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DTCC Acquires Avox

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The Depository Trust & Clearing Corporation (DTCC) has acquired the outstanding shares of Avox, a reference data business located in the UK.

Avox's primary business is cleansing and maintaining high-quality reference information on legal entities and counterparties needed by financial services to support a variety of operational, risk management and regulatory compliance activities, including know your customer (KYC) and anti-money laundering (AML) reporting. Avox provides an automated, centralised corporate database resource, with readily accessible information on the legal name, address, corporate hierarchies, immediate and ultimate parent, industry sector codes, company identifiers, and regulator information applicable to these companies.

"The need for accurate, well maintained reference data on securities and legal entities is a growing priority for the financial services industry, to help manage credit exposure, meet new regulatory compliance requirements and to improve transparency from the issuer to the end investor," said Patrick Kirby, DTCC managing director, asset services. "The acquisition of Avox is a natural complement and part of a global strategy DTCC has underway to provide our customers with a full suite of value-added data capabilities.

The all-cash deal, which valued the business at a low double-digit million pound figure, was approved by the DTCC board of directors earlier this month. Deutsche Börse, which held the majority of shares in Avox, formally closed the transaction with DTCC on 1 July. Under the terms of the deal, the two founders of Avox, Ken Price and Steve French, who were also minority shareholders, will head the company in the capacity of chief executive officer (CEO) and chief operating officer (COO), respectively.



TRANSACTIONS



Background

Deutsche Börse AG ("DB"), long known as Germany's largest and most important stock exchange, has evolved over time to become one of the world's preeminent providers of a wide range of transaction-related services. Today, Deutsche Börse counts itself among the major index providers in the world as well a leader with respect to as a wide range of other services that cover the entire securities and derivatives trading process chain, including transaction settlement, the provision of market information, and the development and operation of electronic trading systems.

Between 2005 and 2007, Deutsche Börse acquired a 77% stake in privately-held Avox Ltd. ("Avox" or the "Company"), a Wales (United Kingdom) based firm that is a market leader in cleansing and maintaining high-quality reference information on legal entities and counterparties. This data is needed by financial services firms globally to support a variety of operational, risk management and regulatory compliance activities, including 'Know Your Customer' ("KYC") and Anti-Money Laundering ("AML") reporting. With the backing of Deutsche Börse and under the guidance of Ken Price, one of Avox's founders, Avox grew to more than 100 employees and was serving more than 20 blue-chip financial institutions around the globe, including; Citi, Barclays, Nomura International, Standard Bank, Allianz, Eurex, SWIFT, Mitsubishi UFJ and Royal Bank of Canada. In recognition of its achievements, Inside Reference Data named Avox 'Best Counterparty Data Provider of the Year' in 2009 and 2010.

In late 2009, after a comprehensive strategic review, Deutsche Börse determined that the strategic fit originally envisioned with Avox was not as strong as initially positioned. Having observed M&A advise several similar companies, and aware of the needs of Avox's founders who continued to own a significant minority position in Avox, Deutsche Börse asked Marlin & Associates ("M&A") to work with the Company, its founders, and Deutsche Börse to advise them as they explored options to divest DB's interest in the Company.

Overview

M&A began by conducting a detailed review of Avox's strengths and weaknesses, commercial and financial results, strategic and product plans, budgets, and forecasts; and began to develop a sense of viable options including bringing in another investor, a merger or an outright sale.

M&A then helped to manage a disciplined process that led to a series of discussions with multiple parties in the United States and Europe. About eight months after engaging M&A, Deutsche Börse and the founders signed an agreement to sell 100% of Avox to The Depository Trust & Clearing Corporation ("DTCC"), a leading provider of clearing, settlement and information services.

Avox now has been combined with DTCC's growing range of data management and reference data services aimed at helping its customers around the world improve operational efficiency and mitigate risk. Services including the DTCC Global Corporate Action Validation Service, which provides a centralized source of 'scrubbed' information on corporate actions (e.g. tender offers, conversions, stock splits, dividends and nearly 100 other types of events for equities and fixed income instruments for more than 2 million securities from 160 countries); its New Issue Information Dissemination System ("NIIDS"), part of the underwriting process, which provides data on municipal bonds, equities and corporate bonds that are DTCC-eligible to vendors, dealers and market participants; and security data from its master file, which provides basic information on all securities handled by DTCC's depository. DTCC's management hopes that in adding Avox, DTCC will be able to offer a true industry-owned utility platform for business entity reference data. Combining Avox's proven capability to deliver high quality content with DTCC's networked community of users and user governance – will create a global industry standard for company related data.

M&A Role

Marlin & Associates initiated the transaction, managed the process, assisted in the negotiations and acted as exclusive strategic and financial advisor to Avox as well as to its majority shareholder, Deutsche Börse.

Press

Deutsche Börse Sells its majority interest in Avox to Depository Trust & Clearing Corporation (DTCC)

The Depository Trust & Clearing Corporation (DTCC) has acquired Avox, a UK-based reference data firm majority-owned by Deutsche Börse.

Avox cleanses and maintains reference information on legal entities and counterparties needed by financial services to support operational, risk management and regulatory compliance activities, including know your customer and anti-money laundering reporting.





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Our ref mh/nr/030

29 June 2010

COPY

Dear Sirs

Resignation as auditors of Avox Limited (no. 4806632)

Following the acquisition of the Company by The Depository Trust & Clearing Corporation, we hereby give notice of our resignation as auditors of the company with effect from today. In accordance with section 519 of the Companies Act 2006, we enclose our statutory statement given in connection with our ceasing to act.

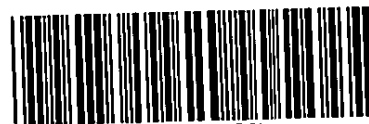
Under section 517 of the Companies Act 2006, you are required to file a copy of this letter of notice with the Registrar of Companies within 14 days of your receipt of this letter.

Under section 523 of the Companies Act 2006, you are required to make various notifications to the relevant audit authority in connection with our resignation. We consider that the audit of your financial statements falls outside the definition of a major audit and therefore your notification should be made to the ICAEW.

Yours faithfully,

KPMG LLP

TUESDAY



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06/07/2010
COMPANIES HOUSE