

## Electronic Trade Settlement With TradeFlow™

### Fully Automated Post-Trade and Settlement Transaction Processing

After a trade is confirmed within TradeFlow from Fiserv, users have the option to automatically generate settlement instructions using the Electronic Trade Settlement (ETS) workflow. ETS complements the Electronic Trade Confirmation functionality in TradeFlow to provide a comprehensive, fully automated post-trade and transaction processing environment. TradeFlow makes processing seamless from the point of trade capture to the transmission of a valid settlement instruction.



SWIFT message settlement tracking is supported in TradeFlow for securities transactions. Settlement Tracking enables users to further automate the transaction life cycle by receiving settlement statuses and settlement confirmation messages from their custodians, which can then be reconciled to their original settlement instructions. With this functionality, trades are settled by linking confirmed settlement amounts received from custodians to the original settlement instructions in addition to controlling whether partial settlement is permissible.

#### Benefits of Electronic Trade Settlement

An automated ETS solution will allow your firm to achieve:

- Improved straight-through processing rates
- Reduced operational risk and minimized risk of failed settlement
- Improved cost control through automation
- Initiation and management of SWIFT settlements messaging in accordance with best market practices and annual SWIFT upgrades
- Simplified management of SWIFT settlement messaging for optimal trade operations

#### Expand Your Global Reach

Maintain your global presence in the industry by leveraging the ETS capabilities

in TradeFlow. With a seamless process to handle settlement instruction generation across multiple asset classes, TradeFlow is consistently updated to meet your unique business requirements.

#### Functional Description

Settlement messages are populated in TradeFlow using confirmed transaction information. If the broker delivery instructions supplied on the confirmation are valid, they are used to enrich and complete the outbound settlement instruction. For trades where no broker delivery instructions have been provided, have invalid instructions, or they have been suppressed through user configuration, the solution will automatically check if there are valid standing settlement instructions (SSI) in the database. Client delivery instructions are also supported if made available on the inbound trade.

#### Specific Securities Features

- Revised settlement instructions can be initiated by users to change SSI data without rematching trade data, hence averting settlement failures
- Forex instructions to a custodian can be set via static data configuration
- Country-specific Securities Market Practice Group (SMPG) values can be set or made mandatory to meet some common requirements

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- TBA-specific market practice compliant messages can be created; in particular, Pair-offs and TBA allocations requirements are fully accommodated
- CTM has a PSET matching best practice; this is supported in TradeFlow, and the resulting ETS messages are compliant
- For operational reasons ETS messages are sometimes sent before matching; TradeFlow reviews the post-match details, and automatically sends revised ETS messages, if appropriate
- If required, ETS messages can be held for manual edits to certain fields, using the "Pre ETS Edit" feature; this allows difficult operational issues and emergency changes to be addressed inside TradeFlow

### Specific FX Features

- Selection for CLS settlement, management of CLS SSIs and the SWIFT messages is an integrated feature of TradeFlow
- Nondeliverable forward processing

With ETS, the following additional functionality is available:

- Automatic generation of settlement messages when trades are matched
- Accelerated settlement available before matching
- Standing Settlement Instruction handling
- Client Delivery Instruction handling (SSI's data sourced from the client OMS)

- Broker Delivery Instruction (BDI) handling
- Support for alternative notification methods (fax and email) and out of the box PDF formats
- Hold Settlements
- Settlement Tracking
- Copy instructions to third parties, such as fund accountants
- Full support for cancellation message
- Authorization on any manual action, if required

### Settlement Message Types

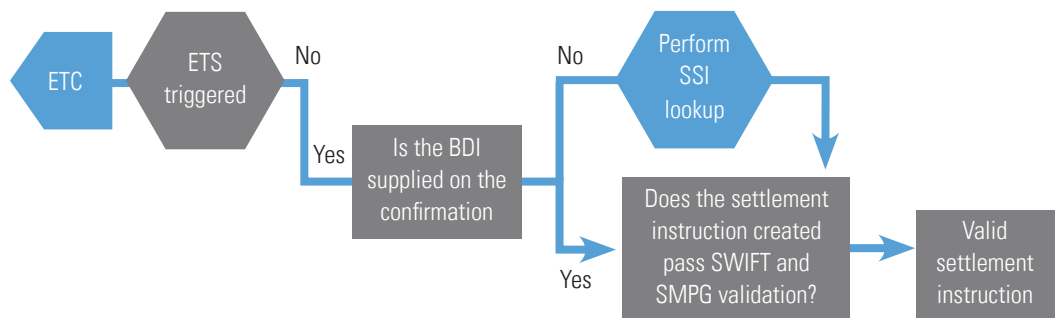
The following settlement message types are managed within TradeFlow:

### Securities/REPOs/Exchange Traded Derivatives

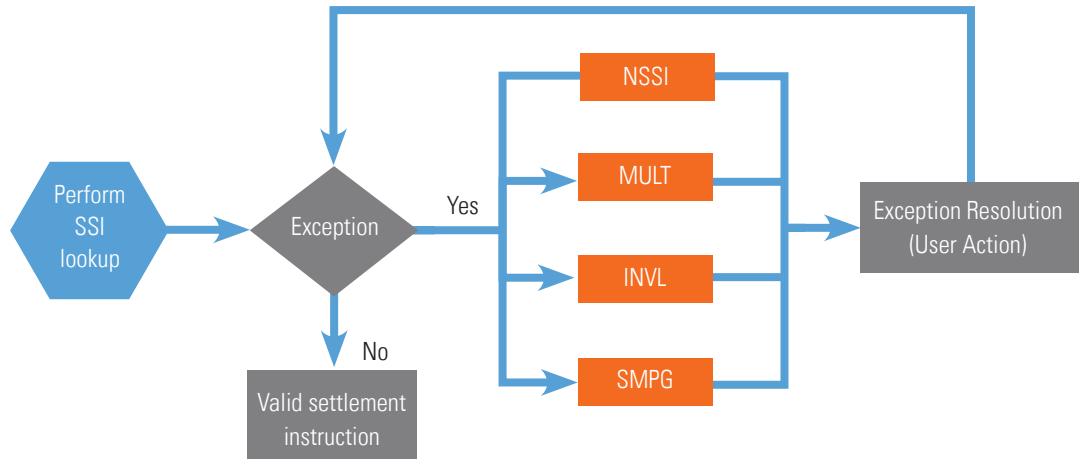
#### • Settlement Instructions

- MT540: Receive free of payment: Instruction to receive stock nonsimultaneously before payment
- MT541: Receive against payment: Instruction to pay the seller and receive stock simultaneously
- MT542: Deliver free of payment: Instruction to deliver stock before payment
- MT543: Deliver against payment instruction: Instruction to deliver stock and receive payment simultaneously

### TradeFlow ETS Workflow



## TradeFlow ETS Exception State Resolution



### • Confirmations (Settlement Tracking)

- MT544: Confirm receipt of securities free of payment
- MT545: Confirm receipt of securities against payment
- MT546: Confirm delivery of securities free of payment
- MT547: Confirm delivery of securities against payment

### • Status (Settlement Tracking)

- MT548: Settlement Status message

### • Money Markets/Payments

- MT202: General financial institution transfer
- MT210: Notice to receive
- MT101: Request for Transfer
- MT103: Single Customer Credit Transfer
- MT321: Instruction to settle a third-party loan or deposit

### • Foreign Exchange

- MT304: Instruction to settle a third-party foreign exchange

### Exception State Resolution

Settlement and Confirmation/Affirmation exceptions can be viewed from the Settlement Exceptions folder for each instrument

- No Standing Settlement Instruction (NSSI): in the event of an invalid or no BDI
- Multiple SSIs (MULT): especially if no PSET has been provided
- Standard Market Practice Guideline (SPMG) breach
- Invalid (INVL): a single SSI was located and attached to the settlement message but an invalid SWIFT would result

### Connect With Us

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