

Corporate Actions:

A team sport

How to drive efficiencies in an industry worth USD58 billion in costs?







How much is the financial industry spending to process US corporate actions per year?

A corporate action costs USD34 million to manage

Corporate actions are the lifeblood of the financial services industry. Every dividend payment, merger announcement, and stock split triggers a complex sequence of events across an interconnected ecosystem of market participants, intermediaries, and investors. While essential to market function, corporate actions also represent one of its largest sources of inefficiency and hidden cost.

For US securities alone, these inefficiencies contribute to annual processing costs of approximately \$58 billion, which is around 0.05% of total US market capitalisation.

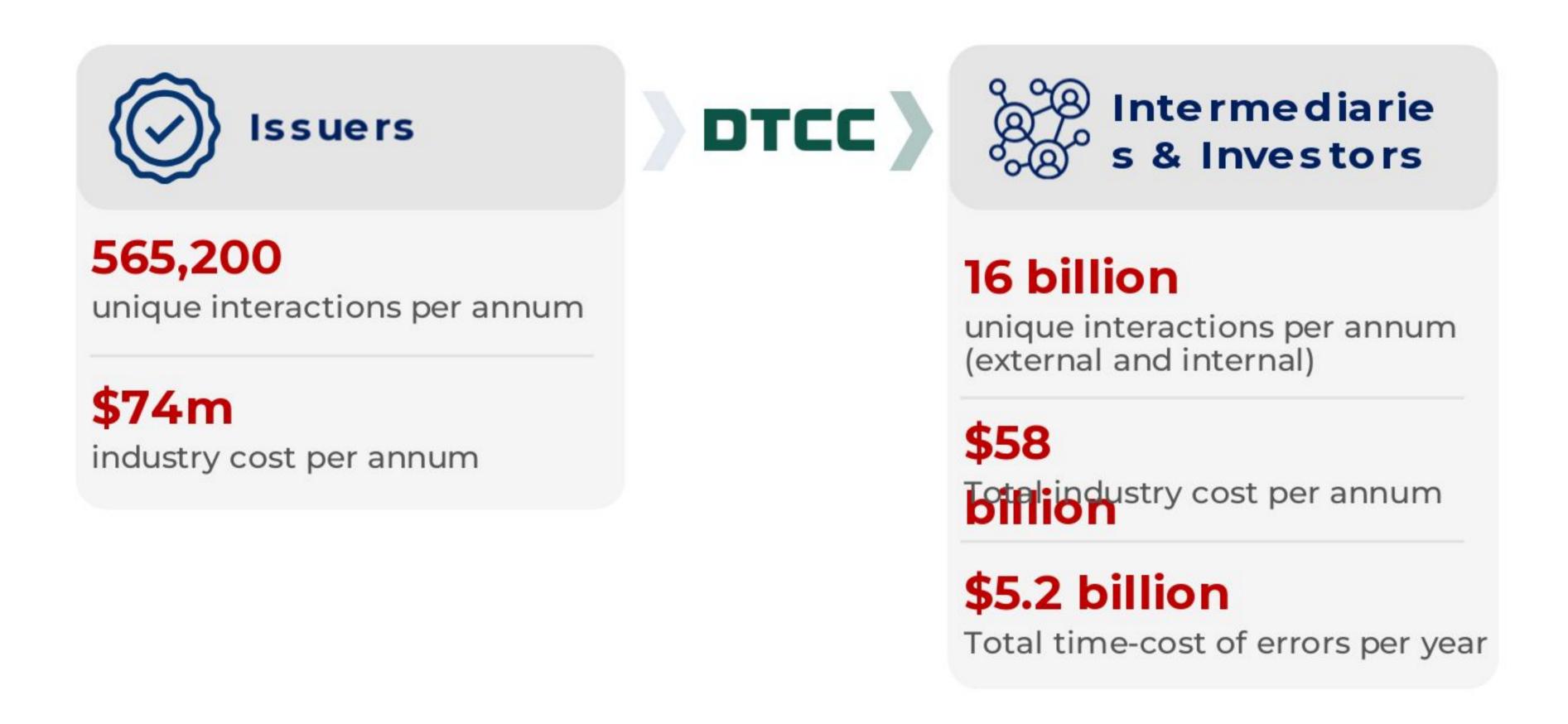
In today's investment environment, these hidden costs directly impact investor returns, operational profitability, and market confidence. With growing regulatory scrutiny, rising investor expectations, and intensifying competitive pressure, addressing these inefficiencies is no longer optional. It is essential.

How much does one corporate action cost?



\$34m in industry costs for one US event

How much do corporate actions cost the industry every year?



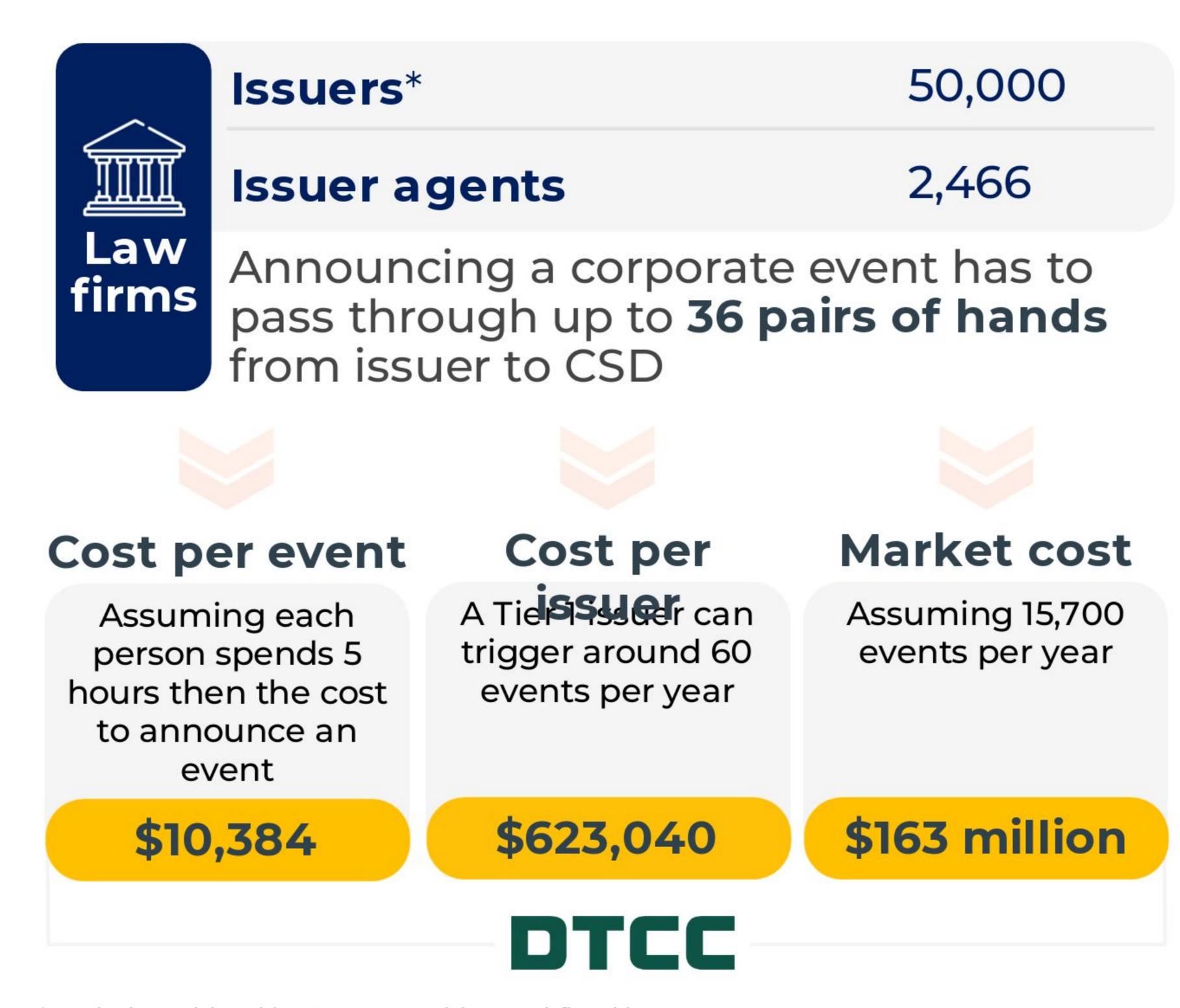


This paper explores the scale and root causes of the challenge, supported by insights from across the industry. It also highlights the opportunity ahead. By adopting real-time, standardised data across a connected ecosystem, and by creating a true golden source for corporate event information, the industry could save \$15 billion. Perhaps more importantly, this would return \$259 to every US investor through their pensions and investments. But none of this can be achieved in isolation. Like the events themselves, fixing corporate actions is a team sport... and success will depend on the industry working together.

The true scale of the challenge

Corporate actions processes are far more complex than most industry participants acknowledge, and the cost of that complexity is already well baked in. Our research highlights that a single corporate event can involve up to 36 distinct interactions just at the issuer level, passing through multiple departments, agents, and advisors before reaching investors.

From issuer to CSD: The upstream cost of announcing a corporate event



^{*} Includes a blend between equities and fixed income.

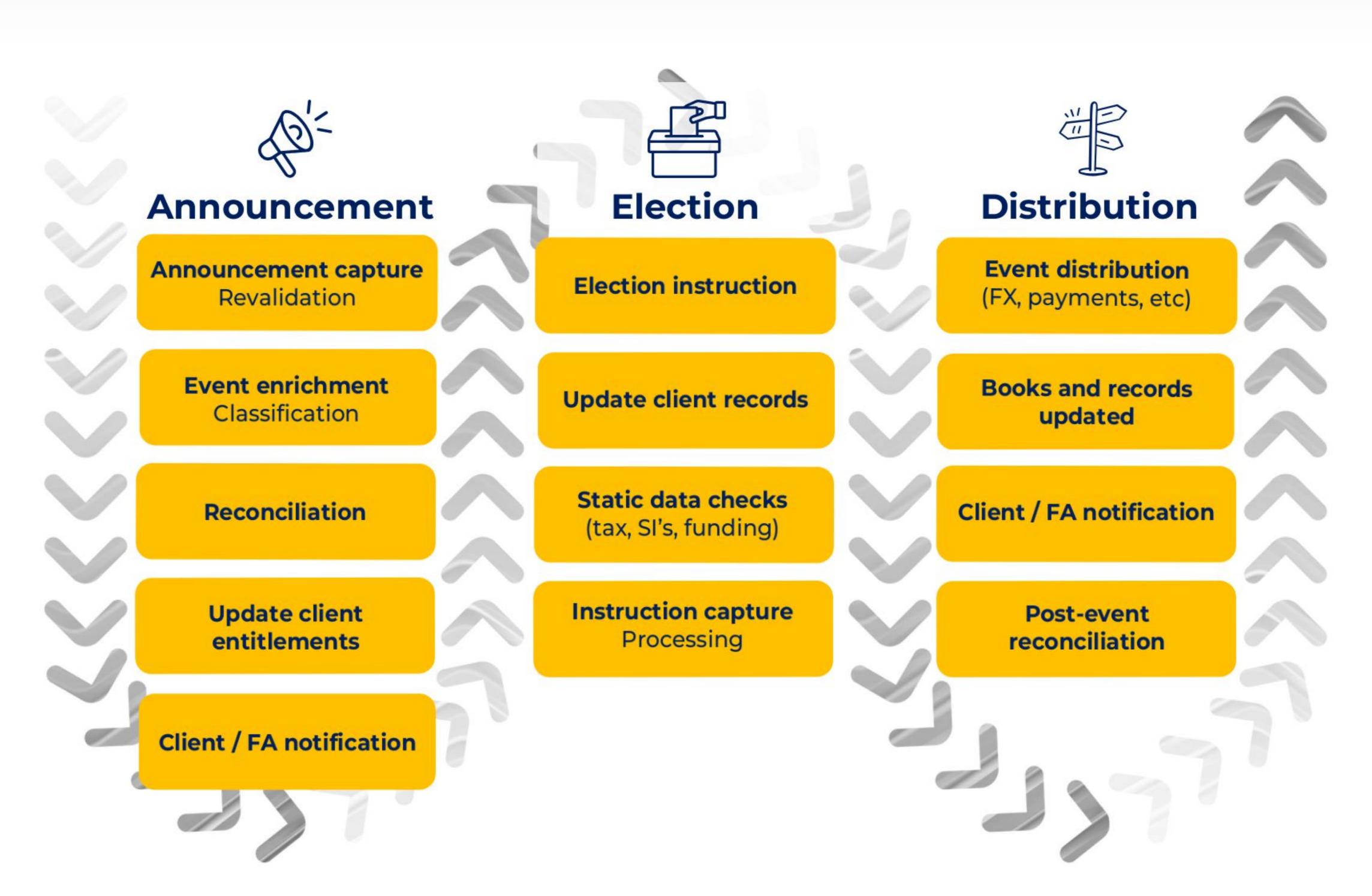
This complexity compounds exponentially downstream, where a typical corporate event triggers over 110,000 interactions across financial institutions, totalling an extraordinary 16 billion interactions annually.

Visualizing this complexity as a journey, consider how an event must travel from an issuer to an investor, such as a mutual fund. Starting from the issuer, the corporate action moves through their agent, onto the depository, then to a depository participant. It may then pass through a global custodian, followed by a fund company, before finally reaching the mutual fund itself. This simplified route doesn't even account for other critical participants like trustees, outsource providers, fund accountants, and data vendors, each adding layers of interaction and potential risk.

From CSD to the owner: How many people have to handle a corporate event before it reaches a mutual fund

	DTCC	Internal interactions (for mandatory events)	Internal interactions (for mandatory events)	
100	~900 DTCC participants	11	15	
sorate event data vendor	~20 Outsource providers	11	15	
	~20 Fund accountants	11	15	
	~20 Global custodians	11	15	
	>20,000 Fund Companies	10	15	
	~1000 Fund trustees	10	13	
	~140,000 Mutual funds	10	13	
0				
Ŭ	Mutual funds ~140,000	Total interactions 1.6 million	Total interactions 2.1 million	

Inside the firm: Where are those interactions?

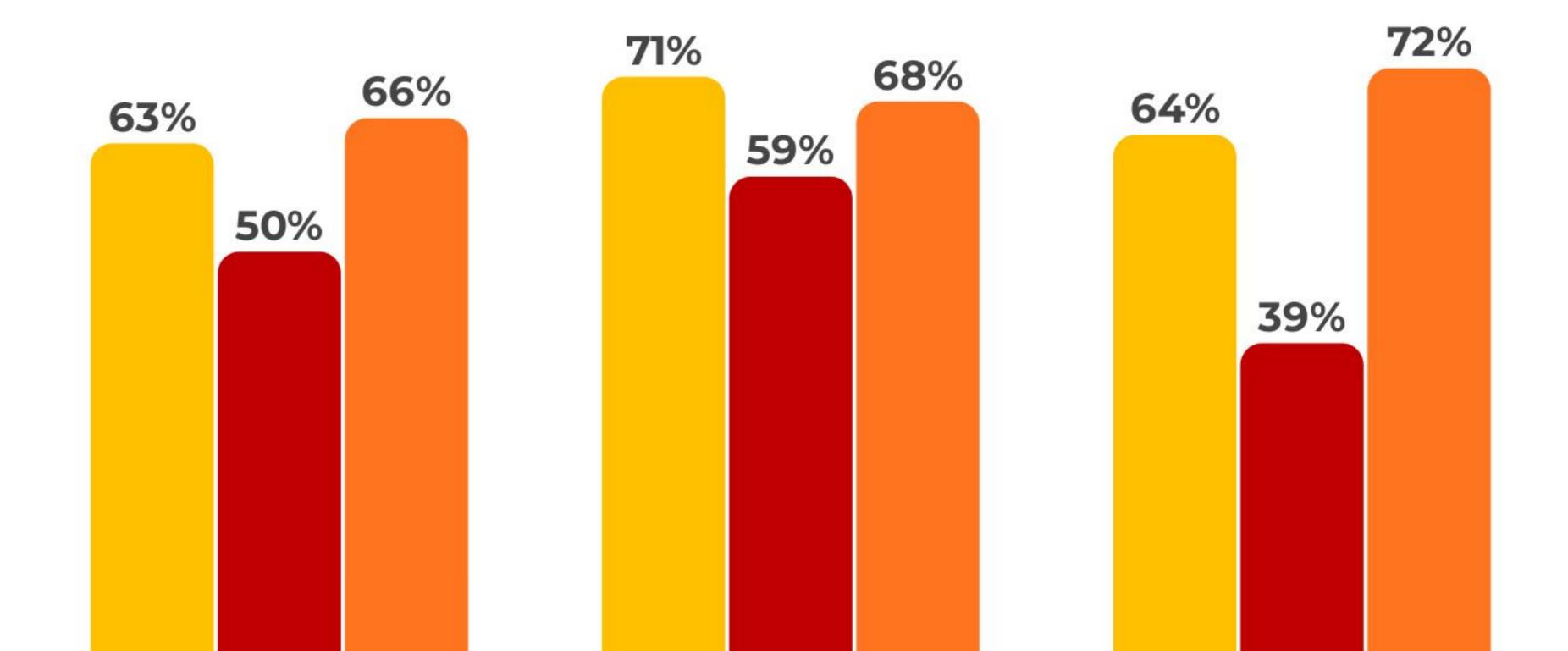


A daily challenge

Brokers

Root causes: Data inefficiencies and operational complexity

Central to these inefficiencies are poor data quality and lack of standardized processes. Industry insights reveal only about 40% of voluntary corporate events achieve straight-through processing (STP), and it's not much better for mandatory events highlighting extensive reliance on manual data handling, causing more firm and counterpart interactions.



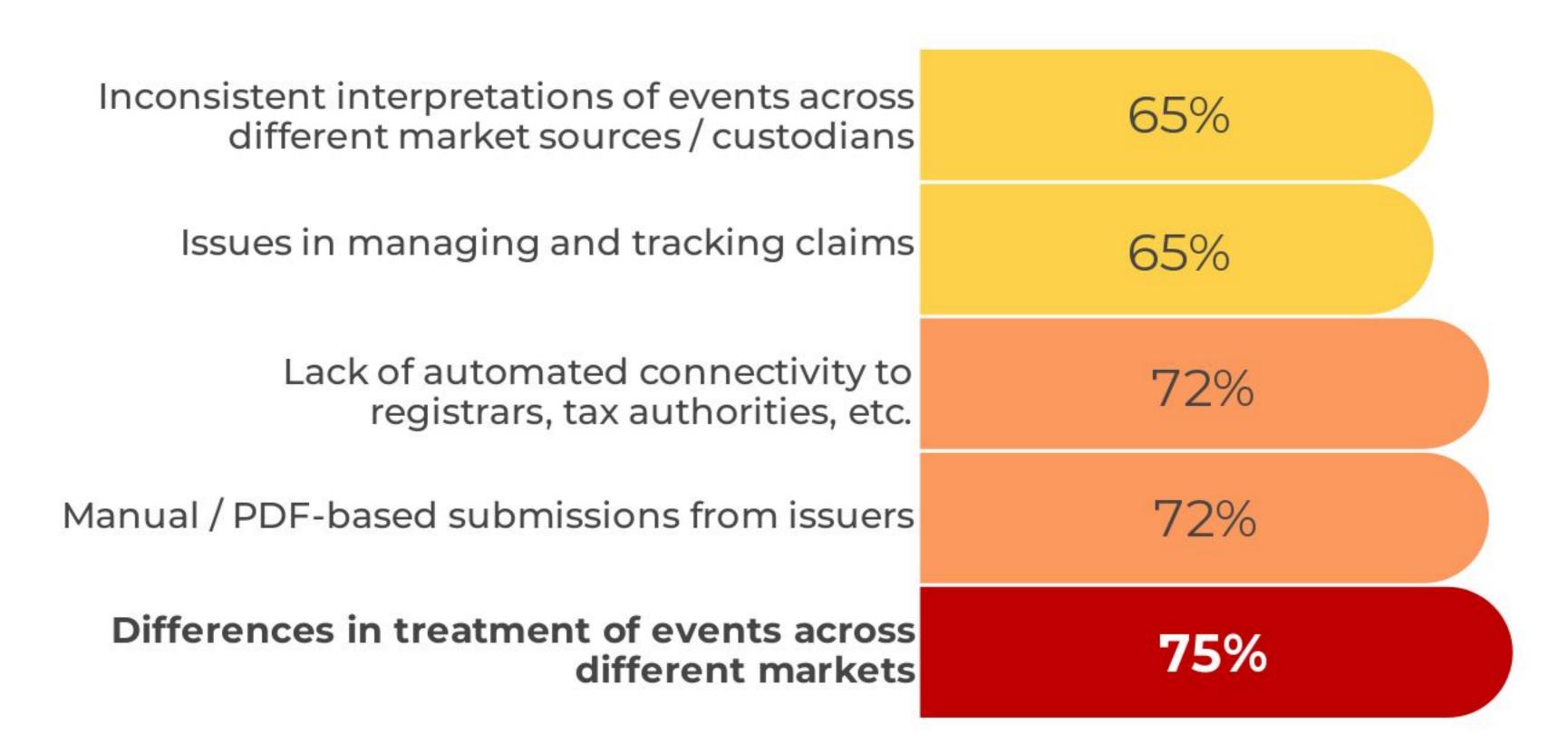
Custodians

Mandatory / Income events Voluntary events Proxy events

Investors

Average STP rates event segment (and by event type)

Core challenges in managing corporate actions today



Inconsistent data practices across custodians further exacerbate the situation, emerging as the leading cause of high-value operational errors. Practitioner insights underline these challenges clearly, with operational heads frequently citing data inconsistencies and manual interventions as their primary sources of operational risk and financial loss. One senior operations manager at a major European asset manager remarked, "The biggest frustration for us remains inconsistent data formats and the subsequent reconciliation issues that multiply across the chain. It directly impacts our operational efficiency and service levels."

The true scale of the opportunity

The financial implications are stark, with avoidable industry costs exceeding \$15 billion annually. Recent surveys indicate direct annual processing costs to investors average around USD14 million per firm, with indirect costs multiples higher. Errors and delays resulting from manual processes, inconsistent data, and poor communication have resulted in error rates as high as 5% for voluntary and mandatory events, creating additional costs of approximately \$5.2 billion annually in rectification alone. As one operational lead at an investment bank noted, "Our costs and operational risks grow exponentially every time manual intervention is required, putting investor confidence and regulatory compliance at risk."

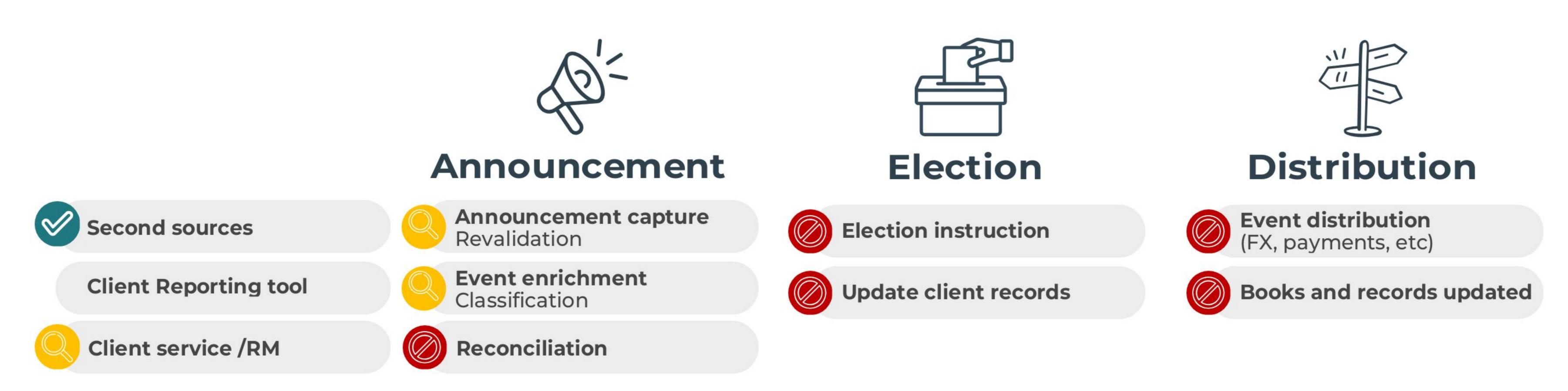
Golden copy data could return USD15 billion to individual investors' portfolios (USD259 per US investor) per annum

In USD million	Total industry costs per annum costs of interaction and errors	Total avoidable costs per annum*	Total savings from reduced errors*	Total potential saving from golden source data per annum*	
Issuers	\$ 74				
Investment Bank shareholders	4 1-77.	\$ 37	\$ 4	\$ 54	
Pension fund investors	\$ 43,157	\$ 8,633	\$ 4,315	\$ 12,948	
Mutual fund investors	\$ 8,006	\$ 1,603	\$ 800	\$ 2,403	
ETF investors	\$ 636	\$ 129	\$ 63	\$ 193	
Wealth and retail investors	3 854	\$ 168	\$ 4	\$ 252	
Total	\$52,855	\$10,571	\$52,855	\$52,855	

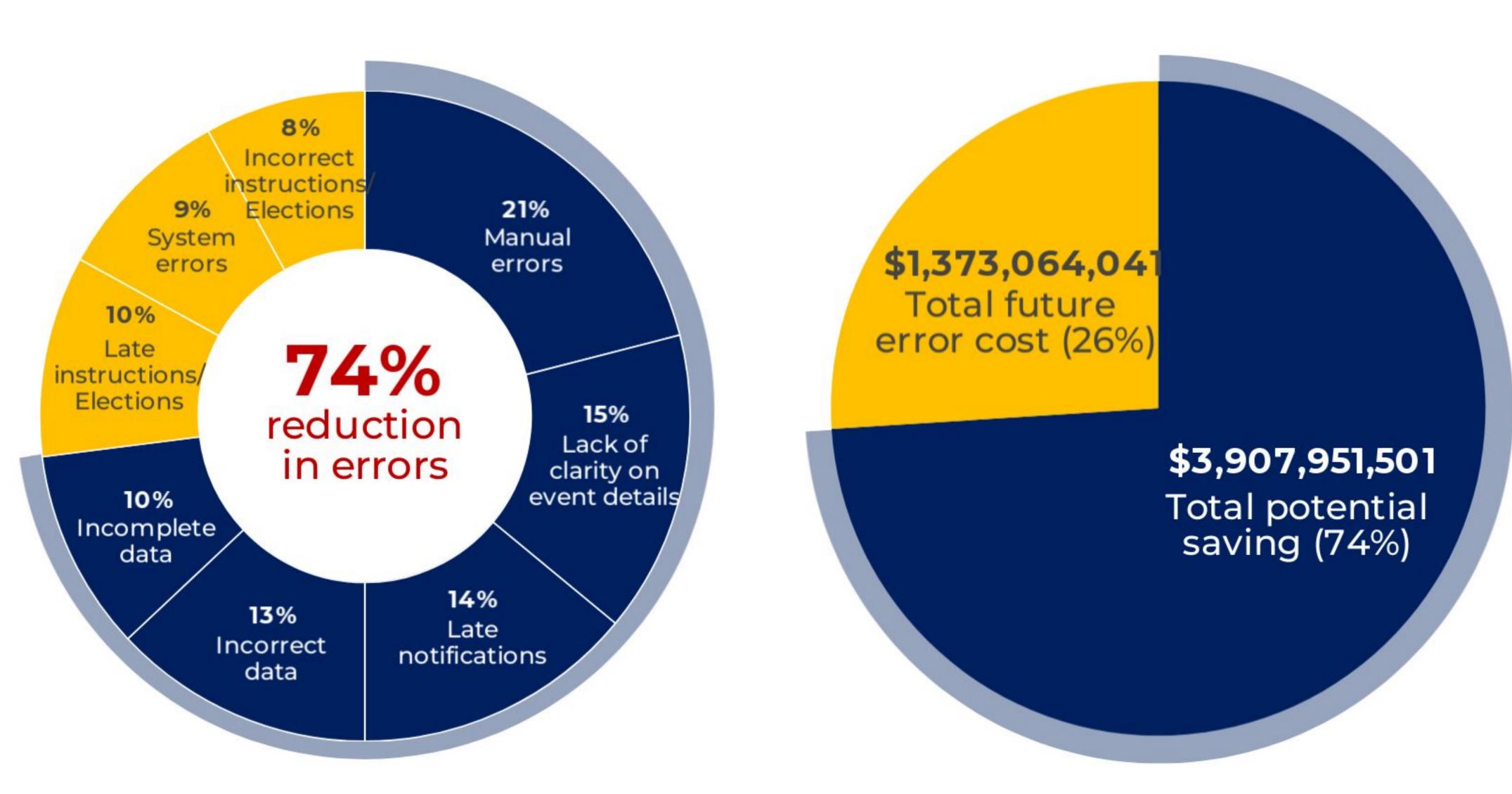
The golden opportunity: Standardization and the "golden source"

Addressing these inefficiencies lies in adopting standardized, near real-time data practices managed centrally, ideally positioning DTCC as a trusted, centralized "golden source" utility. By ensuring data accuracy, standardization, and timeliness, the industry could eliminate a substantial volume of existing manual interventions and significantly reduce associated errors. We could see a reduction of costs related to announcement capture, due to less need for revalidation, less requirement for event enrichment, and potentially less need for second sourcing, by having a trusted accurate source of data at the top of the chain.

Avoidable corporate action lifecycle processes



Avoidable errors with golden source event data



Research suggests potential reductions of up to 74% in manual interactions per event and as much as an 87% decrease in processing errors through standardized, automated data flows. The resultant financial savings are substantial, estimated at approximately \$15 billion annually for investors alone. A senior practitioner at a global custodian noted, "Standardized data isn't just a nice-to-have; it's essential to our future operational efficiency and maintaining investor trust."

A clear path ahead



Standardized practices offer significant cost reductions and strategic advantages across the industry. Recent research shows 30% of issuers anticipate halving their costs through automated notifications. Investors could similarly benefit from automation, with annual savings estimated around USD680,000 per firm from improved data accuracy and streamlined processes.

Evidence from regulatory frameworks like SRDII demonstrates the tangible benefits of standardization and automation, significantly enhancing operational effectiveness and investor satisfaction. Aligning industry practices around a standardized, centralized data source also promotes greater market stability, reduces systemic risks, and enhances transparency and investor communication.

Recommendations for Industry-Wide Action

To realize these benefits, the industry must:



Support transformational automation by issuers and their agents, so that event automation can be transmitted seamlessly across the industry



Ensure industry consistency through a single point of accountability and validation for events



Support global standards in helping to reduce variance in message content and formats

Now is the time to actually address the problems in corporate action processing... spending \$58 billion per year is completely unsustainable

Tim Lind, DTCC

As one member of an industry standards committee emphasized, "Collaboration around data standards must be our collective priority; it's the cornerstone of risk reduction and achieving scalable efficiency."

The time is now...

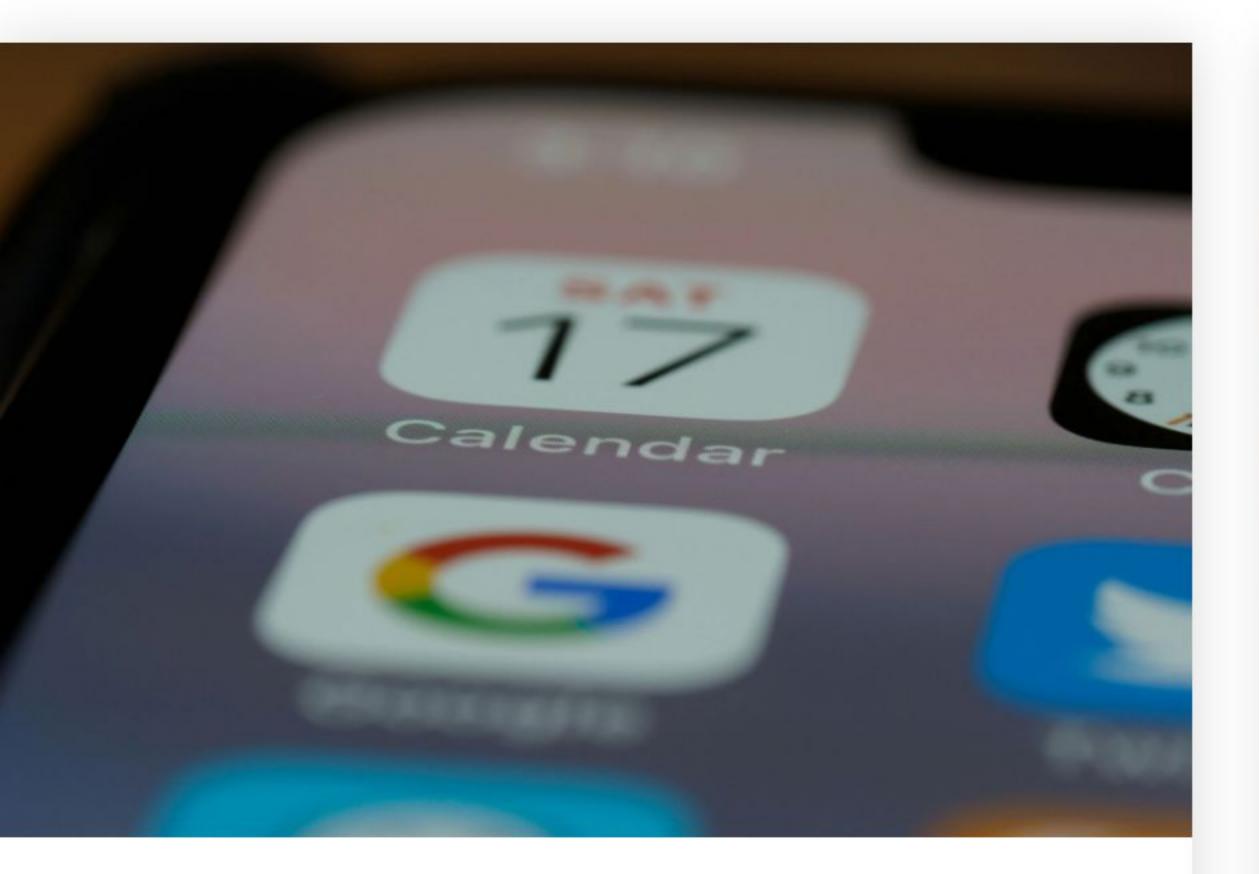
The scale of inefficiency and cost in corporate actions processes clearly illustrates the urgent need for change, **we simply cannot continue paying \$58 billion per annum to process corporate events.** The financial services industry as a whole has a cost problem and so must work together like 'a team sport' and embrace standardized, interconnected data practices to reduce operational risks, lower costs, and deliver enhanced investor value to the tune of \$15 billion to the industry and return \$259 to each US investor.

Incremental improvements are no longer enough. The industry must now commit to transformative change through real-time data integration and collaboration. Achieving near-instantaneous data consensus, represents a clear, achievable goal that can fundamentally transform corporate actions, significantly improving investor outcomes and market efficiency.

By transitioning to a golden source model with DTCC as the central data utility, the industry can achieve significant improvements in efficiency, risk management, and investor confidence. The potential operational and financial rewards significantly outweigh the investments required to implement these transformational changes. As clearly articulated by a senior advocate at a major pension fund, "The time for collective action is now. The long-term costs of inaction far exceed the short-term investments needed to modernize and standardize our operational practices."

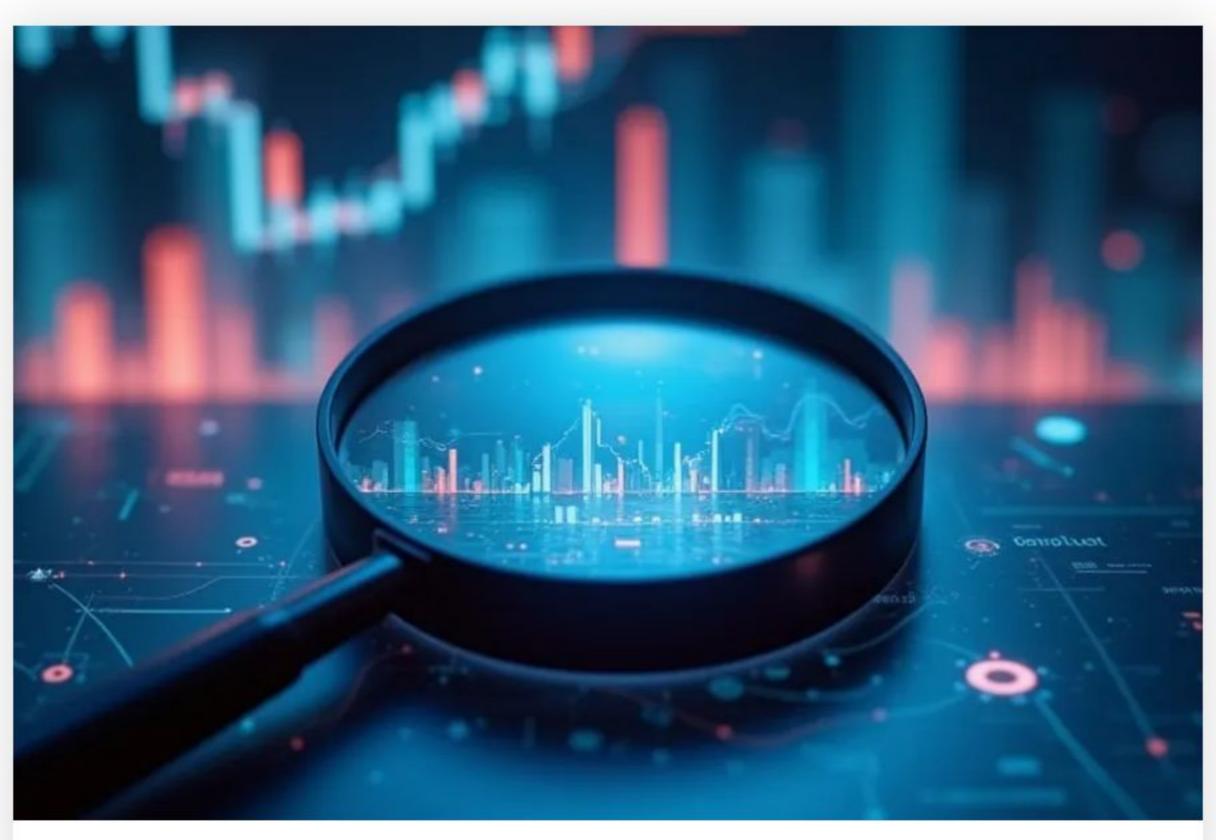


Want to have a deeper conversation?



Contact us to book a debrief

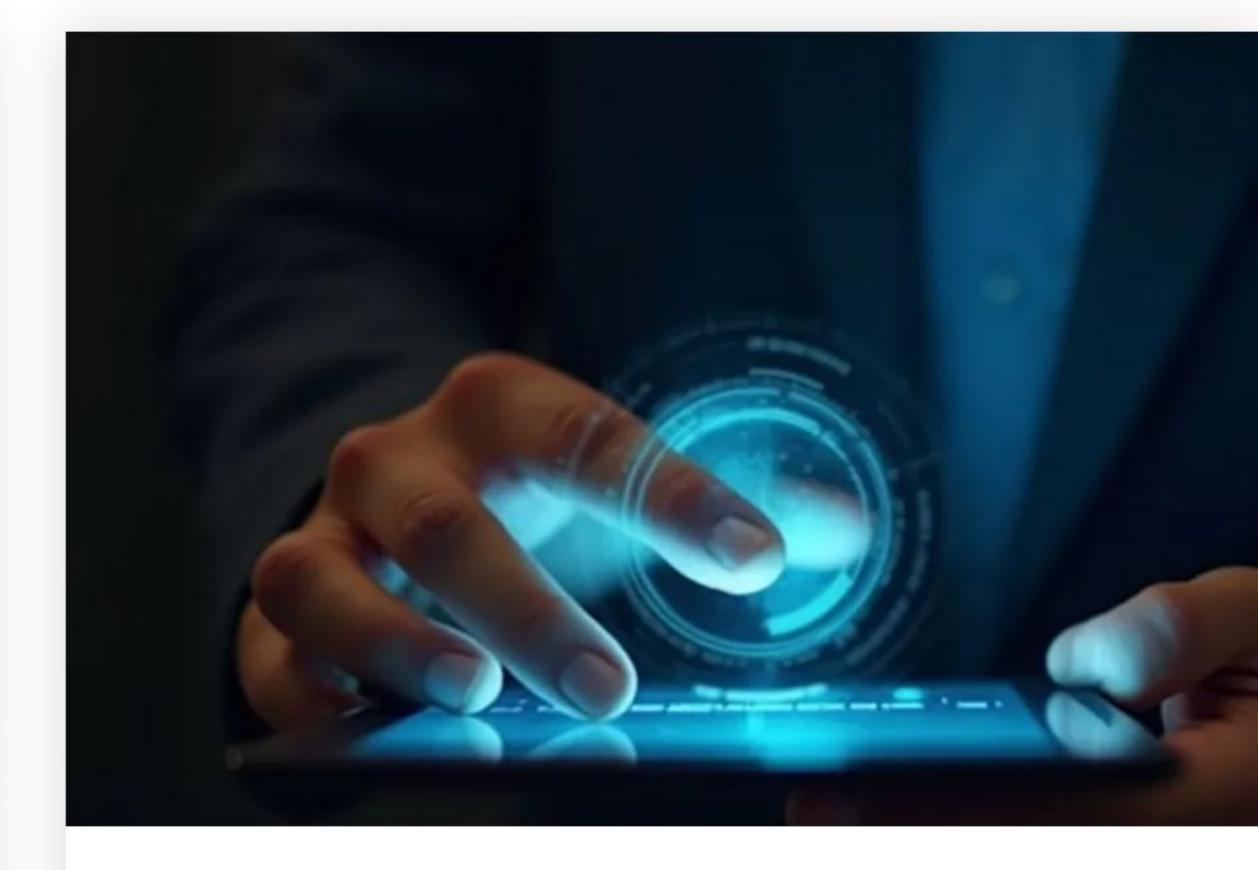
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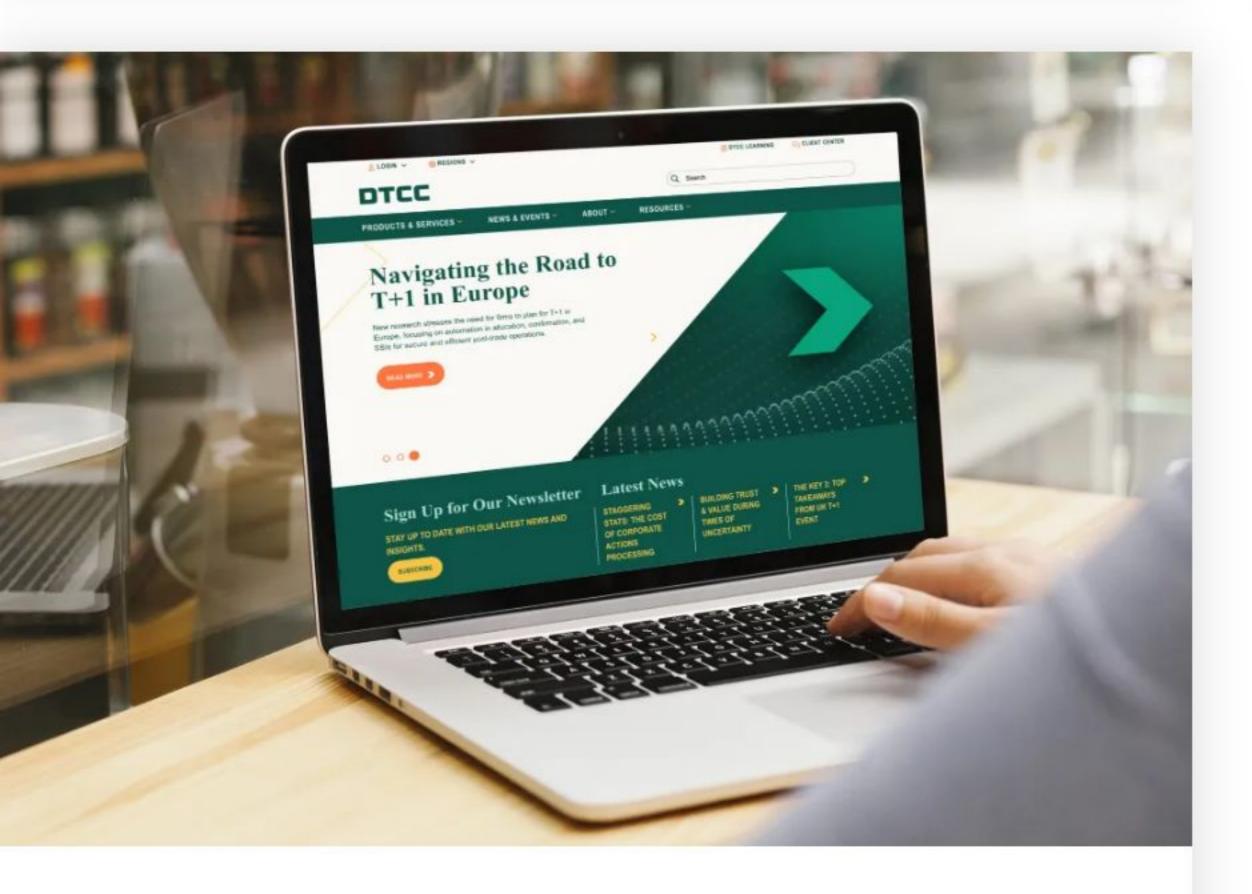
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