

*FAST DATA.  
CLEAR  
ADVANTAGE.*



Shortening the Settlement Cycle:  
The Talisys Advantage

# Table of Contents

- Background ..... 2
- The Talisys Real-Time Approach ..... 2
  - Real-Time Third-Party Interfaces..... 2
  - Real-Time Dashboards ..... 3
- Conclusion..... 3
- About Talisys..... 4
- Contact..... 4

## Background

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The securities industry is working hard to define the needed regulatory changes for the T+2 implementation, targeted for Q3 2017. While that date may seem far off in the future, it will be here before we know it. Firms need to start evaluating the impacts of the new two-day settlement cycle on their current technology and processes well in advance of the implementation deadline. Will your firm be ready?

## The Talisys Real-Time Approach

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Talisys has already incorporated real-time features into the Talisys Securities Processing Software (SPS) applications, giving the system a dramatic advantage over the competition. While many other systems rely on batch processes and reports, Talisys provides real-time features throughout the system. Systems that only offer batch data and reports will put your firm at a disadvantage, since you will have to wait until after batch runs to know where you stand. For example, Talisys allows you to see your trade breaks on trade date, unlike systems that rely solely on batch processing and don't show your trade breaks until T+1.

### Real-Time Third-Party Interfaces

Talisys SPS not only updates and displays data in real-time, but also connects to external third parties to provide real-time statuses for your firm's back-office processing. This is essential functionality when moving to a T+2/T+1 world. A real-time system provides the ability to view and work exceptions in real-time, from the inputting of a trade, through comparison, and all the way to settlement.

Talisys provides real-time interaction with the following interfaces via messaging:

- **Obligation Warehouse:** Talisys provides real-time incoming and outgoing messages to Obligation Warehouse. Eligible ex-clearing trades will be automatically sent to Obligation Warehouse upon entering into Talisys SPS. Then the system receives back the messages from Obligation Warehouse, updates the statuses immediately, and presents them within a graphical user interface. The screen offers users the ability to take actions within SPS (such as DKing incoming advisories) instead of going to the Obligation Warehouse application. This integration allows users to work exceptions the same day within SPS.
- **Universal Trade Capture:** Talisys provides real-time incoming and outgoing messages to UTC. Talisys SPS receives the locked-in messages and automatically compares the trade details against the trades within the Talisys system. Talisys provides a Trade Management screen to view and work a firm's trade breaks throughout the day instead of waiting for T+1. Talisys also provides real-time outbound messages for Correspondent Clearing items and sends those directly to UTC.
- **Option Clearing Corp:** Talisys processes messages from OCC real-time throughout the day. Talisys receives the locked-in message from OCC and automatically compares the trade details against the trades within SPS. Then users are able to view and manage trade breaks the same day within our Trade Management screen. Talisys also provides

the ability to receive the on-demand position file from OCC. Upon receipt, SPS immediately runs a comparison of the option positions within the file from OCC to the option positions on Talisys and provides a report displaying any exceptions.

- **Real-Time Trade Matching for Corporates, Municipals, and UITs (RTTM-CMU):** Talisys provides real-time outgoing and incoming messaging via RTTM. Talisys sends outgoing eligible trades via RTTM upon input into SPS. SPS then processes any incoming messages and updates trade statuses accordingly. SPS provides a screen for users to view the trade statuses intra-day and take any required actions. For example, if an unknown advisory is received, you can immediately DK it from within SPS.
- **Depository Trust Company:** Talisys provides real-time incoming and outgoing messages to and from DTC for settlements processing. We are able to match incoming receives to fails within SPS, automatically send RAD approvals, and then stock & money the fails upon receipt of the made messages. Talisys also sends the deliveries to DTC, which eliminates the need to manually input them into DTC. Users have the ability to view and work exceptions from a screen that displays incoming items that require manual intervention, such as Money Differences. This functionality provides firms the ability to monitor and work their fails on a real-time basis. The Talisys Settlements application also integrates with other parts of the system. For example, users can view Obligation Warehouse and ID Confirm statuses in real-time all from within Settlements.
- **Bank of New York:** Talisys also provides real-time incoming and outgoing messages to and from BoNY for settlements processing, similar to the DTC functionality for settlements. The application matches incoming receives to fails within SPS, automatically sends auto validation messages, and then does a stock & money transaction automatically when the trade is settled. Any exceptions are displayed on a screen for manual intervention. This functionality provides real-time processing and views for Government Settlements.

## Real-Time Dashboards

Talisys now offers customized dashboards to provide a high-level overview of real-time data, allowing your firm's managers and executives to monitor trades, comparisons, fails, and other critical data. In the upcoming accelerated settlement environment, it will be more important than ever to have this real-time view of your firm's data throughout the day. The power of Talisys is demonstrated as users no longer need to be working within the back-office system to review the firm's standings in real-time. The use of these exception-processing dashboards will become increasingly critical as the industry moves to T+2 settlements.

## Conclusion

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Firms need to move forward with procedural and system automation for back-office processing to support a T+2 world, including the reduction of batch-driven processes and reporting. Many of the current systems with antiquated batch-driven processes need to make dramatic changes to move to a real-time, exception-based processing model, relying less on batch reports.

When—not if—the settlement cycle moves to T+1, batch processing will no longer be manageable. Brokerage operations will not be able to support their firms without access to real-

time data and a real-time system. Exception processing and real-time dashboards will be the norm. Firms that choose to utilize growing technology, such as the Talisys, will have the advantage.

## About Talisys

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Talisys is leading securities processing for the broker-trader market by delivering software solutions that enable straight-through processing today. To facilitate its services, Talisys operates a fully redundant and secure relational database, which enables real-time data access and transaction processing for some of the most forward-thinking brokers, traders, and financial services firms in their class. For more information about Talisys, please visit the company's website at <http://www.talisystech.com>.

## Contact

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