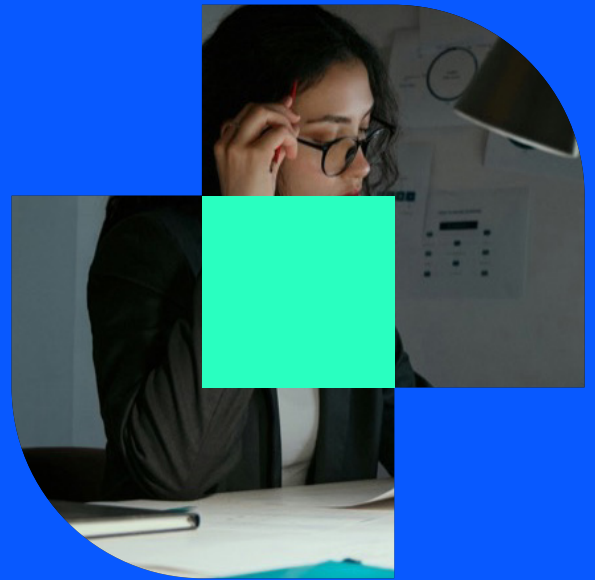


Use Case

Custody & Securities

SOLUTION

Smart Reconciliations



Custody & Securities reconciliation ensures the accurate, real time validation of all investment records. Positions, cash balances, transactions, valuations, and corporate actions generated throughout the portfolio lifecycle are continuously compared across internal and external sources, including custodians, prime brokers, fund accountants, pricing vendors, trading platforms, and internal IBOR/ABOR systems.

This process is a foundational operational control for asset managers, custodians, fund administrators, and investment operations teams, reducing operational risk, strengthening compliance, improving NAV (Net Asset Valuation) accuracy, and enabling trusted client reporting.

Where firms hold or control client assets, the FCA's Client Assets Sourcebook (CASS) introduces an additional layer of regulatory oversight. Custody reconciliation becomes not only an operational necessity but a regulatory safeguard, ensuring client money and custody assets are accurately recorded, correctly segregated, and fully protected. CASS aligned reconciliations provide daily evidence of asset protection, generate clear audit trails, and reinforce confidence in downstream reporting and NAV processes.

Challenges

Fragmented Data Across Multiple Sources Investment operations run across multiple markets, asset classes, and external service providers. Data arrives in inconsistent formats and at different times, causing frequent mismatches between internal records, custodians, and brokers. New asset and instrument identifiers are created frequently and often vary between systems, creating a daily challenge of alignment.

Operational Risk & Exposure Breaks lead to misstated NAV (Net Asset Valuation), incorrect client reporting, settlement failures, pricing discrepancies, and compliance breaches.

Delayed Processes High transaction volumes and spreadsheet based processes slow exception resolution, increase dependency on individual knowledge, and heighten operational risk.



The Accelerating Forces

Regulatory expectations (ESMA, SEC) require stronger operational controls, timely break resolution, and full traceability across investment records.

Clients demand greater transparency and accuracy in reporting. As firms increase their product range, trade volumes, and market coverage, manual and siloed reconciliation methods can no longer keep pace with operational complexity or the speed required for daily oversight and compliance.

CASS regulatory obligations (FCA) require firms to demonstrate consistent protection of client assets, daily reconciliation accuracy, rapid discrepancy handling, and full traceability of all actions tied to client money and safekeeping. As asset managers expand product ranges and outsource functions to custodians and fund administrators, CASS demands greater transparency, governed workflows, and reliable evidence of shortfall and segregation checks.

Solution

Custody and asset management reconciliation solutions automate data ingestion across custodians, brokers, fund accountants, pricing vendors, OMS/EMS platforms, and internal IBOR/ABOR systems, standardising formats and applying multidimensional matching across positions, cash, trades, valuations, and corporate actions. Governed workflows and real-time dashboards provide full transparency into break ageing, risk levels, NAV impact, and SLA performance.

The platform embeds CASS-ready reconciliation templates and automated exception handling to support daily client-asset protection obligations. Firm-held records are compared against custodians, prime brokers, and fund accountants to immediately identify CASS-relevant discrepancies such as position breaks, cash shortfalls, and safekeeping mismatches. Integrated workflows enforce separation of duties, automate segregation and shortfall calculations, and ensure every investigation, adjustment, approval, or potential breach is fully documented with timestamped evidence for FCA review.

Sophisticated, integrated models unify all custody and investment activity into one end-to-end process. Daily and month-end cycles run concurrently with controlled cut-offs, and proofs update automatically until closure, eliminating manual rework and improving accuracy. A consolidated data lineage supports total equity proofs, and even full NAV, from a single coherent workflow. Exceptions are identified and resolved once across all downstream processes, strengthening operational efficiency and confidence in financial outputs.



Benefits

- ✓ **Accurate, trusted investment and client asset records:** Ensures all positions, cash balances, trades, valuations, and custody assets are consistently aligned across custodians, brokers, fund accountants, and internal IBOR/ABOR systems, strengthening NAV integrity and client asset protection.
- ✓ **Reduced operational, financial & regulatory risk:** Early and automated break detection minimises settlement failures, pricing discrepancies, mis segregation, shortfalls, and compliance exposures, including CASS related risks.
- ✓ **End to end exception & breach management:** Governed workflows route and document every exception or potential CASS breach from identification through resolution, ensuring consistent handling, separation of duties, and regulator ready evidence.
- ✓ **Higher efficiency & scalable operations:** Automated matching, reconciliation templates, and workflow orchestration eliminate spreadsheet based processes and manual dependency, supporting growth in volumes, markets, and asset classes without adding headcount.
- ✓ **Regulatory readiness & complete audit transparency:** A unified audit trail records all actions, calculations, approvals, and attestations – providing the level of documentation required by FCA (CASS), ESMA, SEC, and institutional oversight teams.
- ✓ **Lower compliance burden & cost:** Integrated CASS aligned templates, automated segregation/shortfall checks, and structured breach workflows reduce reliance on manual oversight frameworks, lowering operational effort and compliance cost.
- ✓ **Improved client experience & decision making:** Accurate, real time visibility into positions and cash enables better trading and liquidity decisions, while timely, reliable reporting elevates service quality and strengthens client trust.

Next steps

To find out how Smartstream can help your organisation streamline complex, multi asset reconciliation workflows and deliver a unified, trusted operational view across positions, cash, and trades, [request a demo](#) or contact our team at **smart.stream**

About Smartstream

For more information visit:
smart.stream

Smartstream unlocks trusted, intelligent data insights – clearly, consistently, and without compromise.

Empowering leading global financial institutions and enterprises with innovative solutions that deliver accurate, timely data insights to streamline operations, reduce costs, and meet regulatory demands with confidence.

By harnessing data at the core of customer operations, Smartstream drives smarter, faster outcomes across reconciliations, liquidity, collateral, corporate actions, fees, and reference data solutions.