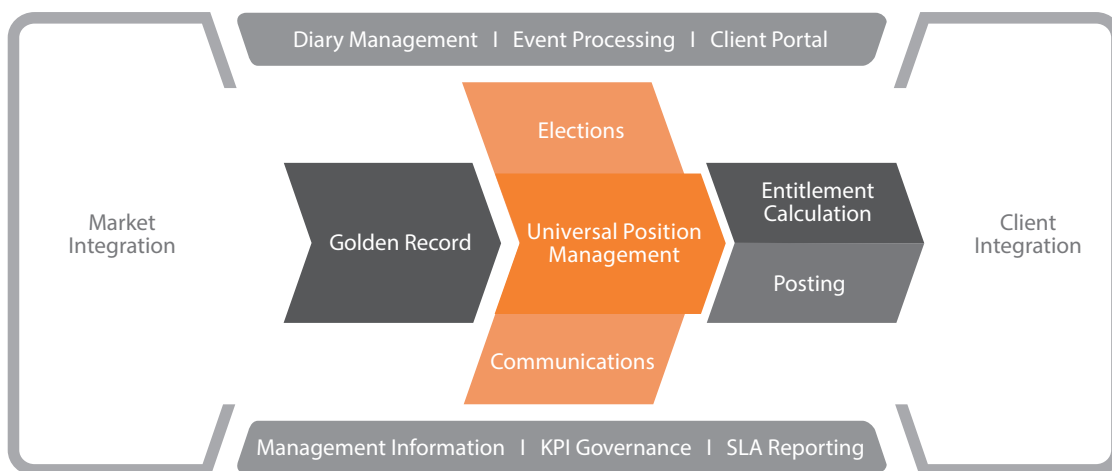


# TLM<sup>®</sup> Corporate Actions

Effective governance of corporate actions processing enabled through event-driven automation and active alerting



## TLM Corporate Actions overview

Corporate actions processing is a highly complex activity, characterised by frequently changing event details, varying standards and interpretations, multiple intermediaries and the pressure of deadlines. The increasing volume and complexity of events applies further pressure, especially where firms are still reliant on cumbersome manual processes and ageing legacy systems.

Financial institutions' operational procedures are challenged by the burden of processing corporate actions. Where missed corporate action events or erroneous elections occur, a firm's bottom line will be impacted as any financial loss needs to be made good in the market. Client service levels, audit and reputational risks are also impaired by existing operational procedures. Improved corporate action business processes and controls can alleviate the risks associated with current inefficient practices.

SmartStream's TLM Corporate Actions solution provides automation and proactive controls to address these challenges when processing all mandatory, mandatory with choice, and voluntary event types.

TLM Corporate Actions supports:

- ▶ An event diary with task-orientated dashboards and an event processing container
- ▶ Real-time processing for the complete event lifecycle: announcement capture and Golden Record management, position management, event broadcast & communication, election management, entitlement generation and posting.
- ▶ Preconfigured support for all ISO event types: mandatory, mandatory with choice, and voluntary
- ▶ Complete processing of proxy events
- ▶ ISO 15022 & 20022 interoperability
- ▶ Extendable capacity to support proprietary events, workflows and communications
- ▶ Integration with SWIFT Gateway, secure FTP and queue based messaging
- ▶ Maker / checker controls and complete audit

## Solution overview

TLM Corporate Actions processes all ISO event types, in real-time, through their complete event lifecycle. Integration with the market is supported via ISO 15022, ISO 20022 and use of proprietary formats.

Real-time diary management addresses processing complexities to control milestones, key tasks and exceptions. Events processed will achieve straight-through processing and when exceptions arise, benefit from automated task allocation. Transparency into tasks volume spikes across time will enable operations to manage their workload in a prioritised and proactive manner.

The Event Container presents 360 degree view of each event. All event information, tasks, milestones, notes and attachments are presented along with eligible positions per account, communications, elections and entitlement transactions. This is summarised in the Event Banner, presenting each stage of the lifecycle and its status.

## Golden Record management

### Event capture

A 'Golden Record' is created from the event notifications received from external data sources including:

- ▶ Market data vendors
- ▶ Exchanges
- ▶ Custodians
- ▶ Depositories
- ▶ Counterparties

### Stacking

New events are automatically created. As further notifications are received from multiple sources the solution matches them against their associated event. This multipass business logic ensures a unique Golden Record.

### Cleansing & completeness

The Golden Record comprises a normalised presentation of the event from multiple sources. A vendor ranking hierarchy is configured to apply:

- ▶ Event, option and movement validation
- ▶ Completeness checks
- ▶ Cleansing checks
- ▶ Narrative Cleansing

Exceptions can be automatically resolved by new data sources or overridden by a user.

## Event lifecycle processing

### Universal position management

A full stock record of eligible positions and transactions can be managed against each event. Event lock-in dates determine the eligibility of a position and transaction. Any late trades, cancellation(s) or correction(s) are managed.

This model supports:

- ▶ Balances: traded and/or settled
- ▶ Transaction types: cash (buy /sell), finance (borrow/ loan), derivatives etc.

Reconciliation of internal eligible positions occurs against custodian and counterparty records.

## Deployment models

<b>On-Premise</b>	TLM Corporate Actions enterprise grade software is made available to be managed within a firm's IT environment. All upgrades and the annual SWIFT release are included in the maintenance terms as standard. Enterprise, Premium and Standard support packages are available to meet your needs.
<b>OnDemand</b>	<p>This delivery model offers TLM Corporate Actions hosted in a dedicated private cloud environment governed by SOC3 Certification and with 99.5% uptime guaranteed. The solution is configured to each client's specific processing and workflow requirements upon delivery.</p> <p>SmartStream's on-demand team will support the technical day-to-day running of the system, application upgrades and SWIFT updates to achieve a 'zero' technical footprint for the client.</p>

### Communications

Communications can be generated automatically or manually at any time within the event lifecycle.

Profiles and triggers monitor event activity states, critical event dates and milestones to activate communications. Internal and external parties can receive correspondence via email, fax, letter, message (ISO 15022, 20022) and proprietary message.

### Elections

The complete election process is managed to support:

- ▶ Client elections
- ▶ Custodian instructions and confirmations

Elections can be captured from external parties via the election portal, direct operator input or processed by messages. Actions can be applied to individual accounts or across account groups to support elections of the following type:

- ▶ Full
- ▶ Partial
- ▶ Incremental
- ▶ Over

Deadlines are defined by the event and custodian, through option specifics and down to the account and position level. Internal offsets can be applied at any level.

Elections received from clients are reconciled against elections deposited with custodians / depositories and their associated confirmations.

### Entitlement management

#### Entitlement generation

TLM Corporate Actions is preconfigured to support all ISO event entitlement calculations for:

- ▶ Event outcomes; cash and security
- ▶ Taxes
- ▶ Charges and fees

Each entitlement is driven by the business and event data received. Decision sets interrogate events to select entitlement rules and apply their formulae to generate the appropriate transactions. Entitlements are calculated and generated upon:

- ▶ Event update
- ▶ Change of event position
- ▶ Change to election details
- ▶ Ad-hoc request

Reconciliation of entitlements is supported; system generated values can be reconciled against entitlements received from custodians & depositories and/or entitlements calculated by internal systems.

#### Posting

Entitlements can be automatically posted according to a schedule or via user request to support:

- ▶ Amendment or reversal model
- ▶ Blocked positions

Delivery accelerators	
<b>Model Client Configuration</b>	This supports all ISO event types with a preconfigured set of dashboards, workflows and processing logic per event type lifecycle. This is based upon industry best practices, SMPG/NMPG guidelines and recommendations from our diverse global client base.
<b>Standardised Integration Model</b>	A set of predefined interfaces and mechanisms are supported for inbound and outbound interfaces to custodians, depositories, counterparties and internal systems covering: <ul style="list-style-type: none"> <li>• ISO 15022, ISO 20022 and proprietary interfaces</li> <li>• SWIFT gateway and secure FTP integrations</li> <li>• Portal and SFTP, email, fax, letter etc.</li> <li>• System interfaces; asset register, security of interest, account static, FX, tax, eligible position request, posting</li> </ul>

## Key benefits

### End-to-end automation

Data and event-driven workflows automate processes and provide active alerting across the complete event lifecycle. Process administration is minimised to reduce manual errors and make information available in real time. This efficiency boost enables operations to scale and save capacity, allowing them to keep pace with both internal and external deadlines.

### Dynamic diary event management

Event information is presented in a diary view, which facilitates the management of operational workload priorities. The system automatically generates milestones, key tasks and processing exceptions, which it routes to the appropriate workflow points, in accordance with deadlines. This optimises the presentation of information and broadens the decision-window for control points.

### Early event capture

Event information is captured from vendors, exchanges, custodians, depositories and prime brokers to complete and validate the golden record and generate an event schedule.

### Eligible position management

Asset holdings and account transactions are continually monitored to enable real-time position management, reconciliation and entitlement processing. Eligibility across the traded balance and the settled balance, along with open and failed transactions, and other obligations, are automatically validated. Entitlements benefits are processed accordingly, with tax liabilities calculated and claims processing managed.

### Event broadcast and lifecycle communication

Lifecycle communications are automated across announcements, election reminders, liability notices, elections receipts, entitlement confirmations and so on.

### Client elections enabled

Voluntary and mandatory with choice events are serviced through an election portal. Clients, relationship managers, portfolio managers etc. can view, search and instruct on all future election activity.

### Industrialisation and continuous improvement

The Model Client Configuration and the Standardised Integration Model predetermine an implementation delivery that can be extended to individual requirements. This incorporates, as best practices, all ISO event definitions, SMPG and NMPG recommendations, communications protocols, information provider and processing party interfaces, and system interfaces. The model accelerates implementation times and reduces the total cost of ownership of the solution. It is constantly improved to reflect the latest industry developments, thereby ensuring that organisations continue to benefit from their investment.

### Corporate actions experience

Successful engagement with clients is based on the use of industry practitioners. Leveraging their in-depth operational knowledge and experience is core to the evolution of the solution. It also accelerates implementation and streamlines ongoing support.

## 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, Fees and Expense 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](https://smartstream-stp.com)