



Settlement Compression

Some Thoughts to Anticipated Impacts based on US & Canada

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20 June 2023

Agenda

01

The Known

02

The Intended

03

The Anticipated

04

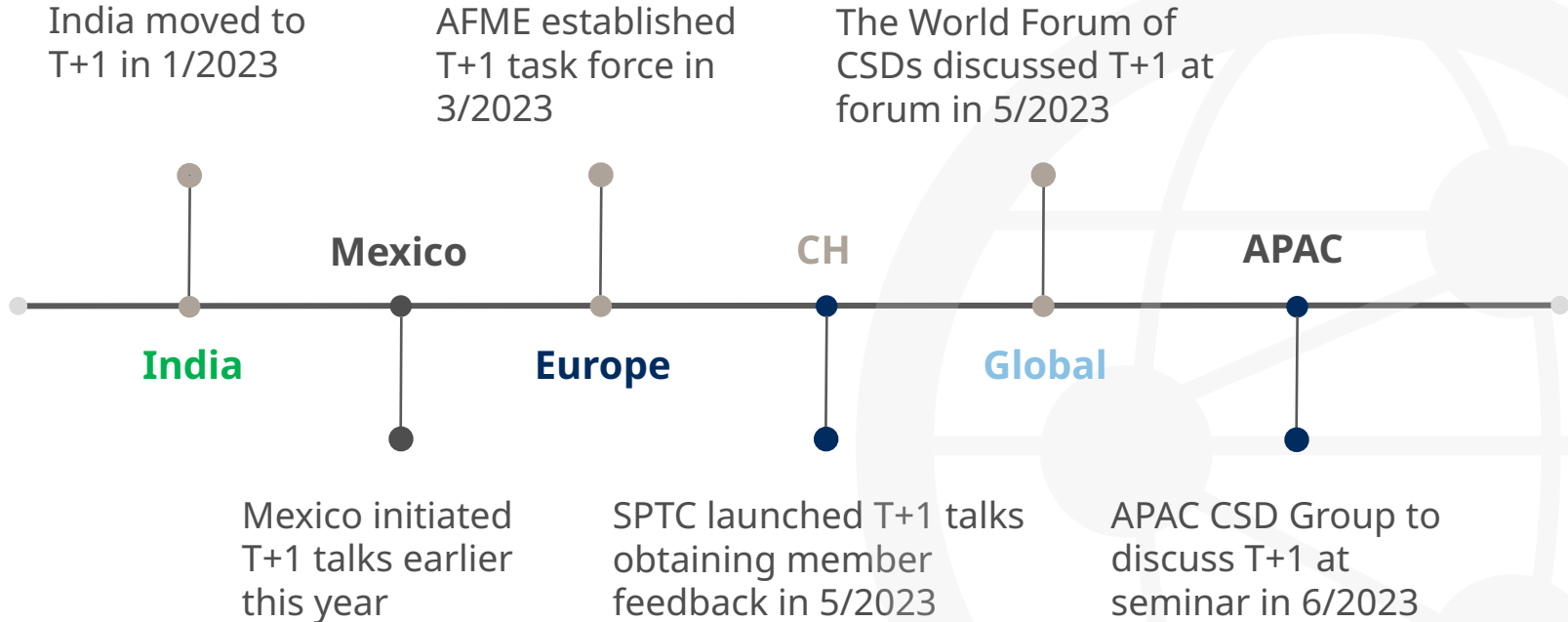
The Uncertain

The Known

Announcements in the United States & Canada

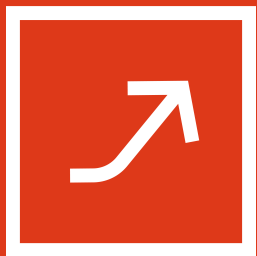
On February 15, 2023, the SEC adopted final requirements for a **May 28, 2024**, implementation date for the move to T+1 settlement for transactions in **US cash equities, corporate debt, and unit investment trusts**. Canada followed shortly after.

The Known



The Intended

The Benefits as per DTCC:



- The primary benefits of T+1 are risk reduction, investor protection, operational & capital efficiency gains
- DTCC estimates a **41% reduction in the volatility** component of the NSCC **margin requirement**, which can may result in substantial savings for members
- There will be **increased operational efficiency** as firms adopt industry standards and solutions to modify their systems and processes to further develop automation and straight-through processing
- Alignment of portfolio shares with the mutual funds that currently settle at T+1 will help with cash mgmt

The Anticipated

↑
**High(er)
Impact**

- Trade Affirmations/Allocations
- End-to-End Settlement Process incl. Cash Mgmt & Realignments
- Funding, Liquidity/Capital/FX Mgmt
- Corporate Actions, Compensations/ Claim Management

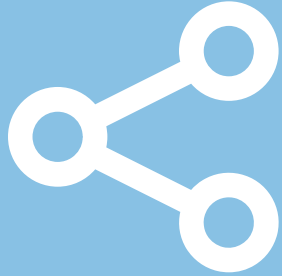
- Trading & Securities Finance
- ETFs & ADRs with Underlyings in T+X Markets
- Financial & Reputational Risk Management
- Customer Experience

↓
**Low(er)/No
Impact**

- Issuance Process
- Account Opening
- Reporting Requirements
- Regulatory Tax
- Network Management
- Market Pricing

Other Considerations

- Geographical Aspects EU/APAC
- Impact Existing Operating Model & Smaller Market Participants
- IT Requirements & Accelerated Automation
- Potential Impact on Vendor & Service Bureau Support



Market Behavior/Volumes/Liquidity/Volatility

Impacts on Adjacent Markets

Funding & Margin Requirements

Individual Counterparty Readiness

Potential Implementation Delays

**The
Uncertain**

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