



DTCC CONSULTING SERVICES

Our Expertise. Your Organization.

DON'T WAIT! GET READY FOR T+1 TODAY

Let us help you drive the optimization of your settlement processes

A T+1 settlement cycle may increase market efficiency and mitigate risk, particularly during times of extreme volatility, and could free liquidity—cash or shares—held to ensure the completion of trades. The transition to T+1 will require fundamental behavioral, technological, process, and regulatory changes. Firms will need to adapt to those changes and ensure their systems are fully optimized and ready to effectively operate in a T+1 environment.

Some areas of concern include post-trade processing, night batch processing, vendor systems, asset servicing, industry coordination, documentation, regulatory changes, trade allocation and affirmation, and more.

For over 45 years, our clients have trusted us to solve some of the biggest issues facing the global financial services industry. This unique vantage point has enabled us, through DTCC's family of companies, to develop techniques and tools that can help firms drive innovation and transformation.

[TALK TO US TODAY](#)

To learn more about how our experts can help your firm prepare for T+1 in the US.

HOW CAN WE HELP YOU PREPARE FOR T+1?

No one knows the post-trade landscape better than DTCC Consulting Services experts. That's because we built, operate, and continue to upgrade the systems that make the settlement of securities in the US financial markets possible. We also led the move from T+3 to T+2 in partnership with industry organizations.

Our adaptable consulting services model offers various ways to help address your specific objectives and your desired readiness.



DIAGNOSTIC

Let us evaluate the current state and conduct a gap analysis of your infrastructure that could be impacted by T+1.

- **Benchmark analysis** identifying where you are lagging or leading and to inform gap assessment.
- **Impact assessment** of your current T+2 processes and potential T+1 requirements. Customized heatmap to help your firm understand anticipated impact areas and decide what to prioritize. Our assessment can span various processing systems, including trading, allocation, confirmation, affirmation, collateral, stock lending, settlement, finance, treasury.
- **Program Health Check / Validation Exercise** on your existing systems and processes to determine readiness and recommend specific improvements.

DESIGN

Once areas of improvement are agreed, we will design a solution planning map to deploy.

- **Readiness Framework** includes a customized list of prioritized changes that will drive your roadmap, plan and delivery tactics. This will cover certain processes that need to be automated or adapted; suggested controls that need to be upgraded; technology stack changes; team size, location and capacity needs; and more.
- **Industry Target Operating Model** will be compared to your system architecture to provide you with delivery goals and an illustration of an optimal target operating model.

DELIVERY

Get the support you need to efficiently deliver your plan. From leading change and IT governance expertise, to project management around implementing new processes and control framework enhancements, our experts can help you be ready ahead of the go-live date (which has not been determined yet).

- **Test Pack** offers a structured set of scenarios and tests to check the changes executed and the readiness ahead of the go live date. The test pack can identify problem areas for remediation.
- **Go Live Checklist** will leverage the insights from your impact assessment and readiness framework to assist you in ensuring you're robustly using your DTCC services in preparation for T+1.

For more information on DTCC Consulting Services, visit dtcc.com/consulting.



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OPERATIONALIZING T+1 |

Global Key Findings

DTCC

T+1

DTCC FORWARD

In February 2023, the U.S. Securities and Exchange Commission (SEC) adopted final requirements for a May 28, 2024, T+1 implementation date for transactions in U.S. cash equities, corporate debt, and unit investment trusts, bringing much needed clarity for firms to better plan for this important industry initiative.

According to new research conducted by the ValueExchange and sponsored by The Depository Trust & Clearing Corporation (DTCC) and the Canadian Depository for Securities (CDS), with the support of the Association for Financial Markets in Europe (AFME), the Canadian Capital Markets Association (CCMA) and ISITC, many market participants face enterprise-wide challenges around the move to T+1, with responses indicating varying levels of preparedness across firm types and geographic locations, as well as numerous impacts across the trade lifecycle.

Survey respondents highlighted:

- T+1 will impact the middle office, settlement, fails management, securities lending, and the corporate actions segments of the trade lifecycle.
- While 42% of respondents have ongoing, funded initiatives for T+1, 41% of respondents have not yet begun their preparations.
- Challenges are especially felt by the buy-side, with 61% of firms unprepared for the transition, primarily across mid-tier and boutique organizations.
- Over 50% of European and Asia-Pacific market participants have not defined their plans to manage critical areas such as foreign exchange and securities lending.
- In anticipation of the operational impact of T+1, 23% of investors are moving to centralized SSIs and trade matching to alleviate future service provider challenges.

With an established transition date, market participants can begin their focused preparation for T+1 by the May 2024 deadline, regardless of geographical location. Significant challenges remain, and DTCC will continue to partner closely with the industry to promote a successful move to T+1 and safeguard the stability of the markets. We are ready to work collaboratively with market participants to test, assess workflows, optimize global operating models, and drive greater automation.

Helpful Resources:

- Review [updated documentation](#), including the [DTCC T+1 Detailed Testing Framework](#).
- Learn about our [Institutional Trade Processing services](#) to further automate existing post-trade processing workflows and improve same day affirmation rates.
- Contact DTCC [Consulting Services](#) for help addressing upstream and downstream lifecycle impacts.

Operationalizing T+1: Overview



How, where and when are we preparing for the transition to T+1 settlement cycles in the USA and Canada?

Led by **DTCC** and **CDS**, with the support of **AFME**, the **CCMA** and **ISITC**, this ValueExchange survey sets out to explain how the world is preparing for T+1 today. Leveraging insights from across the globe, this survey is intended to provide a valuable resource to those planning their own preparations in 2023 – by providing practical, statistical insights that can directly contribute to your own thinking.

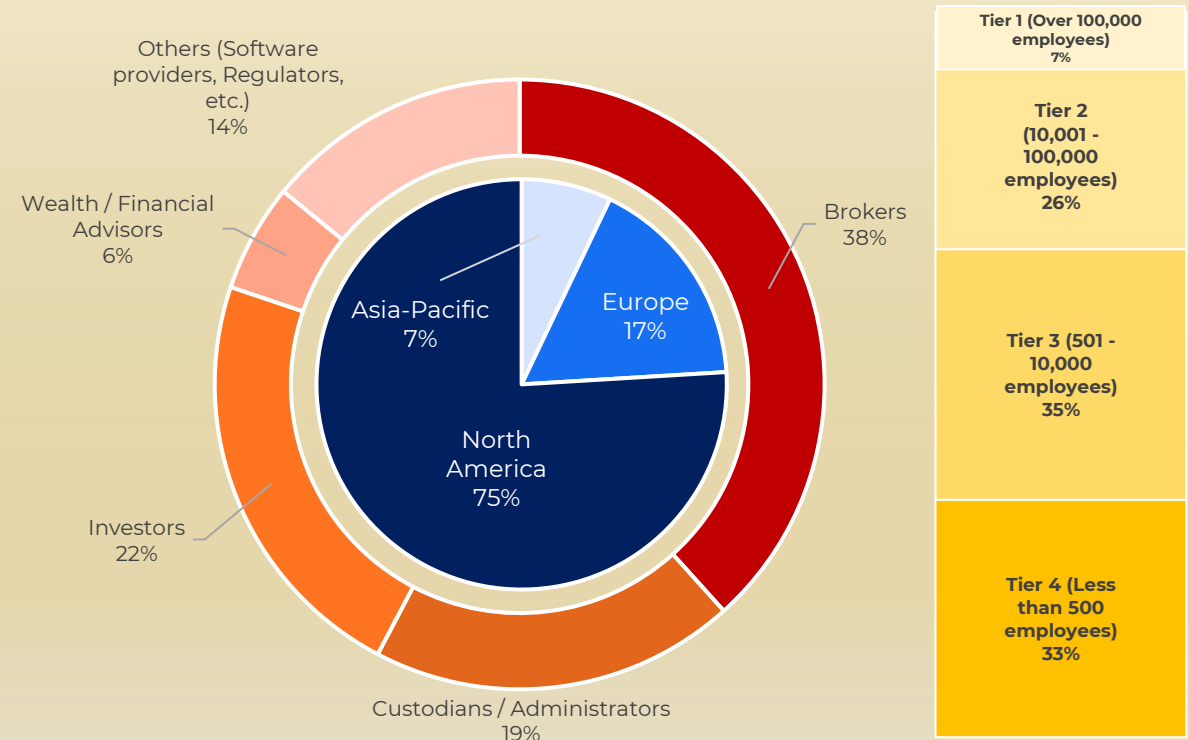
This document summarises the **key statistical findings** of our campaign. If you would like to benchmark your own T+1 plans then please complete our global survey using the QR code below. If you would like to discuss your preparations further, please contact us at info@thevalueexchange.co



If you would like to benchmark your own T+1 plans, please complete the survey here

Who participated in our campaign?

As a truly industry-wide survey, we have benefited from the insights of over **287 organisations across the investment-cycle globally so far**. These respondents are broken down as follows:



Operationalizing T+1:

Our findings in ten key points



Key Data Points

T+1's strongest impact is not in North America

Global custodians in Europe and Asia-Pacific are feeling a **4.7/5** impact from T+1

T+1 is an enterprise challenge

Impacting **six** activities across the trade cycle

Preparation for T+1 is a key challenge

41% of the industry (and 61% of investors) have yet to begin T+1 preparations

...creating a market readiness issue

Only **46%** of the market is on course to be ready for T+1 in March 2024

Operating rules are just the beginning:

66% of the market is struggling to resource T+1 projects

Key Themes

Investors

are so far not engaged on T+1 and risk over-estimating their reliance on their service providers to be ready

Brokers

see significant challenges and costs in realising T+1 – having to address internal (legacy) technology and external messaging challenges at once

Tier 2 and Tier 3 firms

need to begin engaging on T+1, given the amount of automation that still lies ahead for them

Europeans

struggle with FX as a headline issue – with little clarity emerging so far from funding banks

Securities lending

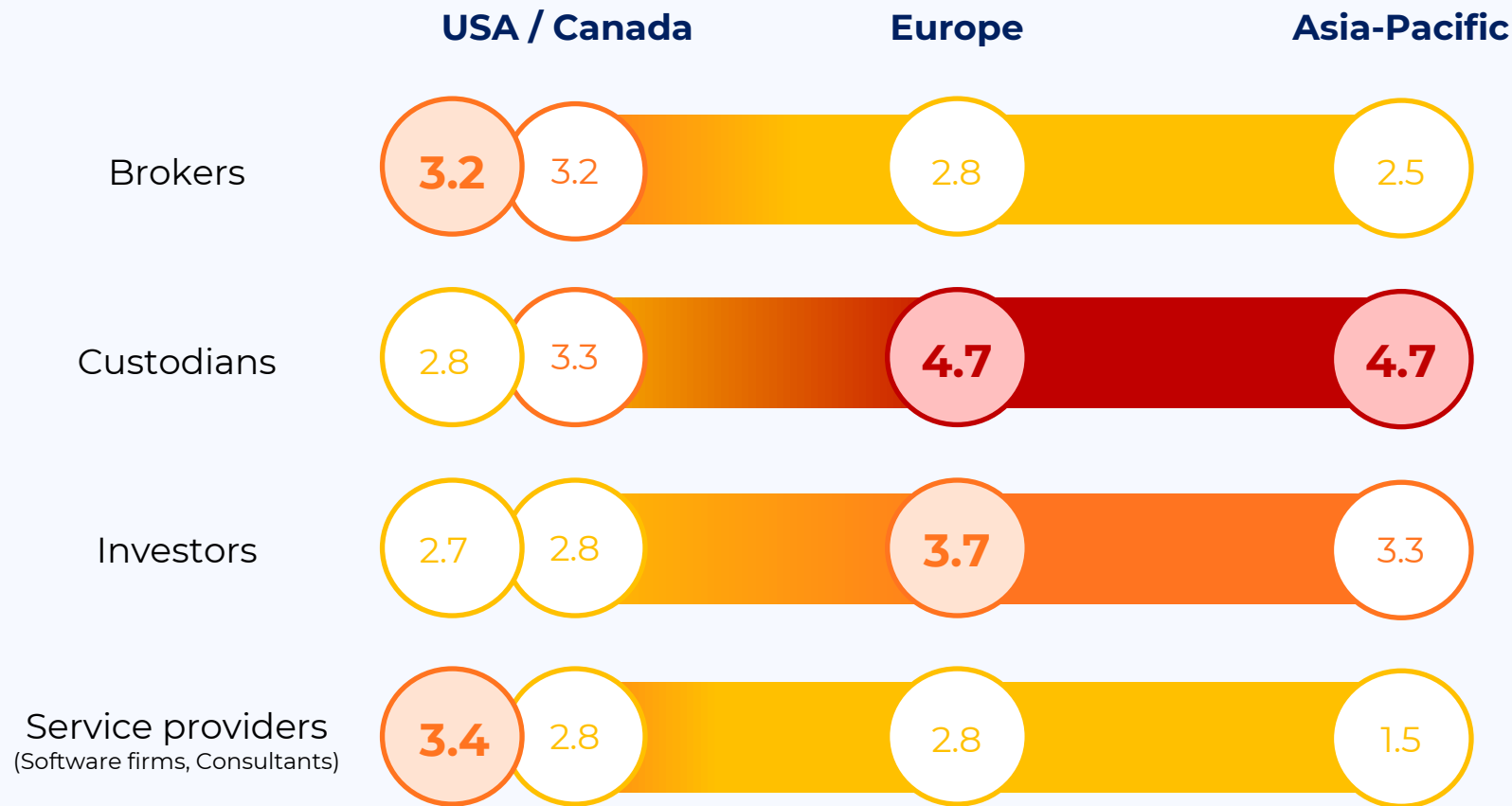
remains a core challenge, with less than 45% of the market ready today



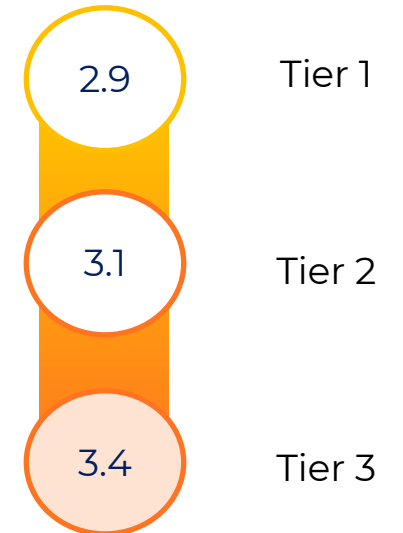
T+1's strongest impact is not in North America

Brokers and Service Providers are shouldering the impact in North America – but Custodians and Investors carry a heavier burden overseas

T+1 impact by location of respondent (0-5 scale)



...and smaller firms
are hardest hit by
T+1



T+1 is an enterprise challenge

Six activities are strongly impacted in the average firm – plus FX for investors

T+1's projected impact by activity (0-5 scale)



... and FX is a big issue for investors

Investors

3.5

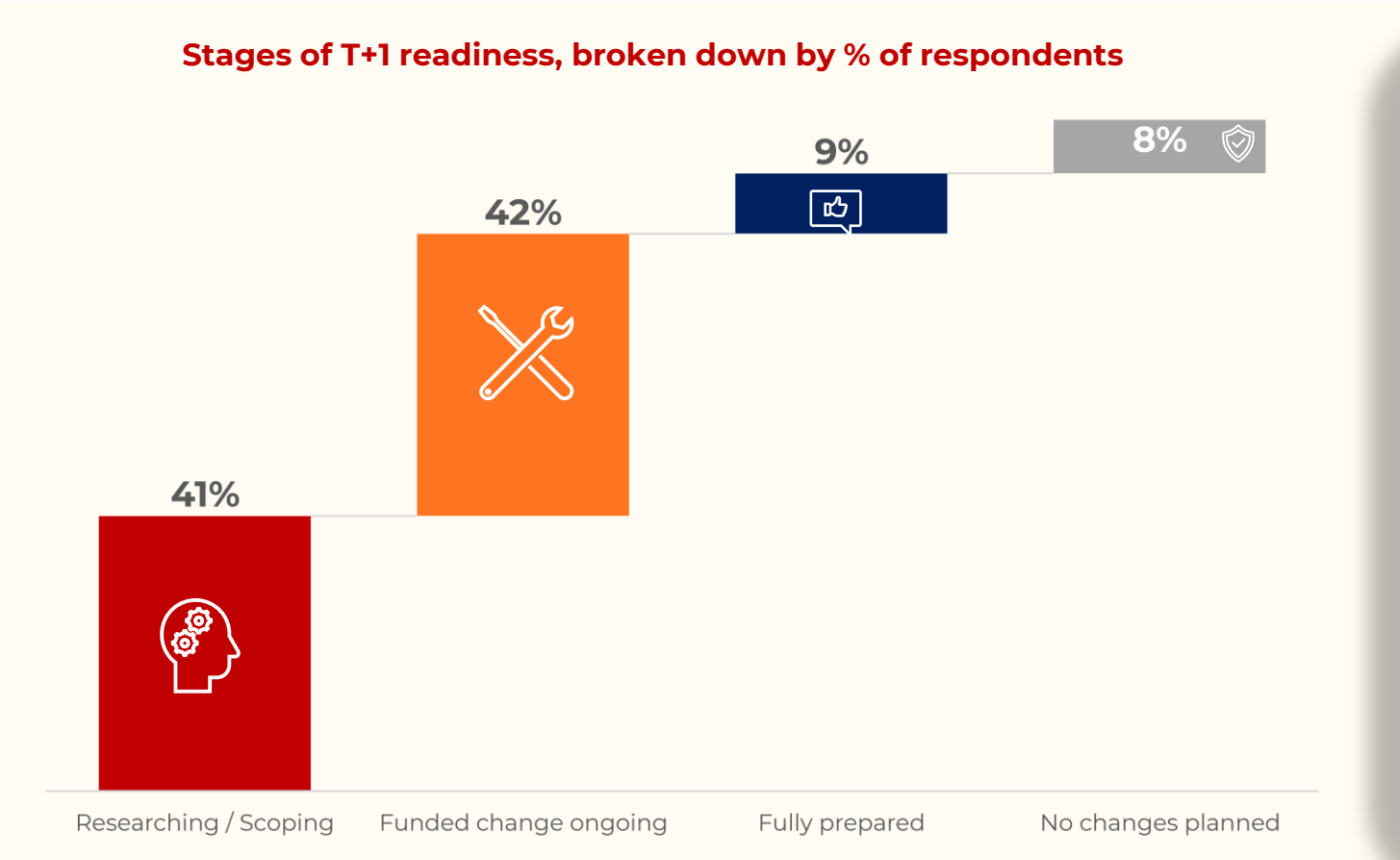
2.4

Brokers & Custodians



Preparation for T+1 is a core issue

41% of the market still hasn't begun planning for T+1



...and 61% of investors are in the early stages of readiness

	USA market	Canadian market
Brokers	40%	38%
Custodians	33%	32%
Institutional Investors	61%	61%

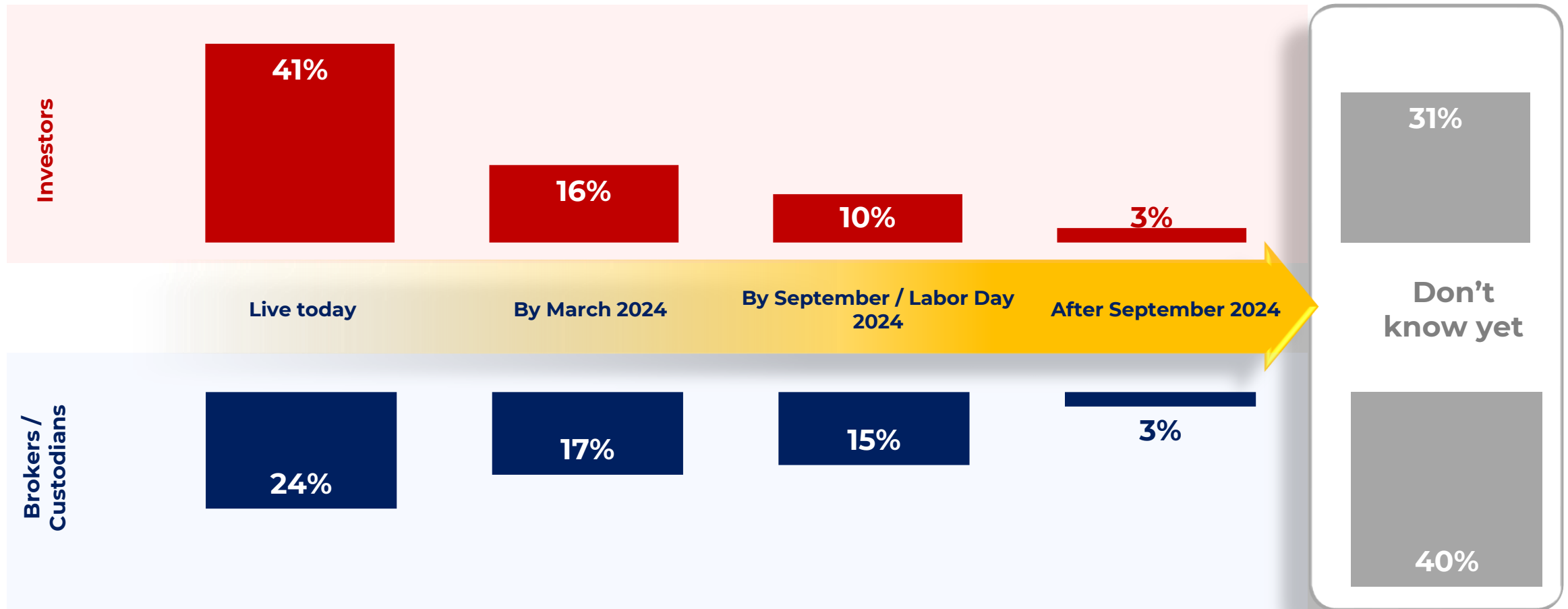
(% of respondents still scoping or with no changes planned, per investment market)



...leading to a market readiness challenge

Only 46% of the market is expecting to be ready for T+1 by March 2024. Can the rest catch up in 12 months?

Expected readiness timings for key tasks after T+1
(% of respondents planning to reach intended T+1 timings)



The “Don’t Know” problem is a significant challenge

In a market of interdependencies – who goes first?

% of respondents who don't know their plans in each area of T+1 preparation

Investors

39%

55%

20%

38%

45%

31%

Don't know what time they will complete core processes

Don't know what time they will do their SBL recalls

Don't know when they will do their FX

Don't know when their T+1 projects will run

Don't know how much their T+1 projects will cost

Don't know when they will be ready for T+1

Brokers / Custodians

47%

55%

66%

28%

20%

40%

Who is leading and who is following?

20%

Prime Brokers

26%

Institutional investors

36%

Custodians

37%

Executing brokers

48%

Wealth managers

50%

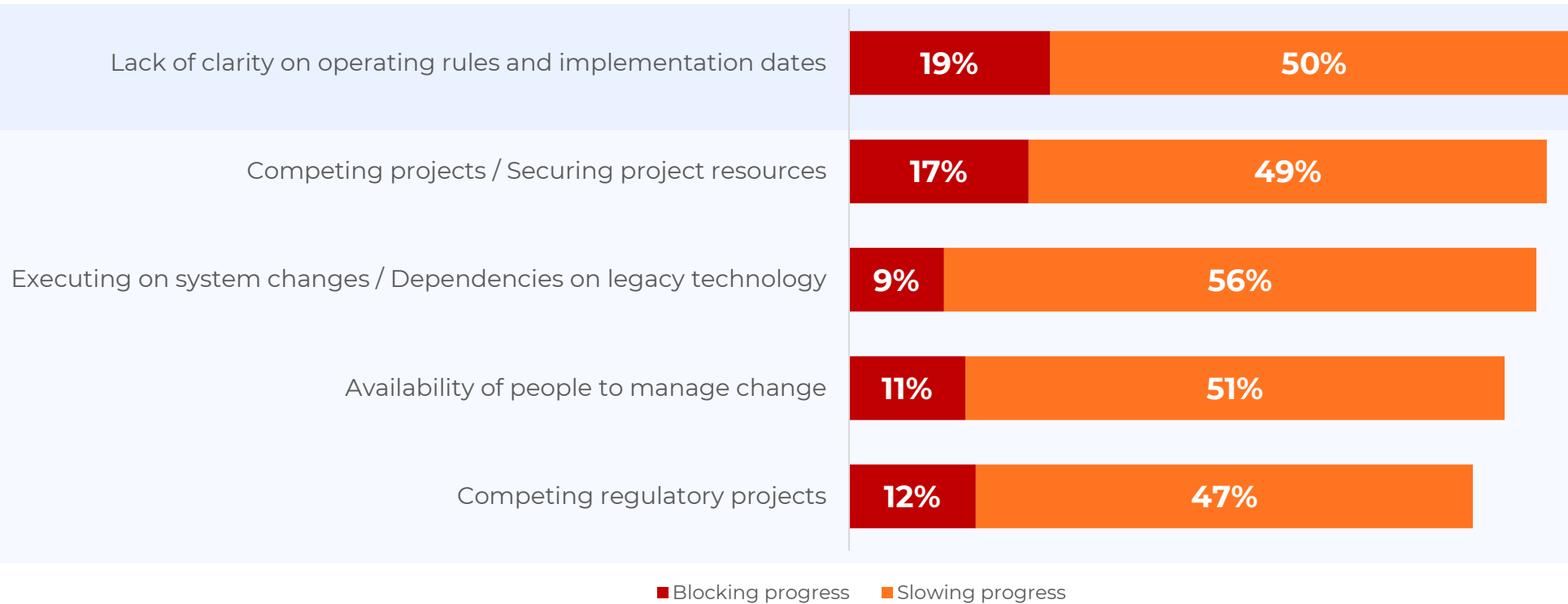
Universal banks

% of respondents who don't know when they will be ready for T+1 – by industry segment

...and providing clarity on launch dates is just the beginning

Key issues such as budget allocations and legacy technology dependencies still lie ahead

% of respondents facing T+1 preparation issues that either block or slow their progress, broken down by issue



Where are the major risk points today?

Global market participants: T+1 impact varies by region: securities are the problem in Europe and Funds in Asia-Pacific

T+1 is impacting market participants everywhere



North America **3.0**



Europe **3.4**

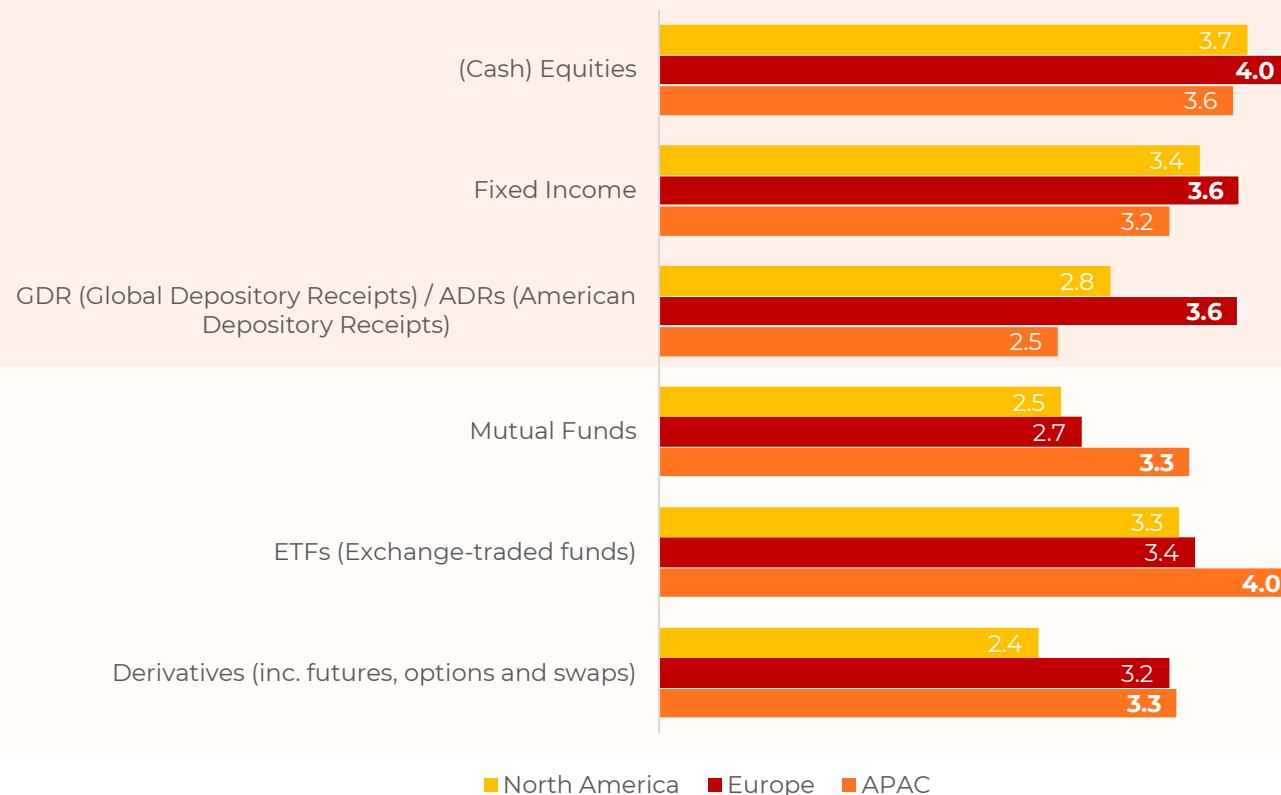


Asia-Pacific **3.3**

Cash / Securities
are most
challenging for
Europeans

Funds and
derivatives are
most challenging
for Asia-Pacific

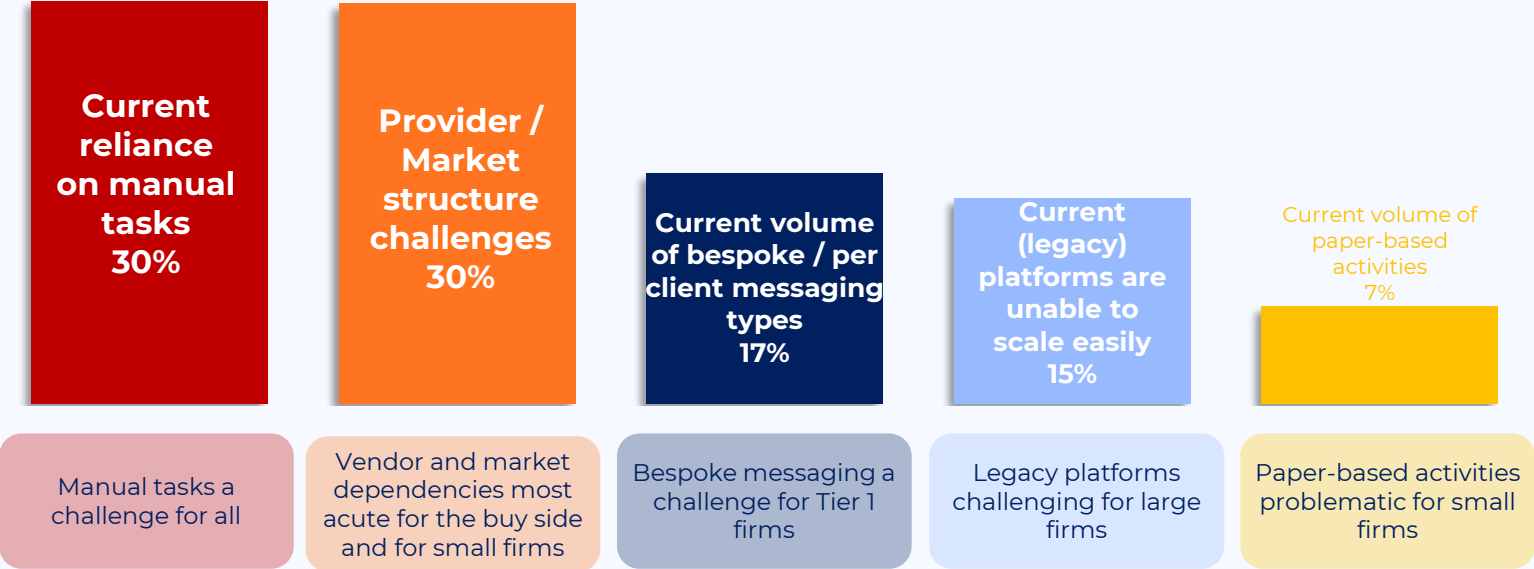
...but the impact is felt differently by region



What is driving T+1's impact?

A complex mix of challenges to contend with – relying on both internal and external resources to address

Why do you expect T+1 to have an effect on your processing?
(% of respondents citing each challenge)



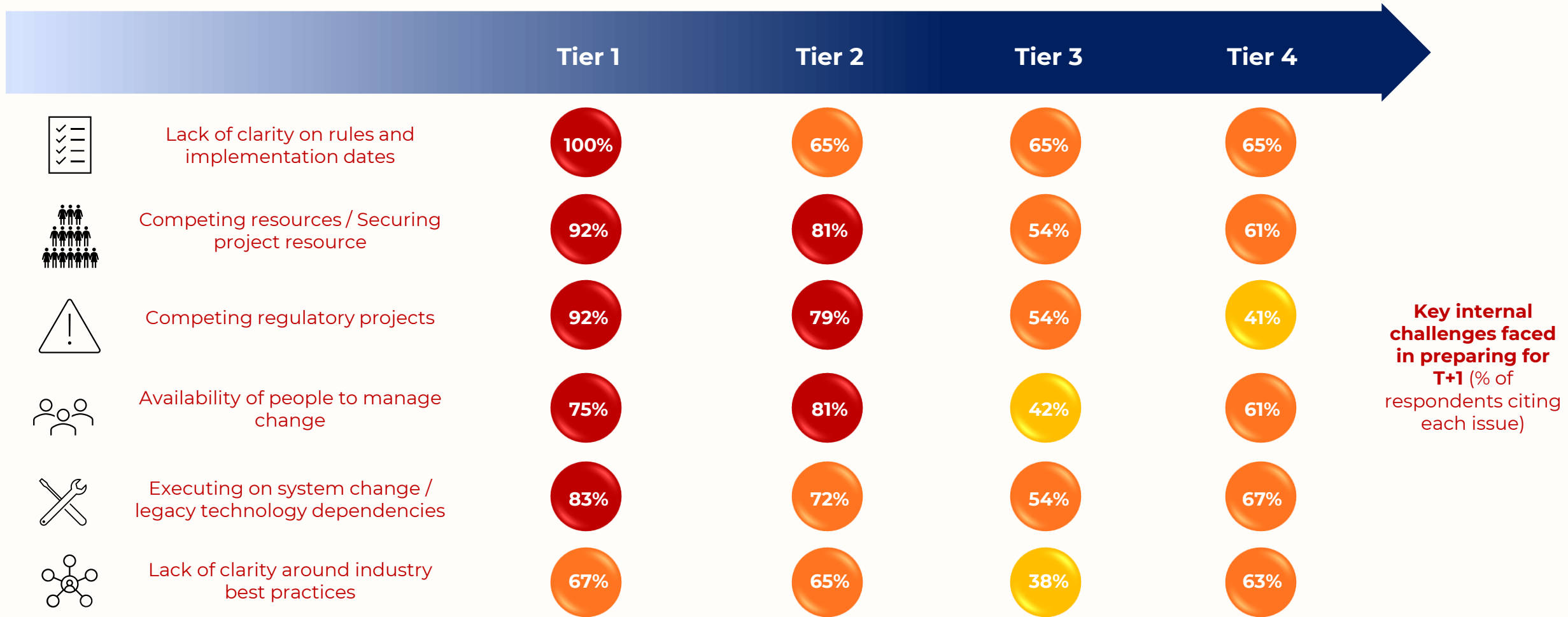
Account opening / onboarding	Manual tasks
Trade execution	Market / Provider challenges
Middle Office	Manual tasks
Foreign Exchange	Market / Provider challenges
Funding	Market / Provider challenges
Settlement	Manual tasks
Fails Mgt	Manual tasks
Securities Lending	Market / Provider challenges
Collateral management	Manual tasks
Corporate Actions	Manual tasks
Valuations	Market / Provider challenges

#1 driver of T+1 impact per activity



Where are our T+1 execution risks?

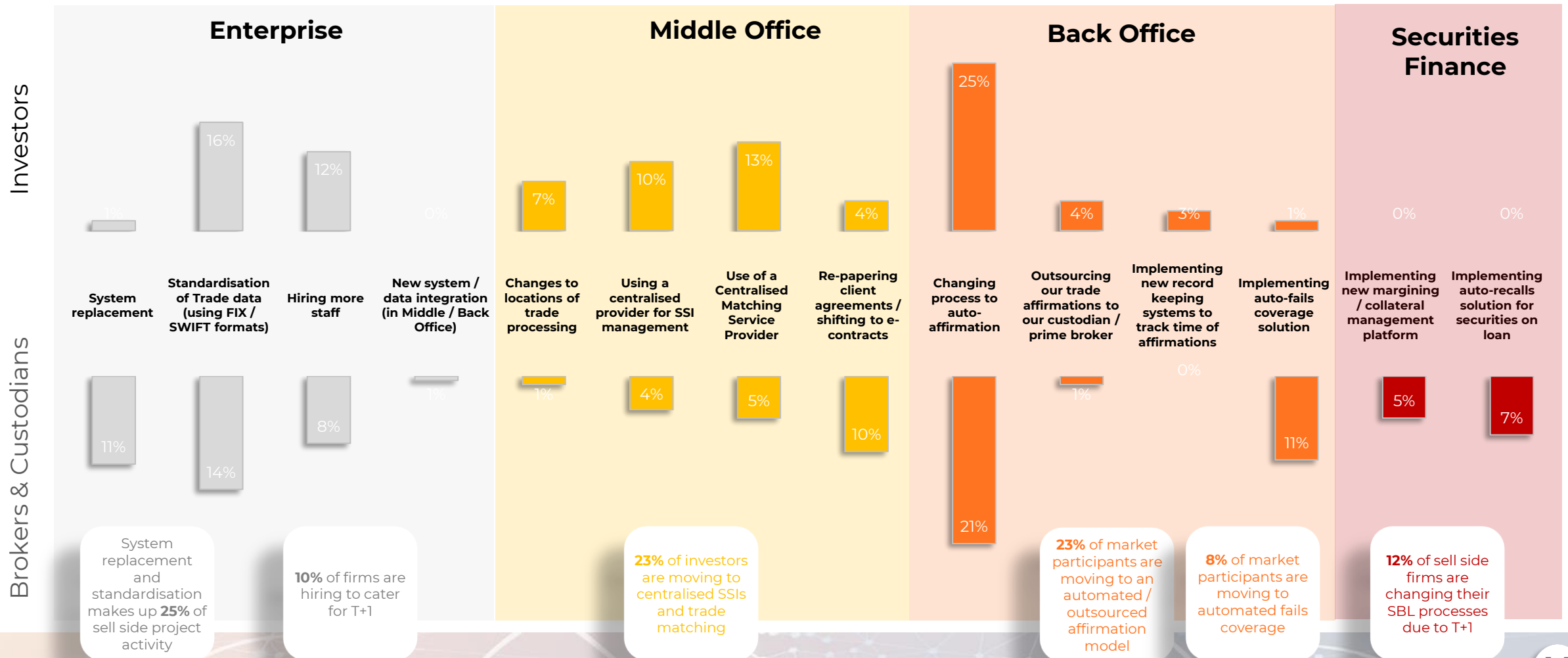
Extensive challenges amongst Tier 1 firm; with resourcing a key dependency for many



Where is the project activity?

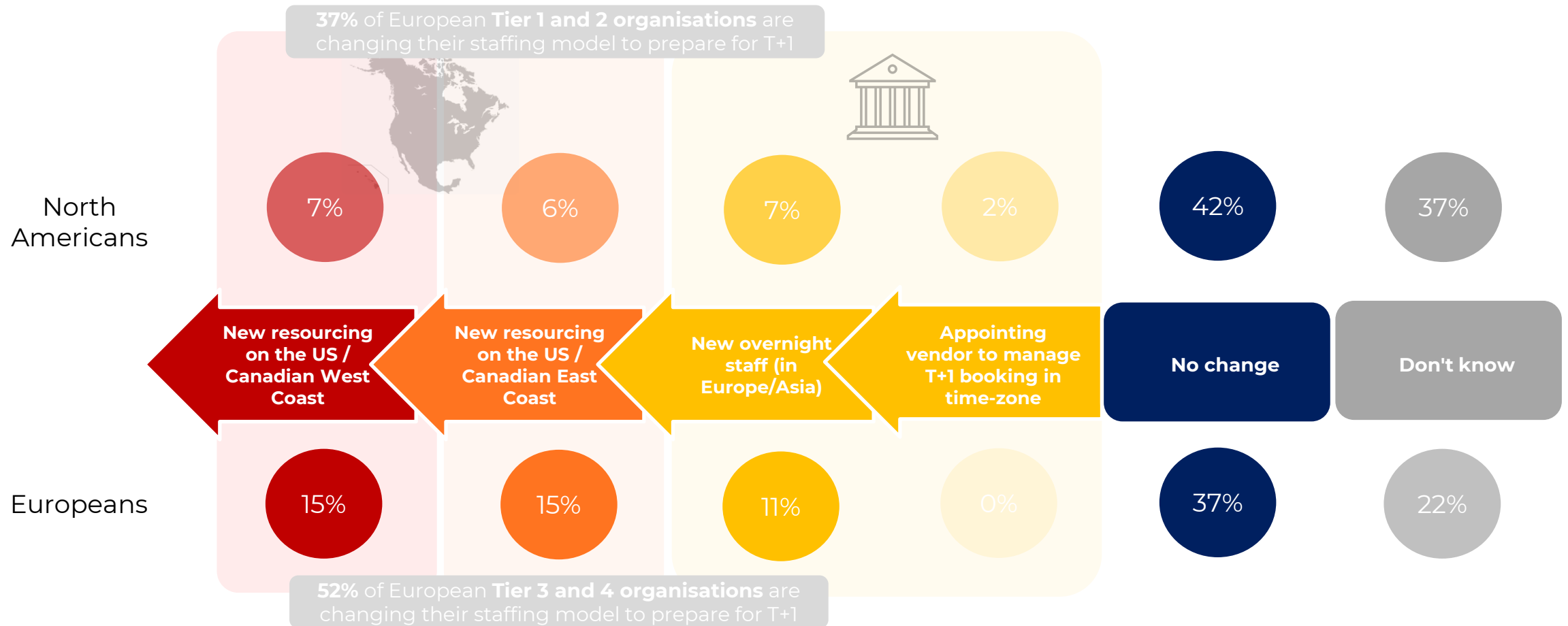
37% of all T+1 activity is focused on process automation

Total project activity by segment, (% of respondents per segment working on each area)



How are we adapting our footprints to cater for T+1?

T+1 is a footprint and staffing issue for 25% of the industry



Operationalizing T+1: What next?



If you would like to benchmark your own T+1 plans, please complete the survey here



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