

SMARTSTREAM TECHNOLOGIES GUARANTEED POST-TRADE OPERATIONAL SUCCESS

By Syeda Tina Tabin

“My mantra is to continue positioning SmartStream at the forefront of the financial industry, ‘to listen to our employees,’ and most importantly to our clients,” states Haytham Kaddoura, CEO at SmartStream Technologies. His simple yet powerful approach has created a wave of empowerment that has given a sense of ownership to employees which is reflected in the unprecedented customer satisfaction, record revenue, and growth achieved by the company in 2016. SmartStream, with 21 global offices, has established itself as the ‘software and managed services provider’ of choice for most of the world’s top banks.

Since its inception, SmartStream has evolved from what was once a focus dedicated solely on reconciliations to now offering a wide variety of software solutions that bring automation and control to a vast range of post-trade operations. As the specialist in enterprise-wide, real-time Transaction Lifecycle Management (TLM) solutions, SmartStream solves operational processing challenges by understanding the end-to-end transaction flow—from trade inception to settlement. We enable firms to realize market-leading match rates in excess of 95 percent compared to the industry average of 84 percent.

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Unmatched Operational Control SmartStream truly does deliver an unmatched standard of operational control across many points within the processing chain through the use of their flagship TLM suite of solutions. This platform was designed to enable businesses to build scalable, flexible processes that bring real-time visibility and control to operations. SmartStream is unique in that their solutions are playing an instrumental role in the retooling of the post-trade environment, necessitated by new regulations, many of which require liquidity transparency, visibility into Over-The-Counter (OTC) derivatives positions, the removal of operational risk or even the moving of entire operations to a true intra-day transaction processing operation. This would be accomplished by the linking of reference data management to reconciliations operations. The SmartStream solution suite enables firms to realize market-leading match rates in excess of 95 percent compared to the industry average of 84 percent.

SmartStream's TLM solutions have the ability to coexist with legacy systems and can be added to previously existing processing capabilities. In doing so, the solutions empower complex processing requirements across the front, middle, and back-office. Available as a single architecture, TLM allows ease of deployment, low IT costs, and ease of data reporting. "The long-term goal of our clients is to create a Straight-Through-Processing (STP) monitoring environment with minimal interaction, substituting manpower expenses with cost-effective technology," says Kaddoura. The company plans to further the development of solutions that lower costs across multiple operations by increasing their capabilities around robotics and automated trade break resolution. With state-of-the-art solutions, SmartStream essentially

becomes the central management and reporting infrastructure of the post-trade processing chain.

Meeting Regulatory Requirements

In addition to cost control and operational efficiency, financial organizations are increasingly concerned with industry regulations that seem to change almost overnight. Companies require advanced solutions that ensure they have the necessary risk controls in place to assist with compliance rules. SmartStream delivers a broad range of solutions to support clients across the many regulatory requirements they need to address on a daily basis.

For regulatory reporting, which is an integral when ensuring compliance, SmartStream offers solutions that meet the pre- and post-trade reporting requirements of MiFID II and MiFIR, regulations that aim to increase the transparency and efficiency of the EU financial markets, as well as the transactional reporting requirements. Reference data requirements permeate the MiFID II and MiFIR reporting lifecycle and for that SmartStream offers the SmartStream Reference Data Utility (RDU), the first industry backed utility to provide a seamless, cost-effective way to source and integrate the regulatory data to support reporting requirements. The RDU is delivered as a shared service utility that manages data holistically, across legal entities, security instruments, corporate actions, and pricing data. "Our service combines a variety of disparate data sources into a normalized set of data that allows clients to satisfy their reporting requirements under ESMA Reporting Technical Standards," says Kaddoura. While the implementation and data provisioning for MiFID II are still not clarified by ESMA, SmartStream has started working with banks approved to be Systematic Internalizers and to provide Approved Publication Arrangements (APAs). They will supply



a comprehensive set of data to meet the requirements of MiFID II.

Delivering Future-Proof Solutions

SmartStream has created a niche in the industry with an impressive clientele including AVIVA, Syntel, The United Bank, and Suncorp, and is currently deployed within one of the world's largest Global Trade Reporting Hubs. When discussing the role SmartStream has taken with a current client, Kaddoura highlights that for a significant range of the reporting requirements—ESMA, Blue Sheet OATS, BCBS 239 and MiFID II—delivery of requisite trading history is no longer enough and they require true reconciliation of their trades. Previously, clients were able to pass these regulations with a simple completeness check, essentially a binary yes or no regarding a particular trade/transaction, and whether it had been reported to the reporting authority. However, over the last few years, the regulators have begun requiring that these trades pass accuracy checks, attribute level reconciliations, and completeness checks. "We are helping the client meet every single regulatory requirement, proving our superior service for the OTC market," expresses Kaddoura.

The unprecedented growth of SmartStream can be credited to its dedication toward continuous innovation. With Kaddoura, who brings more than two decades of experience in investment advisory, asset management, and corporate restructuring, SmartStream has been reinvesting more than 35 percent of its annual revenue in research and development. Under his

defining leadership, the SmartStream name has become synonymous to 'consistency', and it is rededicating itself to continued success by following a two-pronged approach. This approach entails the shoring up the existing suite of products by ensuring that every one of SmartStream's products is undergoing a series of enhancements, and secondly, that whatever SmartStream promises, it delivers. "My role is to make sure banks

and leads to multiple fines for many financial services firms, especially smaller entities. SmartStream's TLM SmartRecs OnDemand features a simple, highly intuitive, wizard-based user interface with drag-and-drop capabilities, with which even smaller companies can remove manual intervention from their reconciliations processing, saving time, money and manpower.



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know who we are, what we can do, and that we are their partner in every sense of the word; SmartStream's solutions work every time, all the time," states Kaddoura. In line with their mantra of "continued drive to excellence" they have launched the SmartLabs innovation Center, a centralized hub in which emerging and disruptive technologies are proactively investigated, evaluated, and then delivered in a fast and effective manner, all while using SmartStream's time-tested expertise, skills, and methodologies. SmartLabs has recently launched its first solution, TLM SmartRecs OnDemand, a hosted service that is easy to use for smaller firms, with non-technical staff, that offers an alternative for performing simple reconciliations. Though it's hard to believe many firms still use spreadsheets to process account reconciliations which is inefficient, prone to errors, unaudited,

To aid banks in the streamlining of their middle and back-office with reliable, efficient services, SmartStream is gearing up to continue their expansion on all fronts, through new product lines and geographically. Kaddoura opens up about his plans for SmartStream, "I always ask myself—what's the key to success going to be in the future? And the answer I always arrive at is to continue doing what we're doing. We don't have control over the future, but we can continue to do what has worked so well in the past and adapt it to the developments we see on the horizon." Kaddoura strongly believes that one should not live in the past, whether positive or negative, but should always learn from it. Today, SmartStream is embracing this mantra—striving to meet every client's needs and answer all market and regulatory requirements through innovative solutions. **CT**

Haytham Kaddoura, CEO