticated services

– WSO services can close LMA, LSTA, and distressed loan trades manually or through any established settlement platform.

##### Reliability

– WSO provides easy and reliable outsourcing that allows our clients to focus on their investment portfolios.

##### Scalable cost savings

– Services can scale based on demand, with prices based on volume.

The WSO team worked with Bain Capital to design a transition plan to move trade closing functions for both LMA and LSTA trade closing. This carefully designed operational plan removed some of the approval roadblocks that traditionally slow loan settlement: WSO can address many pop-up issues directly, while forwarding selected decisions to Bain Capital for further review. The WSO services team accesses Bain Capital's WSO portfolio management software to ensure accurate and up-to-date data.

The 3-month phased implementation of the new trade closing process was completed 6 weeks ahead of schedule. After partnering with IHS Markit, Bain Capital moved to the 3rd fastest-ranked firm in trade settlement from its previous rank at 21st during the first quarter of 2017. This represented a decrease of about 5 days on average settlement times, a drop from T+19 to T+14. "The ability to take advantage of the knowledge, scale and relationships that the IHS Markit team have with our counterparties and agents, brought an already solid process to a new level," said Andy Viens, Executive Vice President and Global Head of Operations for Bain Capital Credit.

WSO was able to build strong relationships with Bain Capital and function as an extension of their team. WSO provides a daily report with a snapshot of the current status of any open trades for transparency with Bain Capital.

### Adding flexibility

Like many firms, Bain Capital Credit faced uneven demand on its operations team over the course of trading cycles. During peak trading times, volume can swamp trade closers with administrative work, while at other times they have significant downtime. By outsourcing trade settlement to WSO, Bain Capital took advantage of services that can scale more rapidly than utilizing an exclusively in-house team. Viens recently remarked, "The settlement team at IHS Markit was able to quickly and seamlessly absorb both volume and complexity that our business presented. We have been impressed by the quality and depth of the team and IHS Markit's ability to quickly scale up to address our growing trade volume needs."

Partnering with WSO helps firms scale operations quickly, with pricing based on trade volume that can help reduce overall fixed costs. This pricing structure benefits both large firms like Bain and small firms that cannot maintain internal operations teams.

## More information on IHS Markit products and services

<b>London</b>	+44 20 7260 2000	<b>Dallas</b>	+1 972 560 4420	<b>Toronto</b>	+1 416 777 4485
<b>New York</b>	+1 212 931 4900	<b>Frankfurt</b>	+49 69 299 868 100	<b>Singapore</b>	+65 6922 4200
<b>Amsterdam</b>	+31 20 50 25 800	<b>Hong Kong</b>	+852 3726 7000	<b>Sydney</b>	+61 2 8076 1100
<b>Boulder</b>	+1 303 417 9999	<b>Tokyo</b>	+81 3 6262 1700		

[sales@ihsmarkit.com](mailto:sales@ihsmarkit.com)