

**Operationalizing T+1**  
Pulse survey



the ValueExchange 

**DTCC**  
**TMX**

afme / asifma  
Finance for Europe / Group Asia Markets

EFAMA BITC

the case for transformation  
[thevalueexchange.co](http://thevalueexchange.co)



# Operationalizing T+1

## Pulse survey findings (Sep 2023)

# Operationalizing T+1 in September 2023



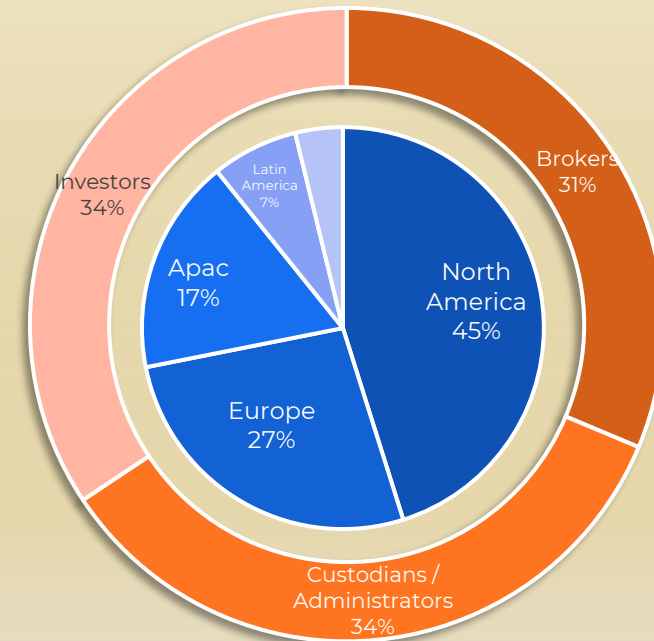
With 8 months remaining before the transition to T+1 settlement cycles in the USA and Canada, how, where and when are we preparing to remove a day from our trade processing?

Led by **DTCC** and **TMX**, with the support of **AFME**, **ASIFMA**, **EFAMA** and **ISITC**, this ValueExchange survey sets out to explain how the world is preparing for T+1 today. Building on the unique insights gained during our January 2023 survey, this is intended to provide a picture of how our preparation journey is evolving - through 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](mailto:info@thevalueexchange.co)

## Who participated in our campaign?

As a truly industry-wide survey, we have benefited from the insights of over **306 specialists across the investment-cycle globally so far**. These respondents are broken down as follows:



# Operationalizing T+1 in September 2023: Key headlines



## How ready are we?

**73%**

of respondents are now mobilizing as they prepare for T+1 – an increase of 22% versus January 2023

**40%**

of institutional investors are still in the research and scoping phases of T+1

**75%**

Whilst 14% more European investors have begun to engage on T+1, there has been little movement in readiness amongst Asian investors – 75% of whom still have yet to begin preparations

## Where are our risks?

**38%**

Securities lending and borrowing remains a key concern, with 38% of respondents still unclear on their plans for timings around lending

**18%**

Blockages on T+1 are no longer about settlements: up to 18% of respondents are blocked in their T+1 preparations by issues around funding and SBL

**33%**

Readiness to affirm declines as we move eastwards, with 33% of Asian respondents unclear about whether they will affirm US trades after the move to T+1

## What lies ahead?

**66%**

Investors are struggling to realize many of their core projects. 66% of their projects still have no close date, especially in funding and balance sheet management

**8%**

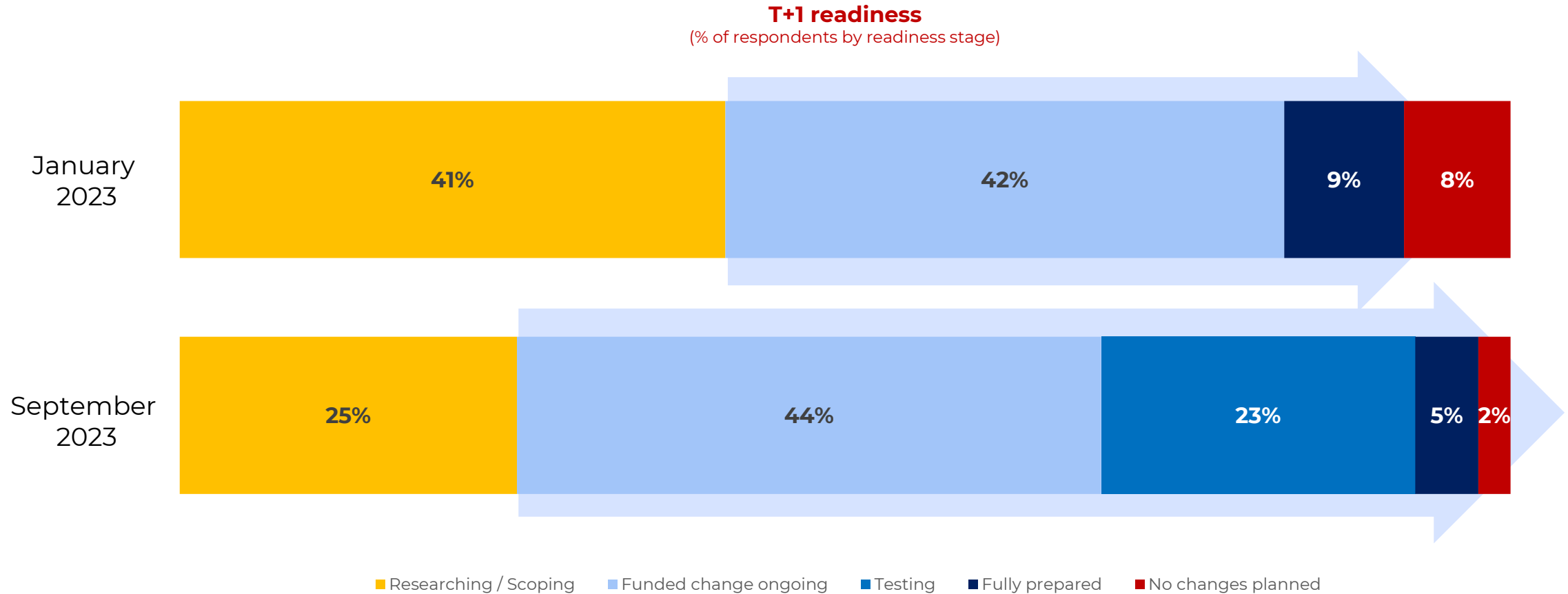
of all T+1 projects are expected to be completed after May 2024

**40%**

Only 40% of investors and custodians plan to run end-to-end testing (including brokers, etc.) before May 2024

# How ready are we for T+1?

72% of the industry is mobilizing around T+1 but a quarter is still in planning stages

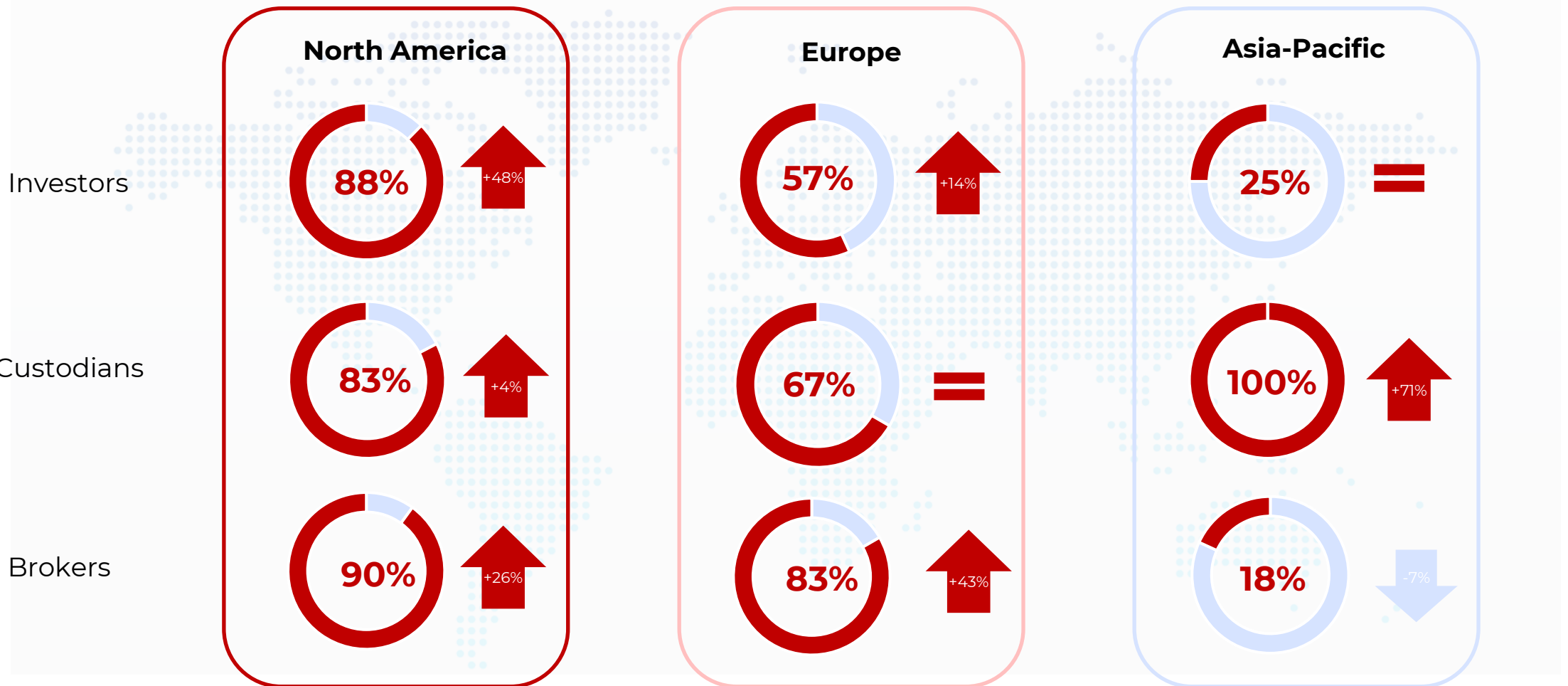


# Where are we working on T+1?

No signs of investor momentum in Asia but Europe is progressing

## T+1 readiness

(% of respondents per segment/region who are in project, testing or fully prepared modes for T+1)

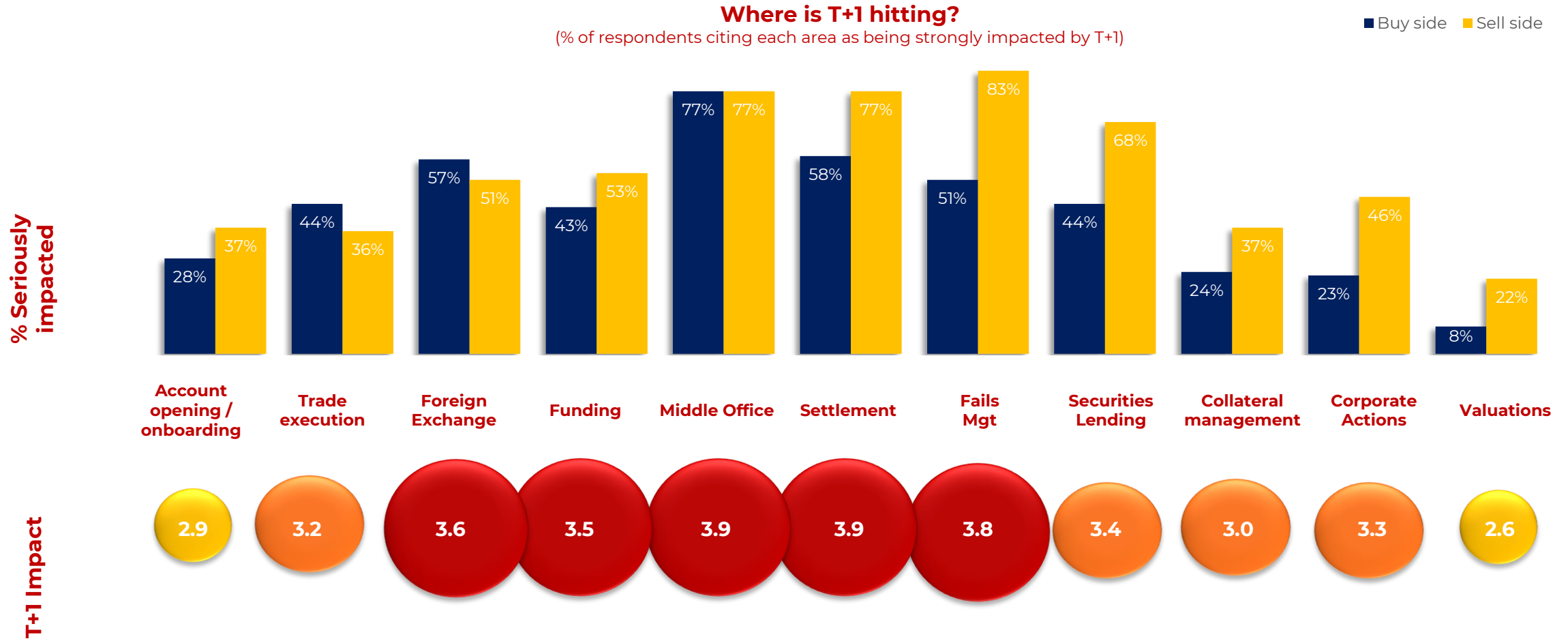


Indicates change in readiness since January 2023



# Where is T+1 impacting us?

T+1 is a middle office and funding issue, especially for investors



# Where is T+1 impacting us?

Trade processing in North America, Funding and Middle office in Europe and Asia

## Time-zones are driving the T+1 impact



North America

3.2



Europe

3.3

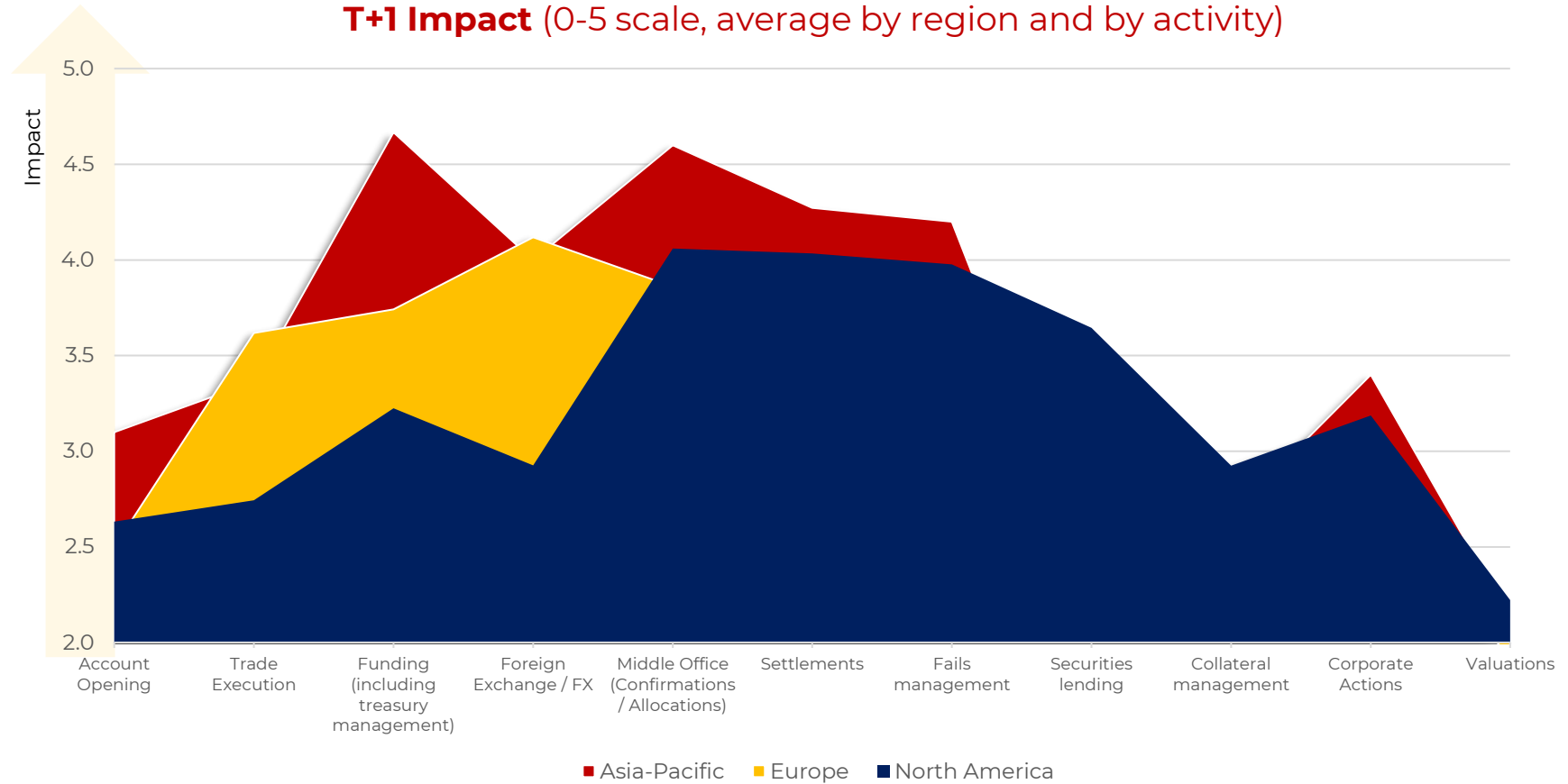


Asia-Pacific

3.5



## T+1 Impact (0-5 scale, average by region and by activity)



# What do we expect to do on day one?

Significant readiness around key market timings – yet and only 55% know their SBL plans

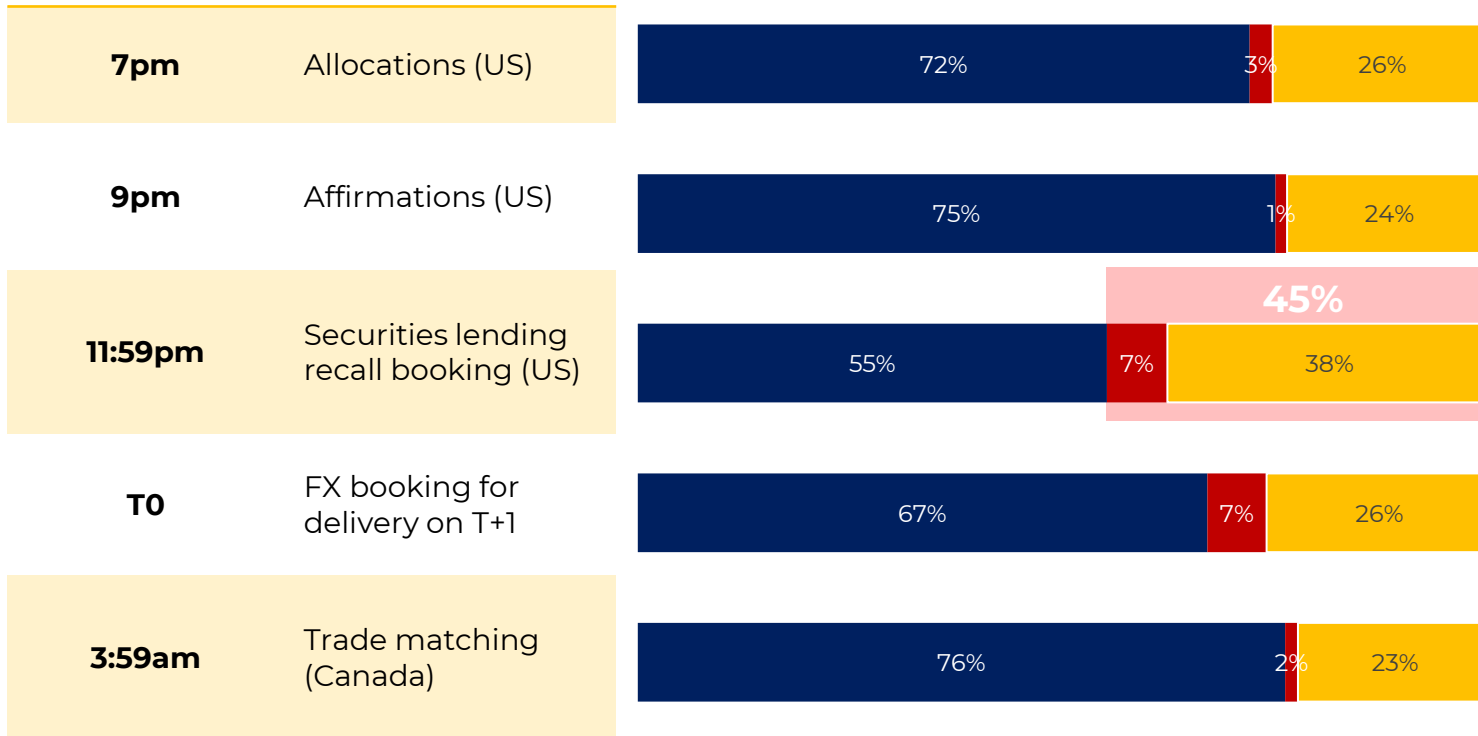


Time (ET)



Key task

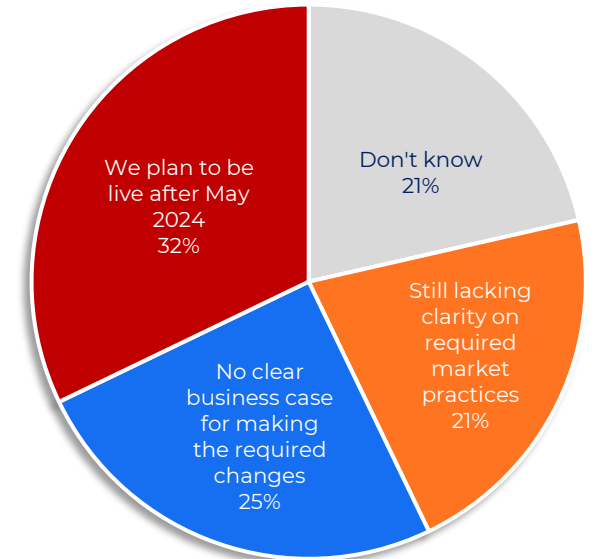
Do you expect to complete each task by this time?  
(% of respondents per task)



■ Yes ■ No ■ Don't know

## ...and why not?

(Reasons for not complying with market guidelines, % of respondents answering "no")

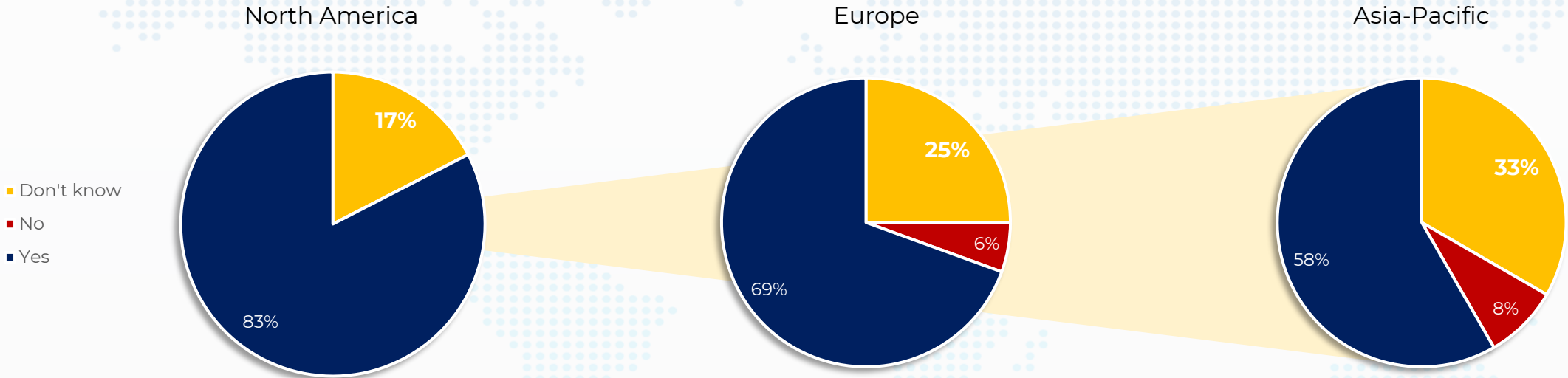




# What will happen to trade affirmations?

Less clarity and more resistance in Europe and Asia-Pacific: Causing risk for US brokers

**What will happen to affirmations? Still TBC**  
(Plans to affirm by 9pm ET, by region)

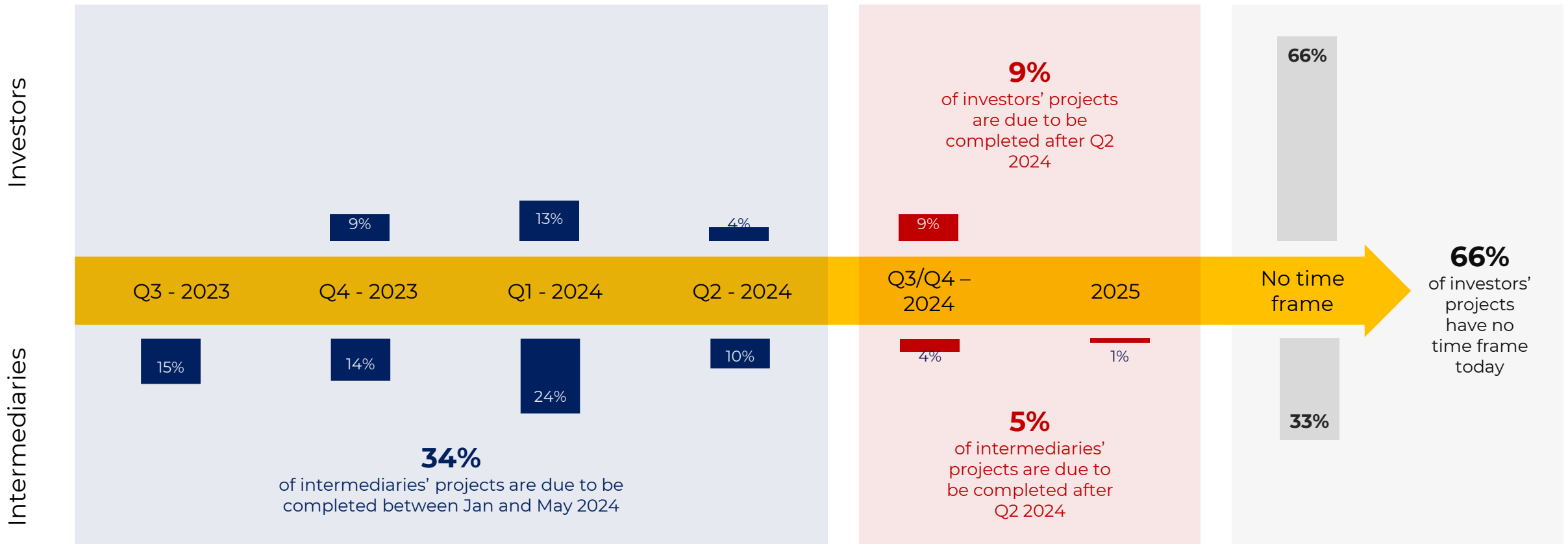


# What is the industry project plan?

Investors' project plans are very open-ended – are we already planning to be late?

## T+1 project activity

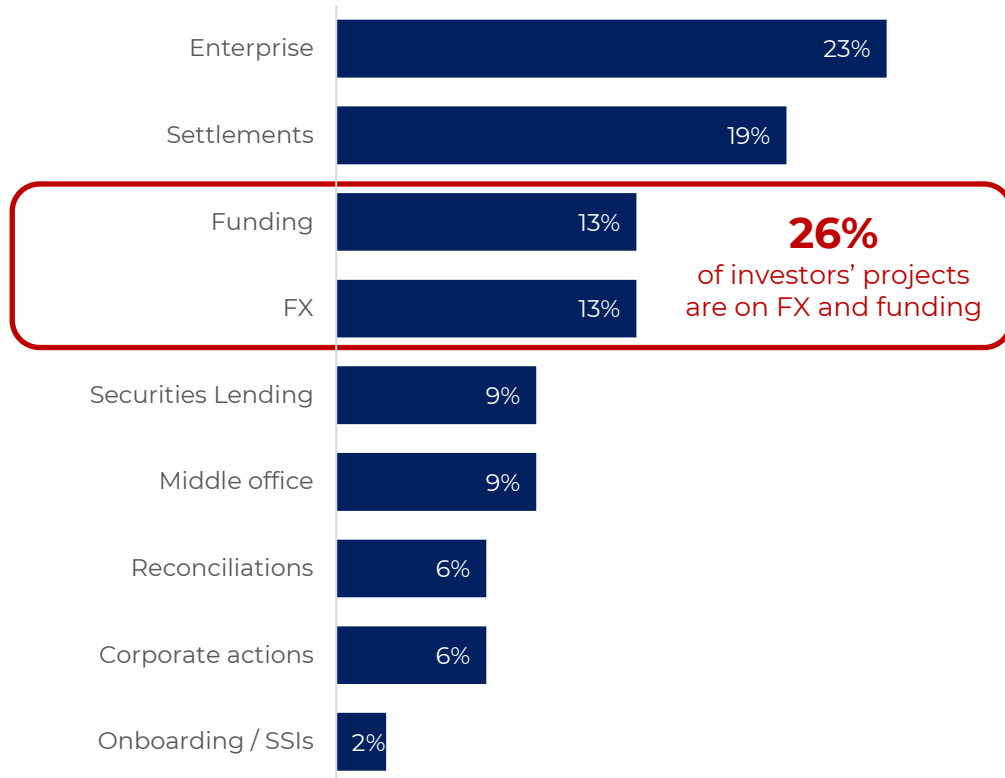
(Average distribution of project work by time-frame, by segment)



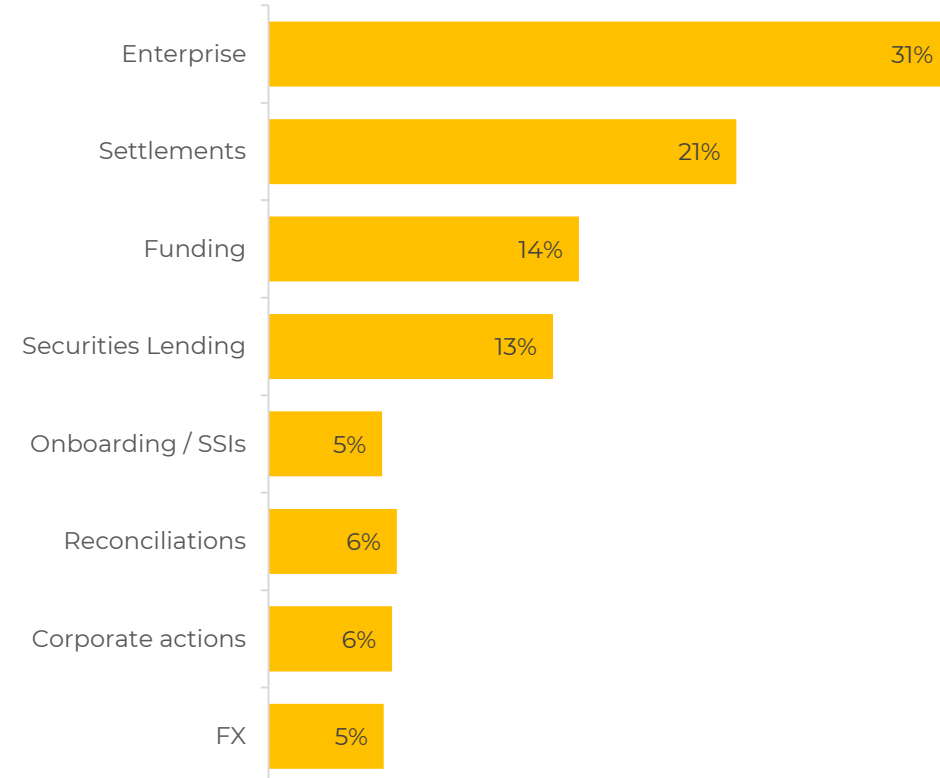
# What is the industry project plan?

T+1 is an enterprise project – but FX/funding projects are as needed as settlement changes

**Investors' T+1 Project Activity**  
(Average distribution of projects)



**Intermediaries T+1 Project Activity**  
(Average distribution of projects)



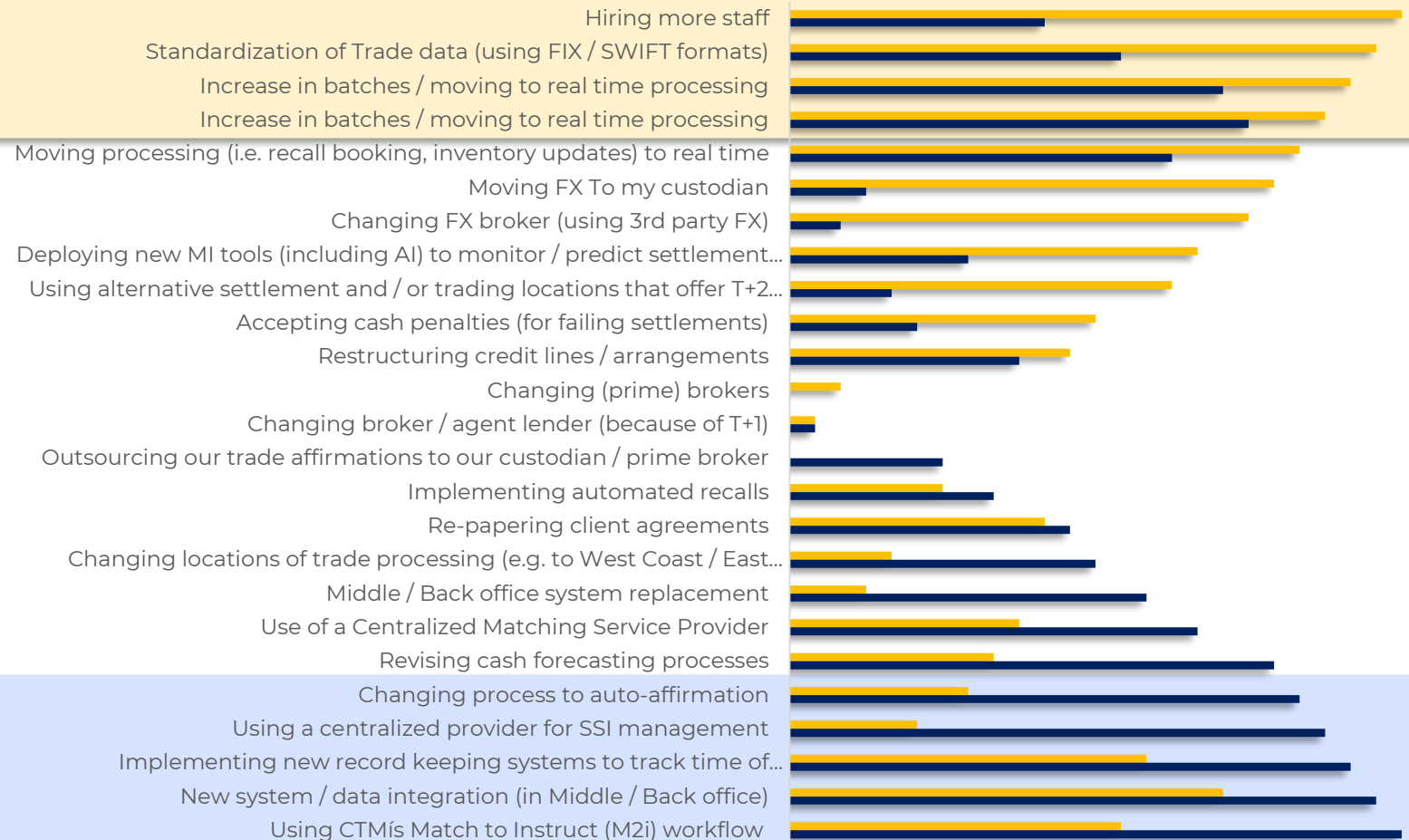
# What is the industry project plan?

Differing agendas: custodians and brokers are focusing on end-to-end process transformation whilst investors hire and standardize

**Ranking of each solution**  
(based on % of respondents with projects in each area)

Highest-ranking solutions for investors

Investors: hiring, standardizing and removing batches



Highest-ranking solutions for intermediaries

Intermediaries: automating core processing



# What is the industry project plan?

Investors are struggling to realise complex projects – especially in funding and treasury

## Investor projects already scheduled

Most popular

- Hiring more staff
- Increase in batches / moving to real time processing (Reconciliations)
- Standardization of Trade data (using FIX / SWIFT formats)
- Increase in batches / moving to real time processing (Corp Actions)
- Implementing automated recalls
- Using a centralized provider for SSI management
- New system / data integration (in Middle / Back office)
- Using alternative settlement and / or trading locations that offer T+2 cycles for US stocks
- Deploying new MI tools (including AI) to monitor / predict settlement issues
- Implementing new record keeping systems to track time of affirmations
- Using CTM's Match to Instruct (M2i) workflow to auto-generate delivery
- Moving processing (i.e. recall booking, inventory updates) to real time

Least popular

## Investor projects still to be scheduled

Most popular

- Changing FX broker (using 3rd party FX)
- Moving FX To my custodian
- Accepting cash penalties (for failing settlements)
- Restructuring credit lines / arrangements**
- Re-papering client agreements
- Use of a Centralized Matching Service Provider
- Revising cash forecasting processes**
- Changing process to auto-affirmation
- Changing locations of trade processing (e.g. to West Coast / East coast North America)
- Middle / Back office system replacement

Least popular

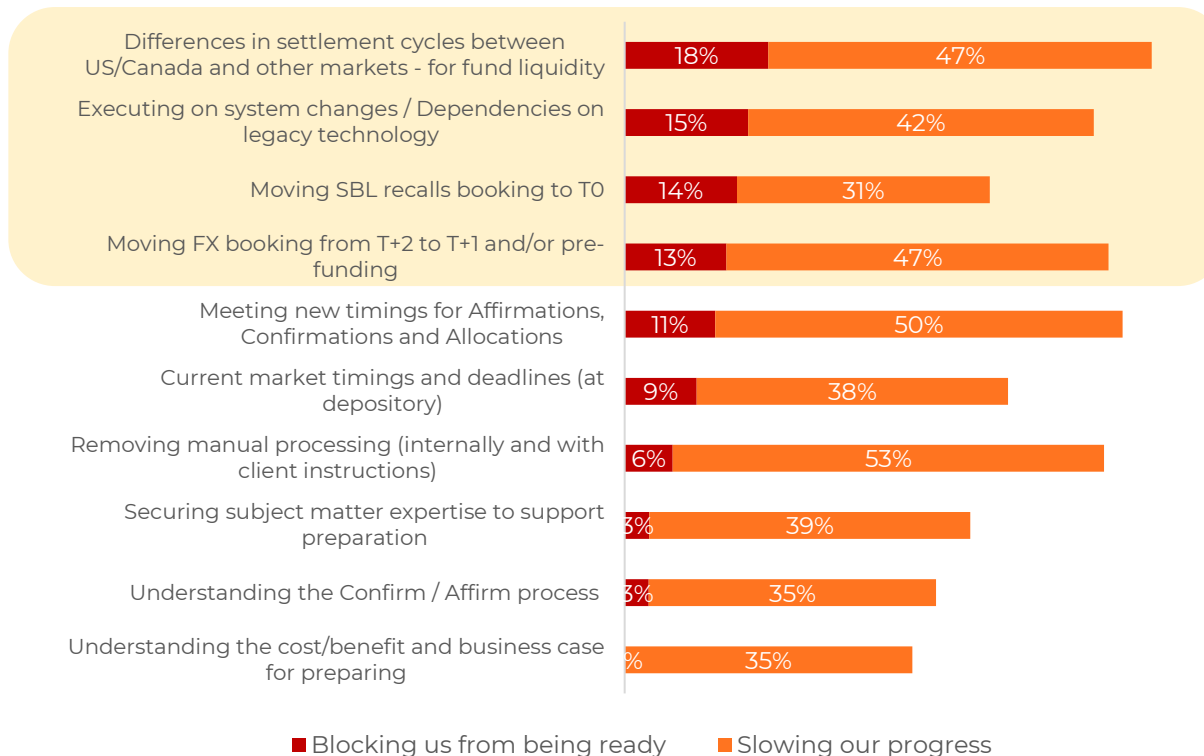


# Why are we struggling?

Over 65% of investors and intermediaries are struggling with non-settlement issues: notably in funding and SBL

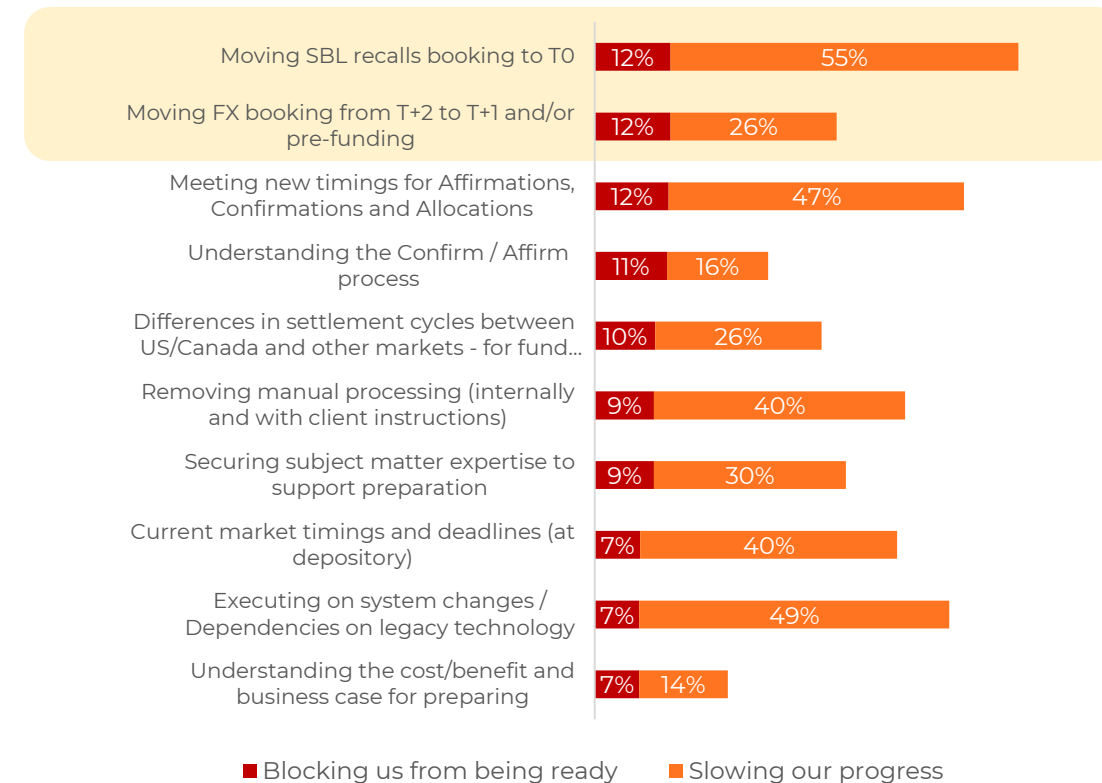
## Investors' key challenges

(% of respondents citing each issue, by impact)



## Intermediaries' key challenges

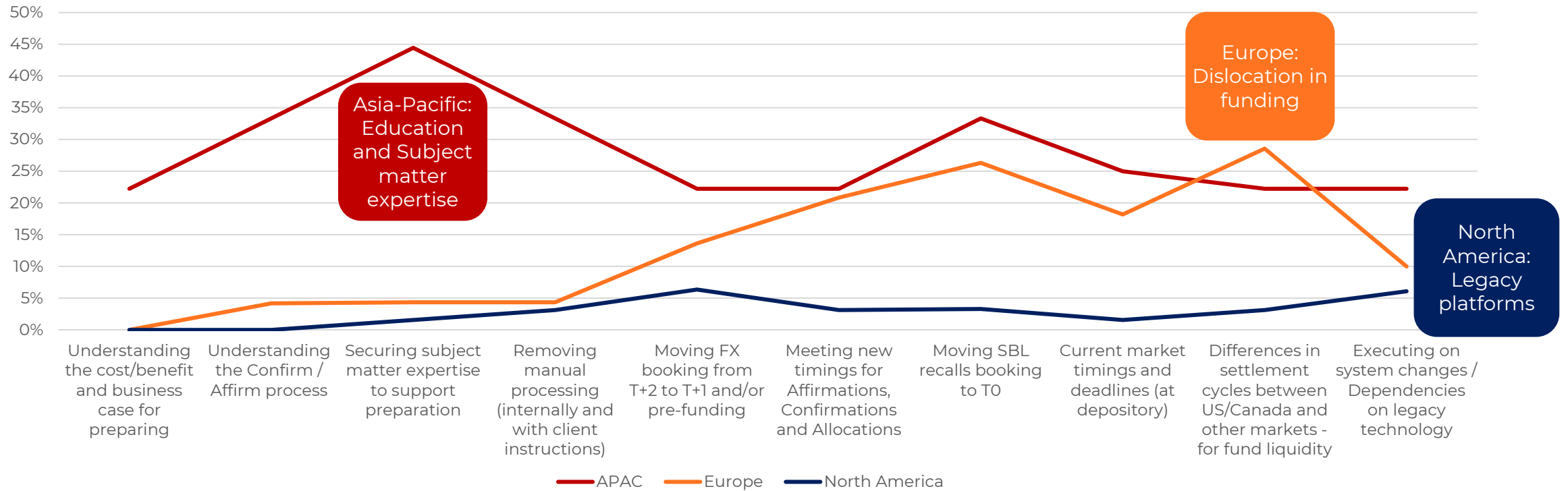
(% of respondents citing each issue, by impact)



# Where are we blocked from progressing?

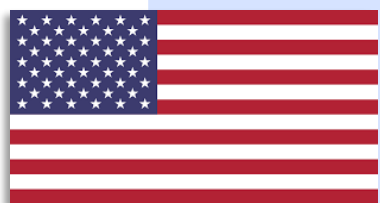
Asia-Pacific facing the strongest challenges: Notably in accessing needed expertise

**Where are we blocked from progressing today?**  
(% of respondents facing blocking issues by region)

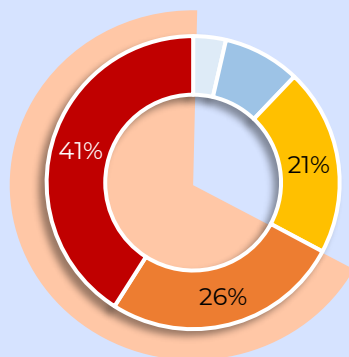


# Where can we accelerate readiness?

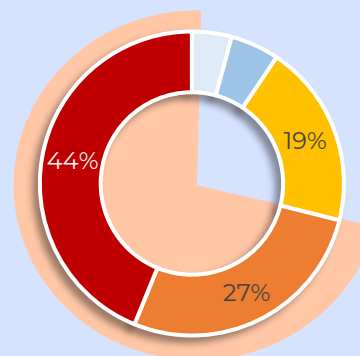
More trade-flow automation – a key enabler for over 70% of respondents



Changes to market timings and deadlines

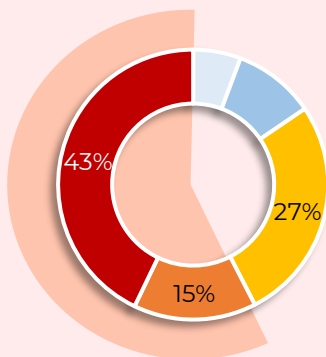


CTM's Match to Instruct (M2i) workflow

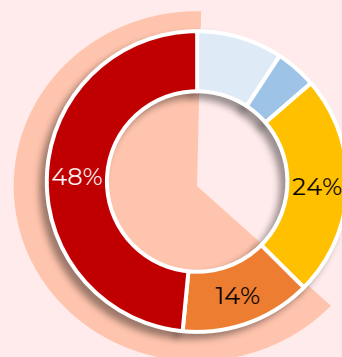


- No value
- Limited value
- Valuable
- High value
- Essential

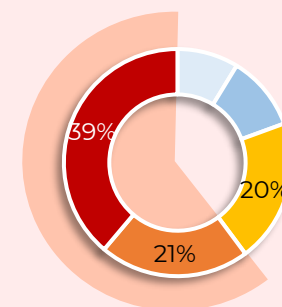
Changes to market timings and deadlines



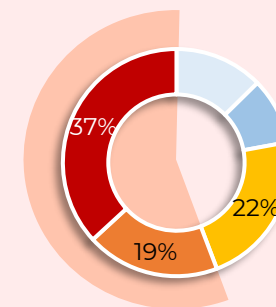
CTM's Match to Instruct (M2i) workflow



Auto-recalls solution at CSD



Auto-borrowing (securities locator)



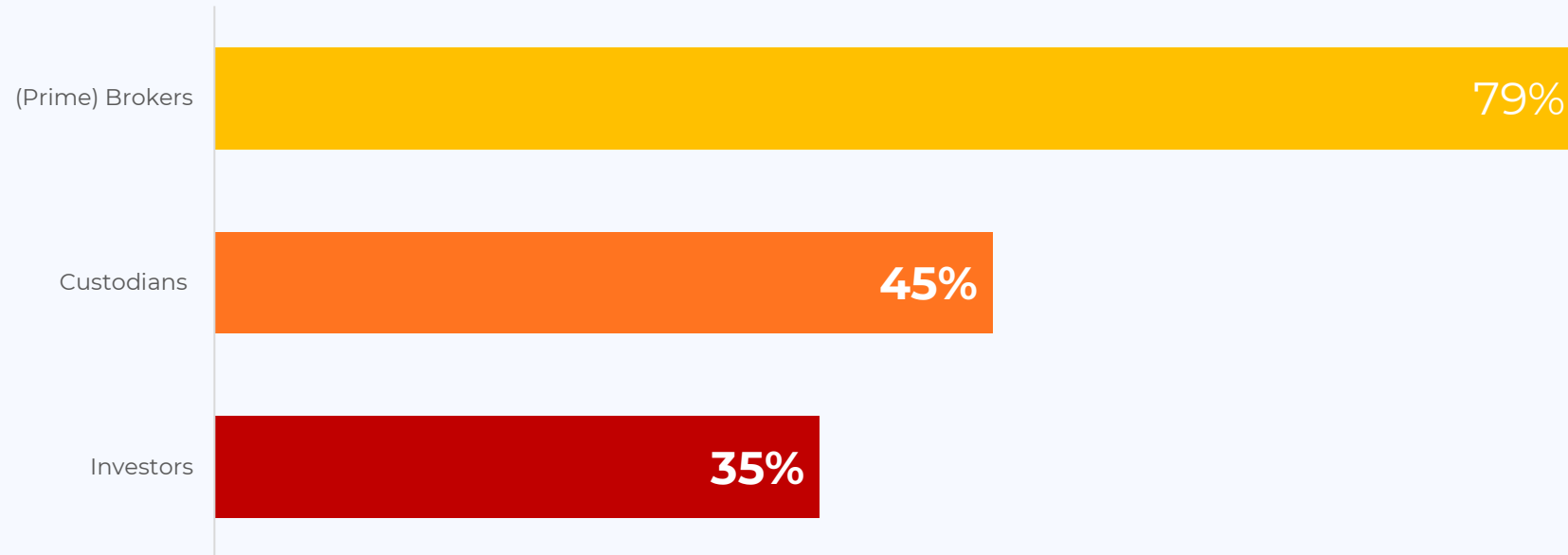


# What are our testing plans?

Only one third of investors plan to run end-to-end tests before May 2024

Do you plan to run end to end testing (including with brokers/custodians and service providers) before May 2024?

(% of respondents responding "yes")



the case for transformation  
thevalueexchange.co



This report has been prepared by The VX (Canada) Ltd. and is provided for information purposes only.

The information contained herein has been compiled from sources believed to be reliable, but, although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading, we make no representation that it is accurate or complete and it should not be relied upon as such. All opinions and estimates included herein constitute our judgment as at the date of this report and are subject to change without notice.

Unless we provide express prior written consent, no part of this report should be reproduced or distributed. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor to any third party in respect of this report.

This document must not be considered as an offer to sell or a solicitation of an offer to buy any product, security or service.