



# Thunderhead Thunderhead Derivatives Confirmation Solution (DCS)

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## Partner Solution

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### ■ **Target Industry**

*Banking and Financial Markets*

### ■ **Business Applications**

*Transaction Management*

*Document Management*

*Contract Management*

### ■ **Products**

*IBM DB2 pureXML*

*IBM FileNet Business Process Manager*

*IBM FileNet Content Manager*

### **Business Challenge**

Failing to confirm derivative trades in an accurate and timely manner can result in increased risk, cost and sanctions from industry regulators. In addition, the failure to confirm a transaction may jeopardize its enforceability or the ability to net it against other transactions. Furthermore, to the extent that it allows errors in recording transactions to go undetected, an unconfirmed transaction may cause market or counterparty credit risks to be misrepresented and, most seriously, to be underestimated.

The significance of this problem depends upon the nature of the error and the type of transaction involved. This risk is perhaps greatest for transactions with errors in the quantitative terms of deals, particularly transactions for which errors could go undetected for long periods of time, such as long-dated forwards that do not provide for a payment to be made or received for several years.

### **Solution**

The Thunderhead Derivatives Confirmation Solution (DCS) consists of three core software components that work together to manage and maintain incoming trades, automate the assembly, production, and distribution of trade confirmations, and

support exception processing. These core components are:

- Thunderhead platform for document generation and contract management.
- IBM FileNet Content Manager and IBM FileNet Business Process Manager for managing various contract states and orchestrating tasks required to complete the confirmation.
- IBM DB2 pureXML™ to store and maintain trade data, provide high-speed data access services, and support subsequent trade analytics.

DCS leverages Thunderhead's highly scalable production platform to automate the assembly, production and distribution of all manner of trade confirmations including high-volume, standard confirmations and exotic confirmations requiring manual review and editing. In addition, DCS provides a powerful exception handling framework that integrates seamlessly with FileNet Business Process Manager. Document exceptions are processed through the integrated architecture to generate workflow items or invoke Web services to return a document of interest. If a trade confirmation cannot be handled in a straight-through-processing manner, users can define conditions that cause the trade to be automatically forwarded to an exception process for controlled human interaction.

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DCS also uses XML trade data from DB2 pureXML as the basis to both start a document generation process and “fill in” trade data and characteristics onto a rendered trade confirmation. The trade data is merged with the trade template to create what is called a “Review Case” under an exception condition. This Review Case can then be placed into the workflow for an approval process. In addition, DCS includes a document editor plug-in that can leverage various Web- or dashboard-based technologies to enable the participants of an exception process to edit the confirmation. Specific sections or even words on the document can be locked in read-only mode for specific users and/or groups, providing highly granular security control. An audit trail is also maintained that details what changes were made, when they were made and by whom.

To further automate the derivatives confirmation process, DCS can generate content to support a variety of popular output channels, including print, fax, web, email, SMS and industry-specific XML schemas such as FpML for DTCC’s Deriv/SERV clearinghouse. Once generated, the workflow can automatically route the output as needed to further streamline operations, and content can be automatically archived in the content management system for record-keeping.

### **Value Proposition**

By leveraging DCS to automate the trade confirmation process and manage critical trade information and confirmation documentation, organizations can derive the following benefits:

- Reduced operational risk;
- Improved operational efficiency;
- Improved client service;
- Increased volume of confirms processed while reducing costly exceptions;
- Ability to leverage XML for multi-channel communications;
- The ability for firms to leverage external data matching services such as DTCC and SWIFT; and
- Improved time-to-market for new financial instruments.

### **Company Description**

Thunderhead develops next-generation technology that automates the creation and assembly of high-volume, multi-channel documents. Thunderhead is the world’s first document generation platform to be built purely around XML, and the first to use natural language algorithms and usability theory to put the business user, rather than IT specialists, firmly in control of the confirmation process. Customers include many leading investment banks worldwide, such as Morgan Stanley, Lehman Brothers and UBS.

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