



BCEE Implements SmartStream's Corona

Banque et Caisse d'Épargne de l'État of Luxembourg (BCEE) has implemented a way to help the bank meet reporting and audit trails regulatory requirements of the Internal Revenue Service (IRS) that have a tight turnaround time. In general, banks only have a few weeks to reconcile annual data before the legal cut-off for reporting to the IRS.

"BCEE is a long-standing customer of SmartStream and uses Corona solutions for cash and securities reconciliation, investigations and confirmations," explains Alain Mercier, deputy head of the IT development department and BCEE, in a statement.

BCEE officials report that they have implemented the Corona Universal Data solution from post-trade systems and software vendor SmartStream Technologies to meet IRS reporting and audit trail requirements for all transactions.

"As a qualified intermediary, BCEE must fulfil the reporting obligations to the IRS," says Alex Revelant, head of the securities department at BCEE, in a statement. "Our team needs to ensure that the data provided by BCEE (relating to U.S. payments) is in line with the classification of the same payments, reported by each of our custodians. The reconciliation is performed by combining different codes relating to the instrument, the income type, the beneficiary and of course the taxation data, all of this for each income payment is necessary."

With each intermediary owning its own system, there is no standardization of the disclosure, the format of the files or event, and the number of fields provided, Revelant says. "Each year, the reconciliation was time consuming and in part was performed manually for many weeks," he says. "Today, as a result of having Corona, the functional team can focus on the real issues rather than on the reformatting of the files received. In addition, operational risk is reduced."

As banks work to meet IRS requirements, they have to manage possible errors and exceptions, "which need to be taken into account and escalated," according to SmartStream officials. "As each bank works on its own system, manual processes often involving Excel spreadsheets are common practice. As a consequence, operational risk remains high."

The Corona solution updates data from the custodian, reconciles it and alerts the bank of any errors, providing a full audit, vendor officials say. "Within a few weeks, we managed to set up the tool and tested the solution quickly," adds Christian Schiebl, executive vice president, Corona Business Unit, SmartStream.