



REALTIME TRADE RECONS WITH 3FORGE

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Industry Overview

The reduction of settlement timelines from T+2 to T+1 leaves less room for error and significantly less time to detect and resolve issues before settlement. As Todd Sloan, a buy-side solution strategist, noted, *“Settlement failures can erode confidence in the financial system, increase trading costs through fines, and cause reputational damage.”* This has elevated real-time reconciliation from a best practice to a non-negotiable requirement for financial institutions.

Our client, a large global bank operating across multiple continents, is a key player in the financial services industry. The bank faced growing pressure to enhance its trade reconciliation process in response to rising trade volumes, more stringent regulatory requirements, and the necessity for real-time insights across its Front, Mid, and Back Office functions.

With the T+1 settlement rule now in effect, the client faced a critical challenge in optimizing its reconciliation processes. A survey from *CFO.com* shows that **75% of finance executives still rely on outdated systems** or manually intensive processes for reconciliation, a significant risk given the tighter timelines. The bank needed a robust solution to match trades from nearly **100 external counterparties** with internal trading desks located worldwide. This included managing high complexities of a shorter settlement cycle.



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Platform Functional Requirements

- A high-performance real-time database capable of processing large volumes of trade messages.
- An intuitive scripting environment that supports industry-standard SQL.
- User-friendly dashboards that could be easily customized for various roles across departments. Rapid deployment and scalability to meet evolving business demands.



The stakes were high: with the transition to T+1 settlement, the time available for identifying and resolving trade discrepancies shrank considerably, making real-time automation essential.

Technical Requirements and Metrics

To meet the bank's needs, the solution had to be capable of:

- Processing up to 5,000 trade messages per second.
- Reconciling trades within 60 to 90 seconds to meet internal and external requirements.
- Supporting multiple system updates and feature rollouts per month to adapt to evolving needs.

Solution: 3forge's Comprehensive Real-Time Reconciliation Platform Software Implementation

After evaluating several vendors, the bank selected 3forge's AMI platform due to its seamless integration with existing systems, real-time capabilities, flexibility for customization and integrated easy to use dashboard reporting. The implementation involved deploying 3forge AMI to handle high-speed data ingestion, real-time processing, and analytics across the bank's trading operations.

Key Features of the Solution

1. **Intuitive Development Environment:** 3forge's platform offered an easy-to-use interface that allowed the bank's developers to quickly set up and customize algorithms using industry-standard SQL. The code was easily managed through integrations with source control platforms like Bitbucket, ensuring that changes were tracked and deployed efficiently.
2. **Real-Time Triggers and Automation:** The system included built-in triggers for various events such as new transaction arrivals and match identifications, along with timers for periodic reports and dashboard updates. These features enabled the bank to automate routine tasks with a built-in scheduler and focus on resolving more complex reconciliation issues.
3. **Customizable Dashboards:** The platform's dashboard capabilities allowed users to easily display relationships between datasets and navigate between multiple views. Custom dashboards were created for different departments—Front, Mid, and Back Office—ensuring that each team had access to relevant information in real time.

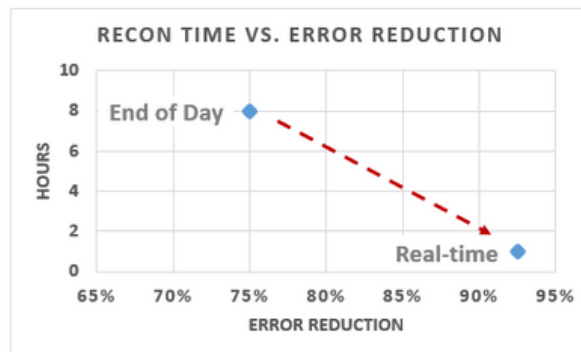
Implementation Journey

The implementation was carried out over several phases, beginning with system integration and testing, followed by pilot runs in select departments. One key success factor was the close collaboration between 3forge's team and the bank's internal developers, which helped address integration challenges and optimize the platform for high-volume use cases. Training sessions were conducted to onboard users, ensuring they could leverage the platform's full capabilities from day one.

Results: Quantifiable Improvements in Trade Reconciliation

Key Metrics and Outcomes

- **Accelerated Deployment:** The client was able to launch the completed system much faster than anticipated, reducing the development timeline by nearly 80% compared to an in-house build.
- **Reduced Discrepancies:** According to *CFO.com*, companies adopting real-time reconciliation have seen a **92% reduction** in discrepancies, which aligns closely with the bank's results. The platform's automated matching algorithms significantly reduced the number of mismatched trades, enhancing operational efficiency and reducing manual intervention.
- **Enhanced Transparency:** The bank's internal clients benefited from complete transparency throughout the trading day, thanks to the real-time dashboards that provided a clear overview of trade statuses.
- **Improved Compliance:** By reconciling trades within the required timeframes, the bank enhanced its compliance with evolving regulations, minimizing the risk of costly fines and penalties.



Client Testimonials

"3forge's real-time reconciliation has transformed our trading operations, ensuring we meet regulatory requirements and maintain our market edge. The intuitive interface and powerful dashboards have made a significant impact on our efficiency." - Senior Developer, Global Bank

Industry Expert Insights

As the financial industry adjusts to the new T+1 settlement environment, the importance of real-time reconciliation cannot be overstated. According to a report by Gresham Technologies, *"The move to T+1 settlement has introduced new challenges and risks, including the need for effective trade reconciliation, which is critical to ensure the accuracy and completeness of financial transactions and avoid settlement failures."* The Harvard Business Review echoes this sentiment, highlighting that *"the shift towards real-time reconciliation is driven by regulatory demands and the need for operational efficiency in a global market where every second counts."*

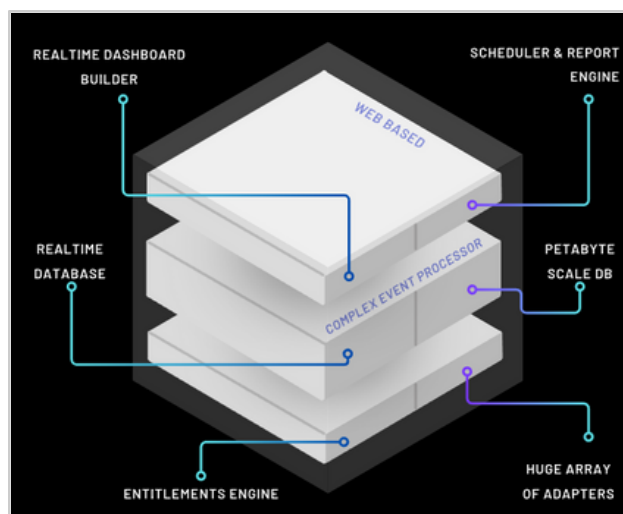
Regulatory Landscape and Compliance

Recent regulatory changes have put additional pressure on financial institutions to accelerate their trade reconciliation processes. The SEC's Rule 15c3-5, which governs market access, emphasizes the importance of preventing erroneous trades and ensuring timely trade reconciliations. Meanwhile, the European Market Infrastructure Regulation (EMIR) mandates accurate and timely trade reporting, further underscoring the need for robust reconciliation systems in today's financial markets.

The shift to T+1 settlement has further amplified these requirements. With only one day to settle most securities transactions, firms must now implement real-time reconciliation processes that can identify and resolve discrepancies almost instantaneously. The shorter settlement cycle leaves little room for error and demands automation and precision at every step.

The 3forge Difference

What sets 3forge apart is its ability to handle high-volume, high-speed data processing while offering a customizable and user-friendly interface. Unlike other solutions that may require significant custom development, 3forge's AMI platform is designed for quick integration, scalability, and ease of use. The platform's unique combination of real-time processing and customizable dashboards ensures that clients can adapt it to their specific business needs, making it an ideal solution for global banks facing complex reconciliation challenges.



Strategic Takeaways

The successful implementation of 3forge's platform at this global bank provides several key lessons:

- Investing in real-time reconciliation not only improves operational efficiency but also ensures compliance with stringent regulatory standards.
- A scalable, customizable platform enables financial institutions to address both current and future challenges without requiring extensive redevelopment efforts.
- The ability to quickly adapt to regulatory changes and market demands can provide a significant competitive edge in the fast-moving world of global finance.

Outlook: Expanding Capabilities

The bank plans to extend the use of 3forge's platform to other areas of its operations, including risk management and automated reporting. By leveraging the platform's capabilities, the bank aims to drive further automation and operational efficiency. Additionally, there is growing interest in utilizing the platform's real-time IoT workflows for more sophisticated data monitoring, as well as integrating its portfolio management tools for enhanced oversight of investment strategies. The bank also envisions streamlining its compliance processes, particularly with MiFID and CAT reporting, to ensure regulatory alignment across all its operations. The continued partnership with 3forge is set to explore innovative solutions for evolving financial challenges, particularly in areas like AI-driven trade matching and blockchain integration for enhanced transparency and security.



References:

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2. [CFO.com. \(2024\). The Future of Reconciliation is Real-Time](#)
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5. [ESMA MiFID II and MIFIR Review](#) – EMSA – March 2024