

Reports from key industry institutions - FundSERV Update



IIROC – FAS Annual Conference

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Promoting **CONNECTIVITY**, **EFFICIENCY** and **CONFIDENCE**
within the investment fund industry

FundSERV Inc.



Agenda

Background



IIROC Volumes

GIC's

Client Name



Corporate Profile

- Private Canadian corporation
- 10 shareholders
(Fundcos, Lifecos, service providers, distributors, SRO)
- 400 customers ~ 700 codes
- 80 employees
- \$28.3M 2008 revenue
 - For-profit / cost-recovery model
 - \$8M rebate in 2008



November BCP Test

- November 7 – 14, 2009
- All business and network operations will be operated from our Mississauga office
- Testing of failover capabilities
 - FundSERV applications
 - Customer network links





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IIROC Volumes

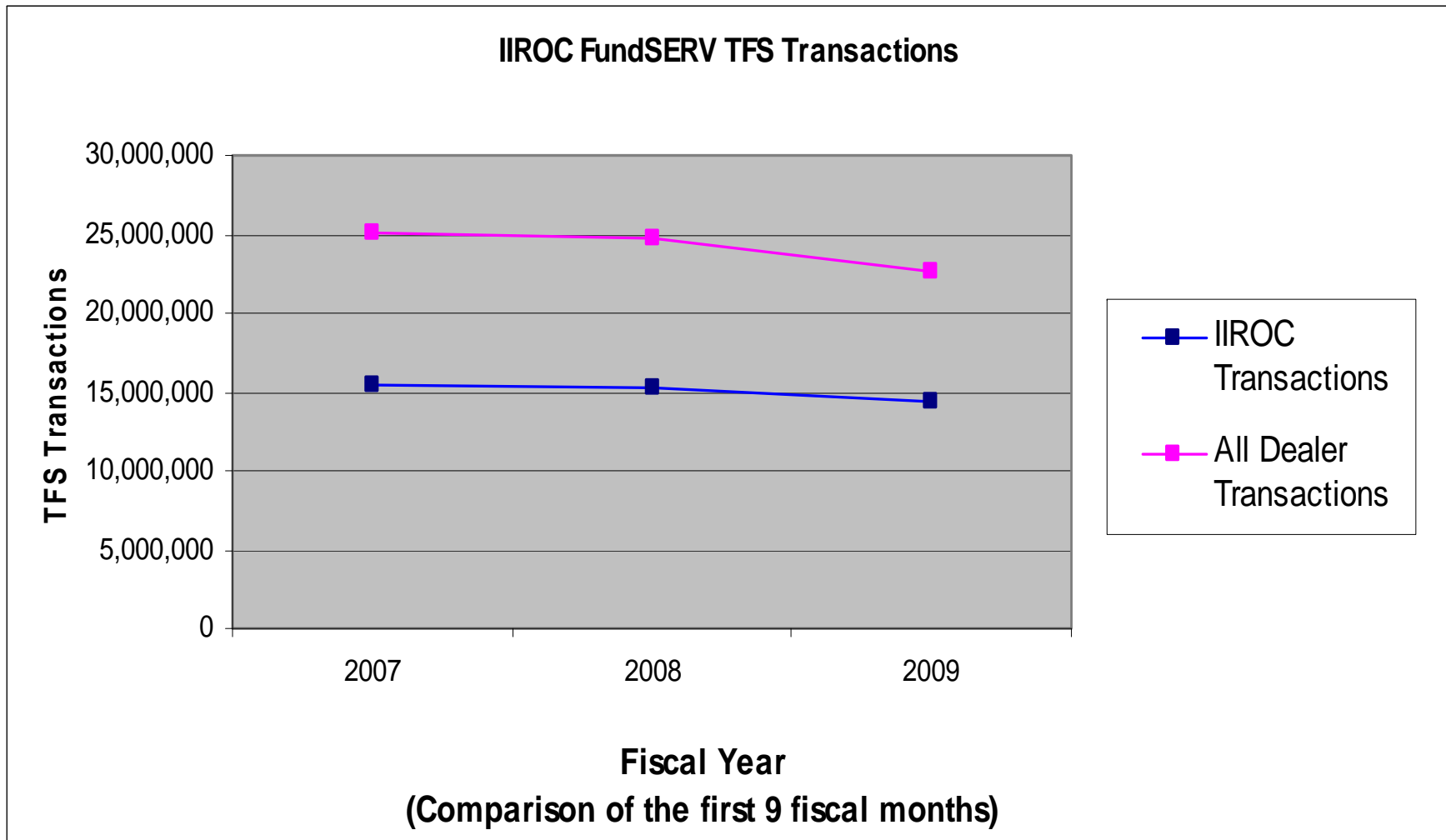


GIC's

Client Name



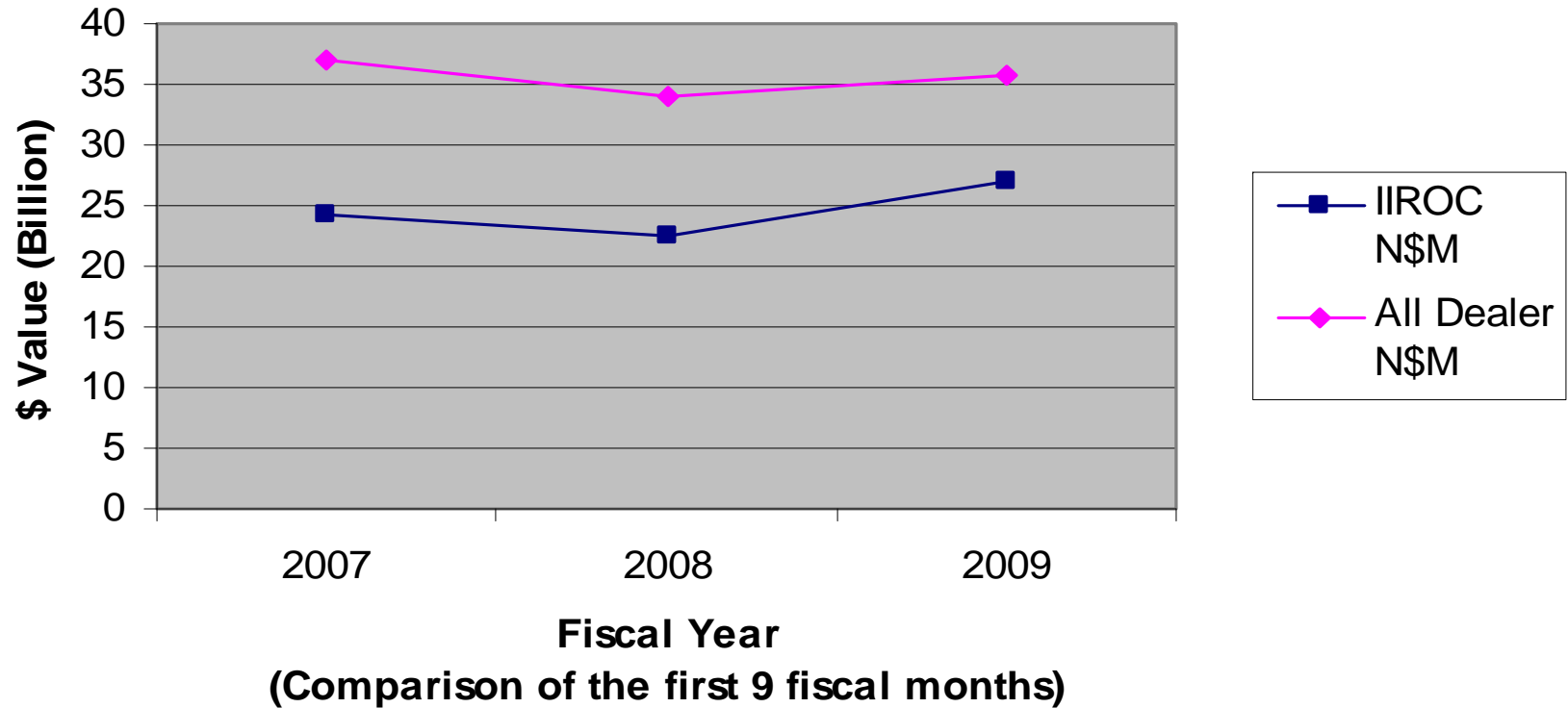
IIROC Transactions





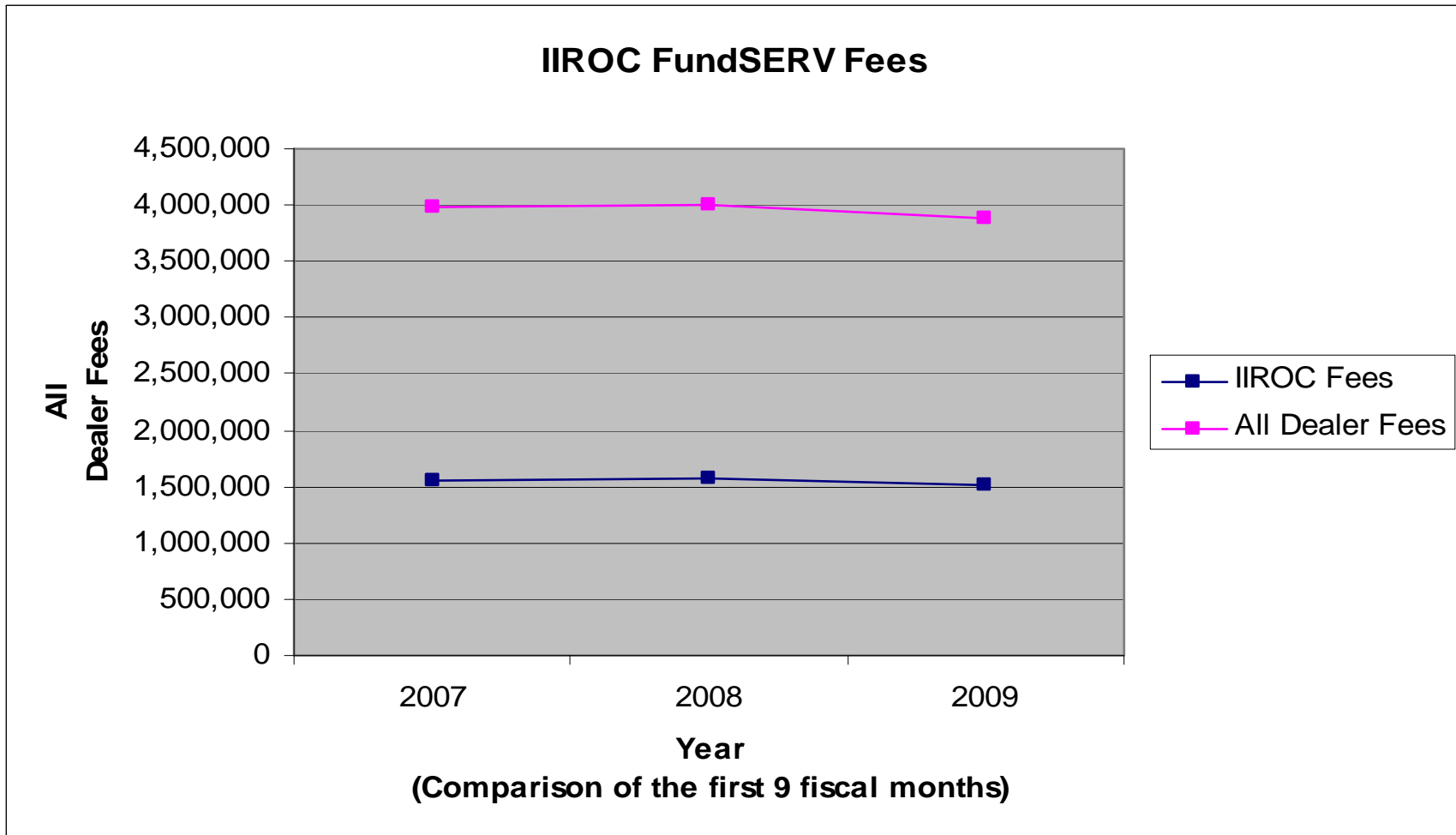
IIROC N\$M

IIROC FundSERV N\$M (Settlement) Volumes (Canadian Dollars)





FundSERV Fees





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GIC Transaction Volumes

- 2007 GIC transactions totaled 64 million = \$1.3 trillion

New sales	14 million
Renewals	14 million
Redemptions	16 million
Interest	20 million
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Total	64 million



GICs

- December 2008 study conducted by Investor Economics shows:
 - Total deposit & fixed income market = \$1.4 trillion with \$800 billion considered 'liquid'
 - Short term GICs have been rolling over continuously for the past years
 - GIAs consist of ~30% assets & are growing at the same rate as GICs
 - Increased volumes in non-registered products



GICSERV Vision

- Establish common standards
- Build GIC functionality across a network
- Interface with issuer legacy proprietary systems
- Support all transactions including new sales, renewals, redemptions, interest payments, transfers & re-registration
- Act as gateway for transaction automation
 - Client name initiative
 - FundSERV Standards v20



Benefits

- Improved process flow
- Improved efficiency through automation
 - Automated confirmation/affirmation/contracting
 - Automated reconciliation/reduced capital charge
 - Net settlement payment exchange
 - Up-to-date information
 - Automated compensation for all deposits
 - Broader distribution
- Significant cost savings



Roadmap

- Phased approach
 - Phase 1: Include bank issuers and distributors
 - Phase 2: Incorporate the needs of the independent issuers or non-bank issuers
- Day-to-day management will follow the standard FundSERV project lifecycle with a dedicated project manager



Steering Committee

Objective: To develop a business case for GICSERV & define the scope of the project by studying the current Canadian GIC environment

Members:

- FundSERV Chair
- Two senior reps from six banks
 - One issuer rep
 - One distributor rep



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Client Name Initiative

- Approximately 9 million manual transactions left to be automated
 - 2/3 are Client Name, open and RRSP accounts with MFDA dealers
 - \$10 incremental cost per transaction
- October and November 2009, pilot roll out with 8 fund co.'s and 19 dealers
- In line with FundSERV's Mission Statement



Our Purpose

To provide ***reliable & resilient*** value-added network & application services for B2B initiatives that minimize risk & promote timely, automated interactions that reduce cost within the Canadian investment fund industry

MISSION