



# TIME FOR ACTION

T+0 securities settlement is close to reality. **SmartStream** can help firms achieve it

**The adoption of amendments by the Securities and Exchange Commission (SEC) to the Exchange Act Rule 15c6-1 in the United States has shortened the trade settlement cycle for most US securities transactions to T+1.**

The impact is felt not only by US investors and service providers, but also by investors and custodians in Europe and Asia Pacific – for whom time differences and increased complexity will add to the administrative headache.

T+1 compliance varies across the industry. Some firms are well-placed to cope, with sophisticated systems in use, while other, typically smaller,

organisations continue to rely on manual processes and legacy systems.

To meet the demands of T+1, and to lay the groundwork for T+0 readiness, firms have and are continuing to invest in reliable, proven IT systems. Advanced technologies, such as AI and machine learning, allow them to adapt quickly to future change, promoting a proactive approach that augments manual operational capability.

Turning to a third-party technology specialist has been critical during this time of transformation. A partner that provides established technology and high levels of support is essential, as is deep operational insight, as this will enable it to help an institution review its current infrastructure and identify where efficiencies can best be achieved.

With an extensive history of delivering post-trade solutions and services to the financial sector, SmartStream is uniquely well-positioned and has been helping

organisations meet the demands of accelerated trade settlement.

A trusted partner to many of the world's top financial institutions, SmartStream's solutions and services deliver operational controls across the middle and back office.

SmartStream solutions assist firms to meet the demands of T+1 compliance in a wide range of post-trade activities. They can be accessed flexibly, too, whether using APIs and micro-services, through managed services and cloud environments, or via traditional on-premises installations.

There are four key areas where SmartStream technology has had proven impact.

## RECONCILIATIONS

Companies are being forced to carry out reconciliations processing in a compressed timeframe, leaving a small window for discrepancies to be identified

and fixed. Financial institutions require systems that allow real-time, intraday processing. Applications should be asset-class agnostic, volume-insensitive, and capable of dealing with new and existing data formats.

SmartStream provides a fully controlled reconciliations architecture that delivers comprehensive exceptions management. Its rich exception handling capabilities offer in-depth insight into the state of transactions as they transition through the settlement lifecycle. Additionally, they permit exception categorisation, prioritisation, and allocation – enabling problems to be assessed and routed speedily to the appropriate team for resolution.

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SmartStream's reconciliations platform offers advanced reporting: real-time information means users spot breaks quickly, refine decision-making and control risk more effectively. In addition, managers carry out detailed trend analysis to pinpoint issues undermining processing efficiency. These features are built into the technology, so organisations do not need to create their own complex reporting systems.

Our technology deploys AI and machine-learning techniques, enabling it to onboard reconciliations more quickly and handle highly complex data sets. It also facilitates self-service among business users, reducing reliance on IT departments.

Importantly, SmartStream's reconciliations technology is proven to process tens of millions of transactions per day, from sources across all the disparate areas that touch T+1 settlement, creating a truly holistic view of processing activities.

## CASH AND LIQUIDITY MANAGEMENT

Firms need to deliver securities faster, driving the demand for intraday liquidity. There is greater competition for funding sources, and increased need for short-term funding.

SmartStream technology delivers real-time cash and liquidity management, consolidating existing siloed infrastructures, and capturing transactions from internal and external sources to create a single, global view of balances across all currencies and accounts. Firms understand funding, borrowing, and lending requirements in real time, identify problems promptly and take corrective action quickly.

## COLLATERAL MANAGEMENT

Financial institutions need to make alterations to their collateral management practices – automating all aspects of the collateral management process, including agreement, booking, substitutions and settlement notifications. Also key are the connections to internal and external systems and an efficient fails management process.

SmartStream provides an established, end-to-end, automated collateral management solution, which is used by financial institutions across the globe. It connects to firms' internal systems via APIs that allow programs to interact. When users want to send and receive information, they can do so on a real-time notification basis.

## CORPORATE ACTIONS

Another area where the impact of accelerated settlement is felt is in corporate actions processing. Any corporate action affecting instrument static data (and so impacting trade matching), needs to be processed within 24 hours of trade execution. Firms dependent on custodian data and spreadsheets are finding T+1 compliance especially testing.

SmartStream's corporate actions solution delivers real-time processing for the complete lifecycle, handling complex events and providing visibility of all the corporate actions affecting the business. The solution lowers the risk of errors or missed elections, improves efficiency, as well as reducing administrative burden and costs.

### WHO WE ARE

**SmartStream is a recognised leader in financial transaction management solutions that enable firms to improve operational control, reduce costs, build new revenue streams, mitigate risk, and comply accurately with the regulators.**

By helping its customers through their transformative digital strategies, SmartStream provides a range of solutions for the transaction lifecycle with AI and machine-learning technologies embedded – which can be deployed in the cloud or as managed services.

As a result, the world's top 100 banks rely on SmartStream Transaction Lifecycle Management (TLM®) solutions to deliver greater efficiency to their operations.

### AT A GLANCE

**COMPANY:** SmartStream

**FOUNDED:** 2000

**CATEGORY:** Data insight

**KEY PERSONNEL:**  
Akber Jaffer, CEO (right)

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**WHAT WE DO** Realise data insights with post-trade automation and operational controls