TLM® Confirmations Management

Transforming the post-trade confirmation needs of participants in the global treasury markets

Executive summary

TLM® Confirmations Management is a fully SWIFT compliant, instrument agnostic, post-trade confirmations solution. It delivers the highest automatch rates for the full range of treasury instruments and deal sources, including Foreign Exchange, Money Markets and Commodity Trade Confirmations, combined with enterprise scalability that institutions can rely on to manage today's processing needs, as well as tomorrow's.

TLM Confirmations Management provides greater control and visibility into the confirmation of all treasury instruments, helping to deliver lower operational costs and risk. Integrated exception management, including proactive alerting, makes managers and analysts aware of any confirmation failures, as early as possible, to ensure errors can be rectified before they become critical. Rich dashboards provide both end to end process monitoring and the detail needed to drill down to the source of late confirmations.

Built on SmartStream's TLM Platform, TLM Confirmations Management forms the enterprise platform that Treasury Operations managers can rely upon.

The business challenge

As FX, Money Market and OTC volumes increase many banks, securities firms and custodians are struggling to maintain efficient back office environments due to inflexible legacy systems. They also find it difficult to provide sufficient capacity to accommodate future growth or the ability to process more complex instruments.
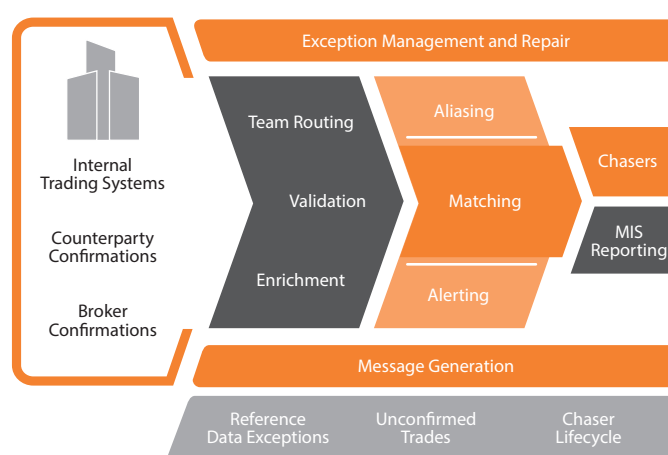
TLM Confirmations Management process flow

These legacy systems cannot provide the visibility and control needed to truly understand exceptions, investigate failed matches and effectively manage risk exposures. This inefficiency impacts operational cost, with work duplicated across siloed back offices and larger teams needed to deal with rising exception volumes.

Successful confirmations matching is a critical step in the fast and efficient execution of deal settlement. As FX margins fall, institutions require an intelligent, enterprise-wide solution that can automatically match as many transactions as possible enabling the back office to focus on true exceptions and more value added work.

TLM Confirmations Management manages the post trade confirmation process for the full range of FX and Money Market confirmations, including FX option confirmations. It delivers greater control and visibility to the confirmations process by ensuring manual intervention is kept to a minimum, enabling firms to reduce cost and risk.

TLM Confirmations Management – Solution overview

Comprehensive instrument and source coverage

TLM Confirmations Management delivers comprehensive real-time, enterprise-wide matching and management of financial instruments, including FX and Money Markets, Derivatives and Precious Metals.

TLM Confirmations Management delivers full source coverage for inbound and outbound messages and is fully SWIFT compliant. Its flexible and easily extensible database structure enables the reconciliation of messages received from non-SWIFT networks. An interface to broker networks ensures TLM can receive and reconcile broker confirmations.

Highest auto match rates reduce manual intervention

TLM Confirmations Management delivers the highest confirmations throughput due to its industry leading auto match rates and, as a result, significantly increases STP. It supports true multi-way matching – two-way (two parties of the transaction), three-way (two parties and a broker), and four-way (two parties, a broker and downstream systems such as risk management) – offering a truly flexible confirmations solution.

The combination of multiple match passes, the ability to both reconcile confirmation messages in real-time and alert users to outstanding confirmations as they occur, drastically reduces the need for costly manual intervention.

TLM's powerful, user-defined matching criteria help to deliver more streamlined and efficient operations, significantly improving institutions' pre-settlement risk management.

TLM delivers real-time matching with state management to match multiple times on a single data load. This load once, match once approach removes the need to reload data when an exception arises, while also providing a full audit trail of any changes and amendments.

Continual process improvement

TLM Confirmations Management is a dynamic solution, constantly learning to further boost auto match rates and avoid exception storms. If a confirmation has a reference data or naming convention issue, rather than generate multiple exception items it bundles all transactions with the same problem together. When the initial error is investigated and fixed manually, TLM then finds all transactions with the associated error and fixes them automatically.

TLM removes the need to investigate and manually fix every single transaction, reducing effort and cost. Where a naming convention is involved, TLM Confirmations Management learns the alias, improving data loading the next time and matching it to the correct transaction and counterparty information.

TLM also provides in-depth statistical data, enabling continual process improvement. For example, access to matching statistics enables users to measure the speed, frequency and quality of data being received from third parties, allowing for the ongoing improvement of matching rates. Additionally, access to netting statistics allows users to determine their overall position.

Full integration with the TLM product suite and the automatic handling of trade amendments and cancellations allows users to access the complete audit trail of each transaction, facilitating the quick resolution of exceptions. In the case of a late receipt of a confirmation, the open confirmation can be closed by performing a cross match to check whether the payment has been received.

Integrated and proactive exception management

TLM Confirmations Management delivers a fully integrated and proven exception management workflow layer. By reconciling data in real-time it ensures exceptions are identified at the earliest point in the confirmation process.

When detected, an exception is automatically created and forwarded to the integrated exception handling module – TLM Exception Management – for quick and efficient resolution, improving pre-settlement risk management.

This proactive approach ensures that confirmations exhibiting potentially erroneous behaviour, are identified at the earliest possible stage, with an alerting service that highlights actual and potential error conditions to users and external parties. Once identified and escalated, failed confirmations can be repaired according to user-defined prioritisation and categorisation rules that classify the relative importance of different types of exception.

Filtering enables the customer to determine information views for specific groups of users. Data can be suppressed to allow management by exception – highlighting only those items that matter, which can then be assigned to specific users or roles.

Where the remedial action is defined, TLM eases the repair process by invoking an initial automated resolution step. Exception types can also carry information about appropriate resolution paths to present users with allowable actions that guide the appropriate course of action.

Once exceptions are raised in the first instance, subsequent instances are attached by reference – thereby eliminating duplication and process inefficiencies. Escalation rules allow items left unresolved for a defined length of time to be escalated – automatically alerting, re-routing and re-prioritising the transactions.

Essential to the resolution process, TLM maintains a link to the underlying transaction to allow changes in the state of business data to be reflected in the exception management subsystem. Messages produced as a result of the identification and repair may be subject to authorisation prior to the release to the relevant matching systems.

TLM process authorisation functionality is flexible and roles based, allowing customers to specify a hold over certain types of message and ensure only those members of staff with sufficient privileges are able to release them. Authorisation also extends beyond the firewall where necessary, enabling customers to offer customer self service facilities to counterparties and brokers to authorise its own transactions.

TLM produces a comprehensive audit trail for the identification and repair process that retains a time stamped record for each processing step that details who did what and when.

Proactive notification of overdue confirmations

The integration of active alerting can boost STP rates and risk control. By continually monitoring the underlying activity, TLM Confirmations Management alerts users to issues that require attention before they become a problem.

TLM can be configured to proactively notify users of overdue confirmations, as per the user-defined parameters. Once alerted, users can access all the data relating to the underlying confirmation via the solution's comprehensive drilldown function, enabling speedy resolution of the highlighted issue.

TLM also offers flexible management of outgoing chaser messages, escalating issues as settlement approaches. Customers can set up different chase rules for different counterparties rather than sending a standard MT395 and MT399 message or email.

Dashboards deliver greater visibility

To ensure management teams can efficiently view all confirmations activity, they are presented with summary level statistics, in dashboard form, derived from exception data captured at the point of detection.

Organisations can continually improve their confirmation processing operations with the aid of pre-built Business Activity Management dashboards. Using SmartStream's WebConnect Studio, an easy to use configuration tool, business analysts create flexible, real-time dashboards and reporting capabilities to impart unparalleled visibility into all aspects of a trade's lifecycle, at the most detailed level or in a high-level view. As a result, customers can view their confirmations data in the way they want to see it.

By reporting on Key Performance Indicators / Key Risk Indicators, dashboards deliver a customer-centric solution that ensures service level agreements are continually monitored in real-time.

CLS confirmations

To overcome breaks experienced by some third parties in CLS settlement, TLM Confirmations Management handles pseudo MT300 messages for CLS trades from the MT396 status report, giving the third party complete transaction visibility.

The solution allows the reconciliation of FX transactions settled via CLS, alongside transactions settled via traditional means. TLM's interface to both SWIFTNet and SWIFTFin enables a three-way match of all confirmations, with the option for a four-way match, should a broker be involved in the transaction.

Enterprise scalability

Developed from SmartStream's TLM Platform, TLM Confirmations Management harnesses proven technology and industry best practice to deliver a volume insensitive, enterprise confirmations solution. It is easy to integrate into existing infrastructures, yielding instant improvements in processing efficiency.

TLM leverages a flexible, soft configurable workflow engine that allows complex business logic to be configured quickly and easily enabling rapid application deployment. Visual modelling tools allow business processes to be modelled and workflow generated from the process flows. Consequently, clients are provided with a self documenting visual representation of the end to end enterprise confirmations process in both design and run time.

Clients can be confident that TLM delivers a standards based, flexible platform to meet confirmations processing demands today and tomorrow. Underpinned by a robust, functionally rich Enterprise Application Integration layer, TLM provides rapid connectivity, integration and transformation. With a wide range of technical adapters, 'point and click' transformation and a complement of industry standard message formats, TLM can rapidly integrate with in-house and third party applications.

As organisations are increasingly looking to consolidate operations through a global platform, TLM creates a consistent approach regardless of where a user is located.

TLM Confirmations Management is available with a number of deployment options, delivered as either an in-house solution or OnDemand service, it is flexible enough to meet a range of business requirements. Additionally, in outsourcing scenarios, customers can confidently provide their clients with secure self-service capability to keep them actively engaged, assisting with data quality and monitoring service level performance.

About SmartStream

SmartStream provides Transaction Lifecycle Management (TLM®) solutions and Managed Services to dramatically transform the middle and back-office operations of financial institutions. Over 1,500 clients, including more than 70 of the World's top 100 banks, 8 of the top 10 asset managers, and 8 of the top 10 custodians rely on SmartStream's solutions.

SmartStream delivers greater efficiency, automation and control to critical post trade operations including: Reference Data Operations, Trade Process Management, Confirmations and Reconciliation Management, Corporate Actions Processing, Transaction Fees Invoice Management, Collateral Management, Cash & Liquidity Management and Compliance Solutions. Used independently or as a suite of solutions and services, clients gain a lower cost-per-transaction whilst reducing operational risk, aiding compliance and improving customer service levels.

For more information about SmartStream visit:
smartstream-stp.com