



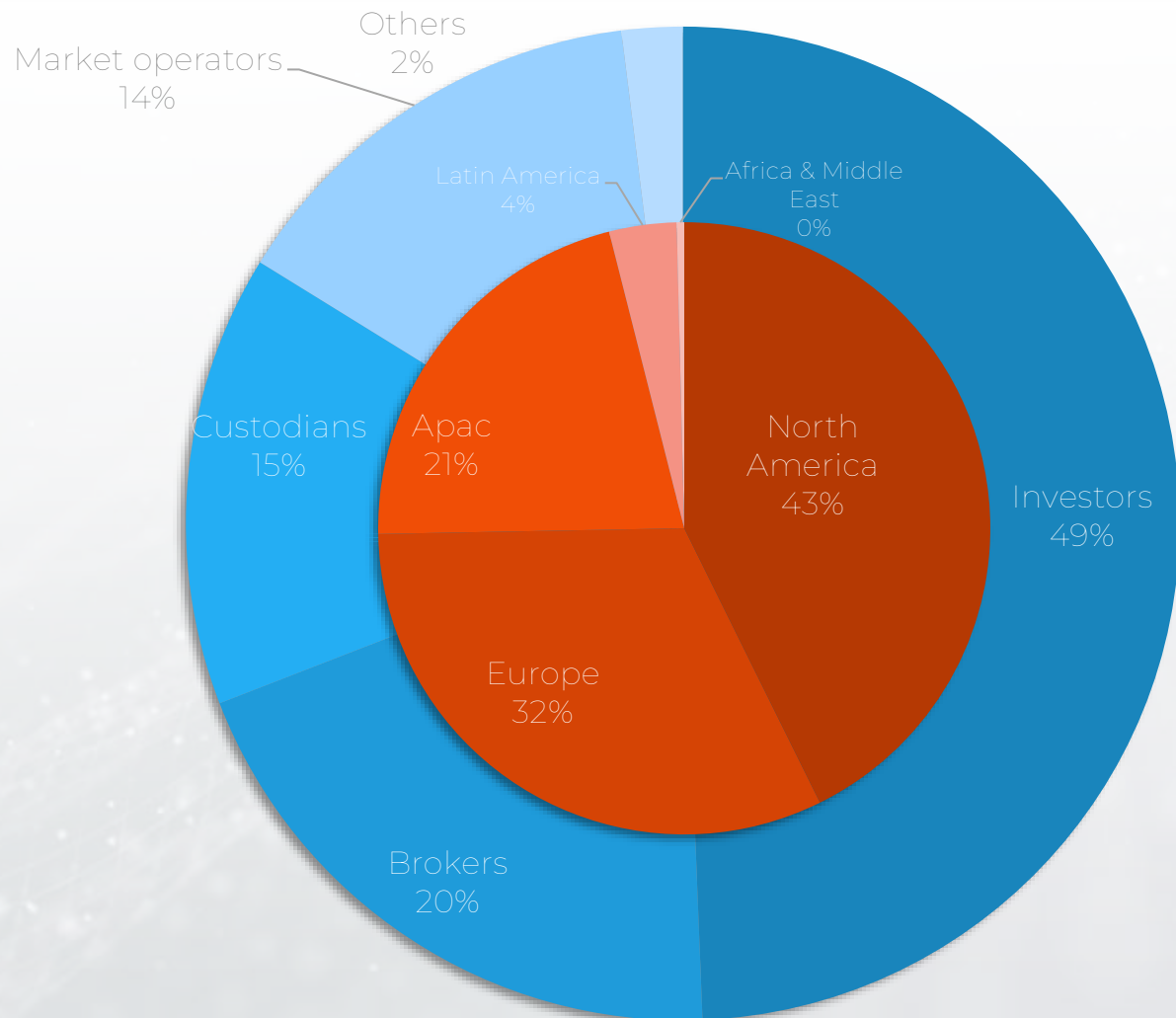
# T+1 Pulse survey (Sep 2024) Key survey findings



# T+1 Pulse survey: September 2024



## Who participated?



How did T+1 go in the end – and what are the lasting impacts that this year’s transitions are having on costs and risks across the industry?

With the support of DTCC, TMX and an extensive range of industry associations around the world, we have been tracking the global journey towards T+1 since its announcement in 2022.

These key findings are based on the results of our latest pulse check on global sentiment, run in August 2024 and drawing on insights from over 350 financial services professionals around the world.

This is a discussion document and we look forward to discussing the results of this research with you – to help you make the case for transformation in your organisation.



# T+1 Pulse (September 2024)



## Key findings

### What just happened?

T+1 went better than expected for 30% of respondents – especially in trade fail rates

Trade fail rates have remained low – although unaffirmed trades are seeing noticeably higher fail rates (by 21%)

T+1 has delivered cost efficiencies – but today's operating model is creating significant cost pressures on funding and people

T+1's smooth transition was enabled by T+0 allocations and affirmations

### What has changed?

Only affirmations and settlements models have been reshaped by T+1 – not much else has changed

Lack of industry automation has driven costs – especially for smaller firms

More than half of trade processing is happening overnight now – making an urgent case for automation in Europe

T+1 has seen a reduction in trade fails – but investors are still carrying the costs of market dislocation

### Finishing T+1: what lies ahead

35% of our T+1 project agenda is still ahead of us – mostly for investors

2027 looks set to be the definitive year for T+1

...although investors would like to see T+1 implemented faster across Europe

Only one in two respondents is ready for the next wave of transitions

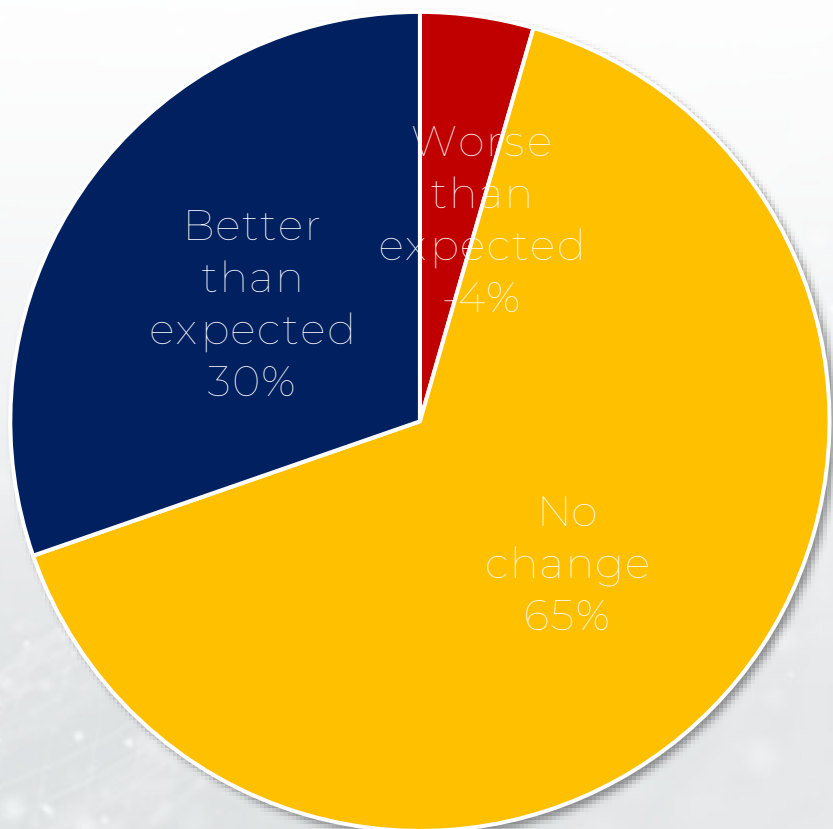


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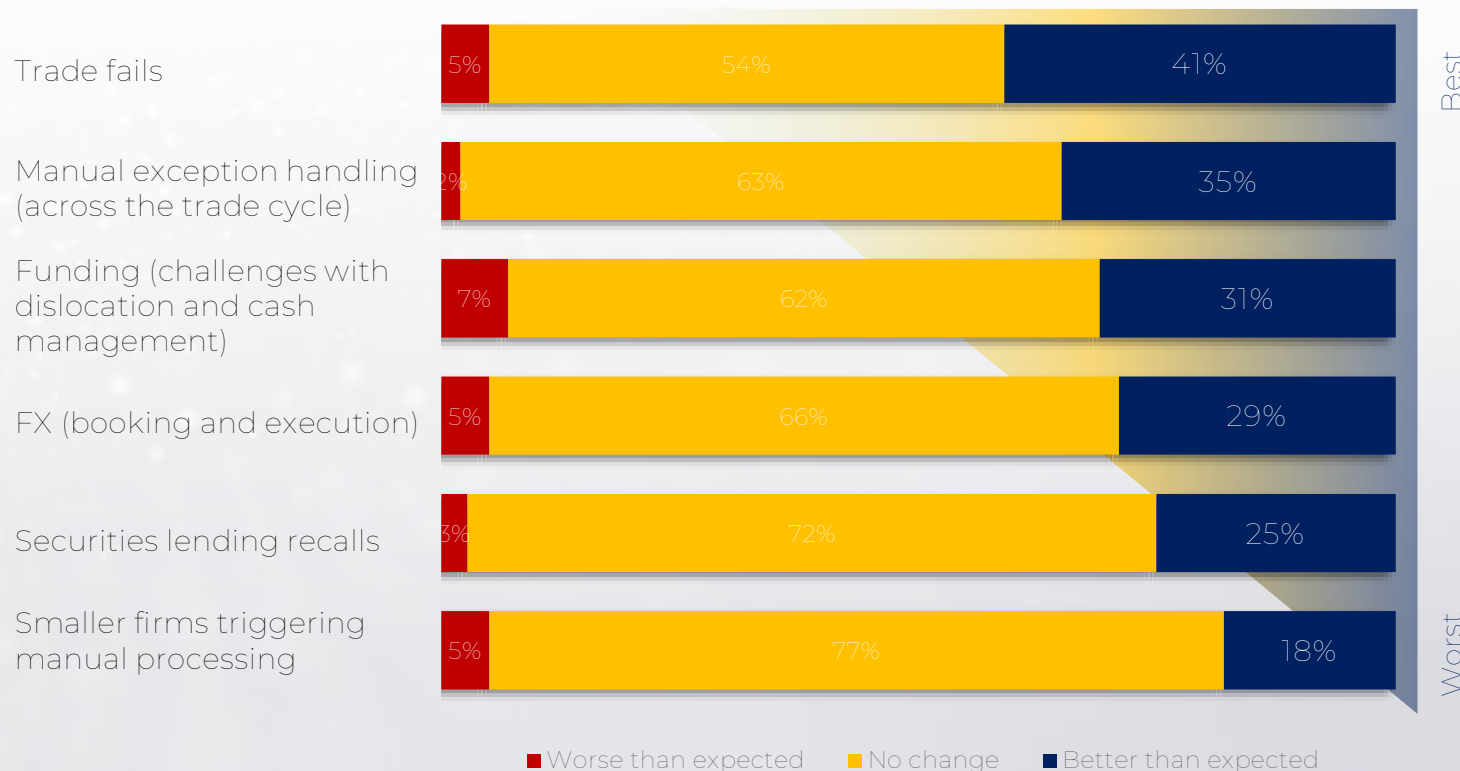


What just happened?

T+1 went better than 30% expected  
 Trade fails surprised in a good way. But funding and smaller firms did cause some stress



How did T+1 risks materialize following the May transitions? (% of respondents)



T+1 has triggered a shift in funding costs and driven over 10% growth in (out-of-hours) headcount costs

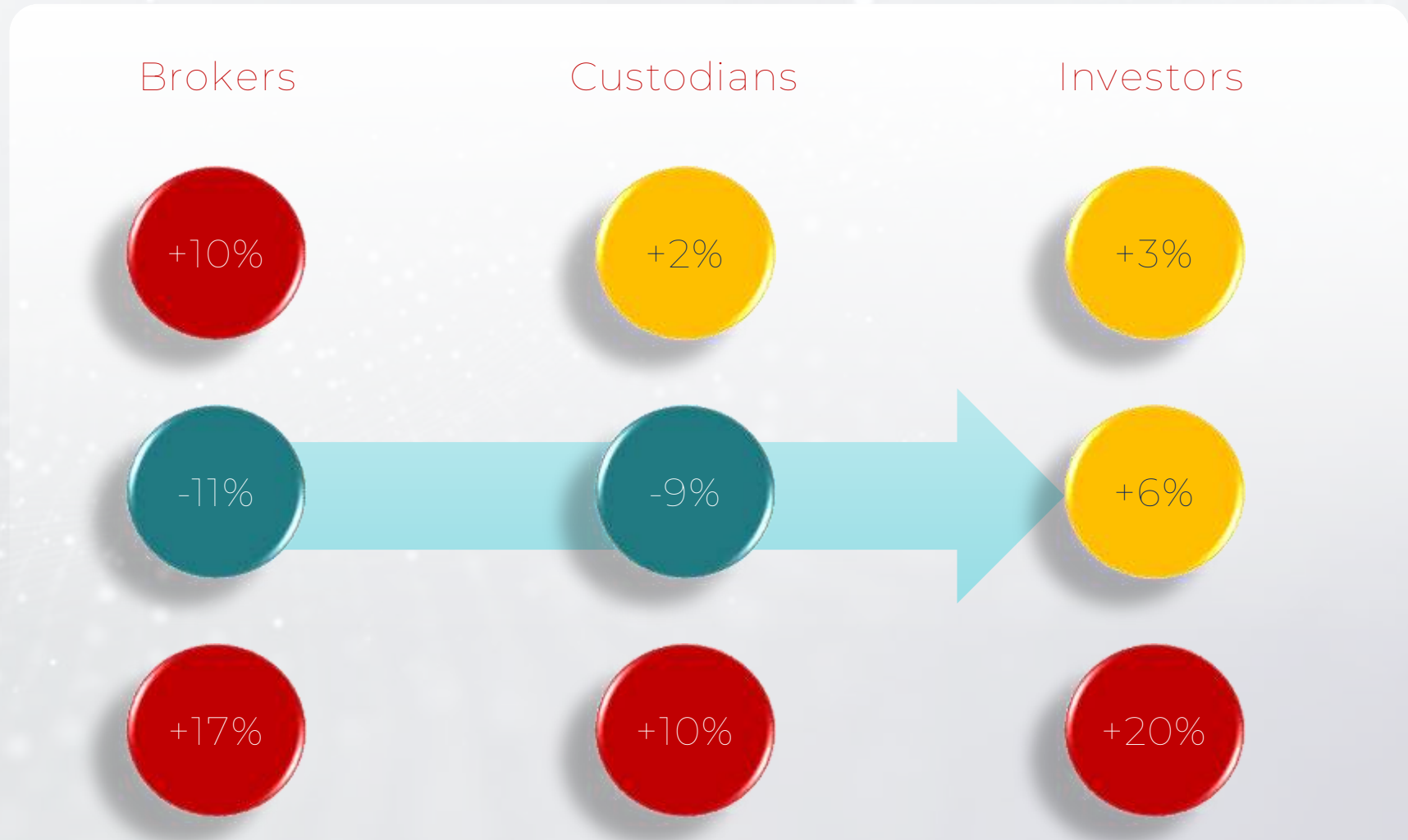


Average cost impact of T+1 per segment

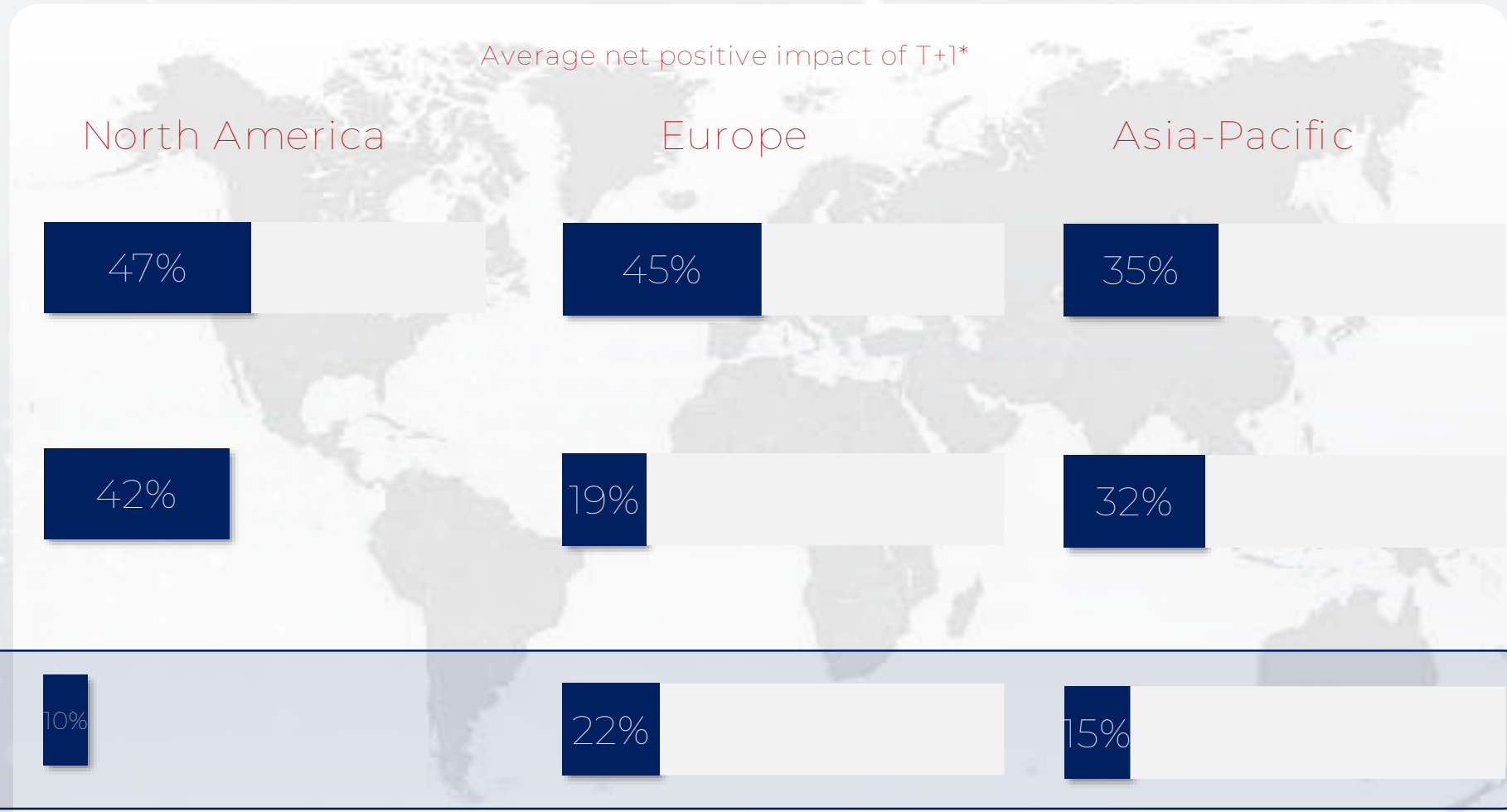
Average change in trade processing costs

Average change in funding costs

Average change in out-of-hours (human) resourcing



# Smaller firms have had a less positive experience of T+1 than their larger peers



Top tier firms  
(over 100,000 staff)

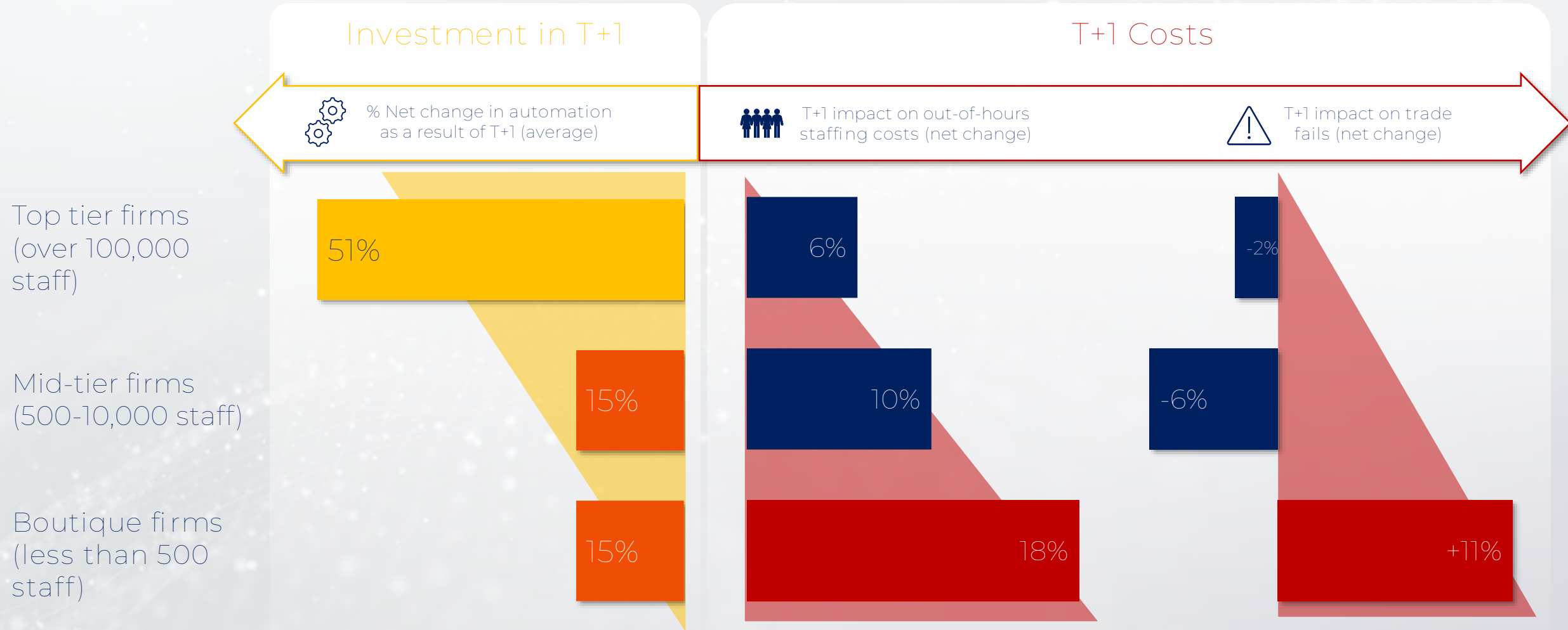
Mid-tier firms  
(500-10,000 staff)

Boutique firms (less  
than 500 staff)

(\*Better than expected minus worse than expected, excluding No change)



# Lack of automation has driven costs – especially amongst small firms





# Trade-date allocations and affirmations were the key process enabler to T+1



% of respondents citing each factor as top importance in ensuring a smooth transition



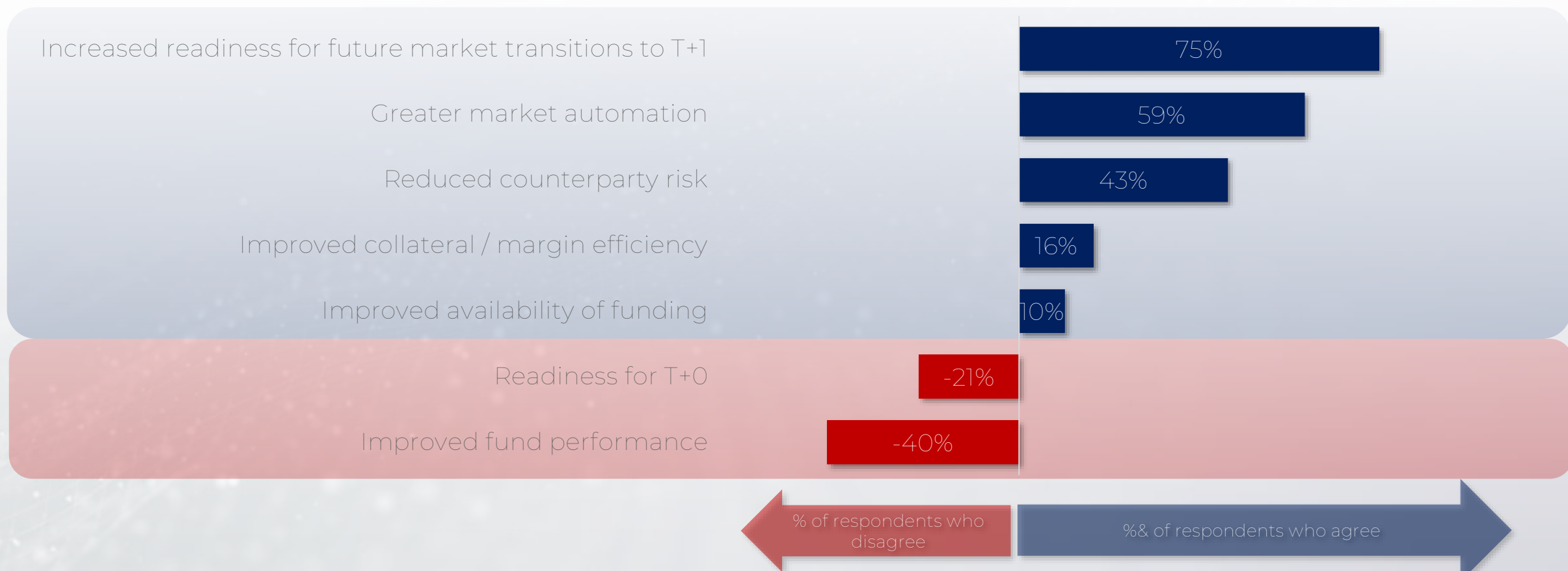
69% of brokers and custodians see industry collaboration as being the key driver of success – in that it helped to ensure alignment across the buy- and sell sides



T+1 has helped us to realise cost and risk efficiencies – but fund managers need to continue their transformation and automation



Net views on whether T+1 has helped us to achieve.... (% of respondents)



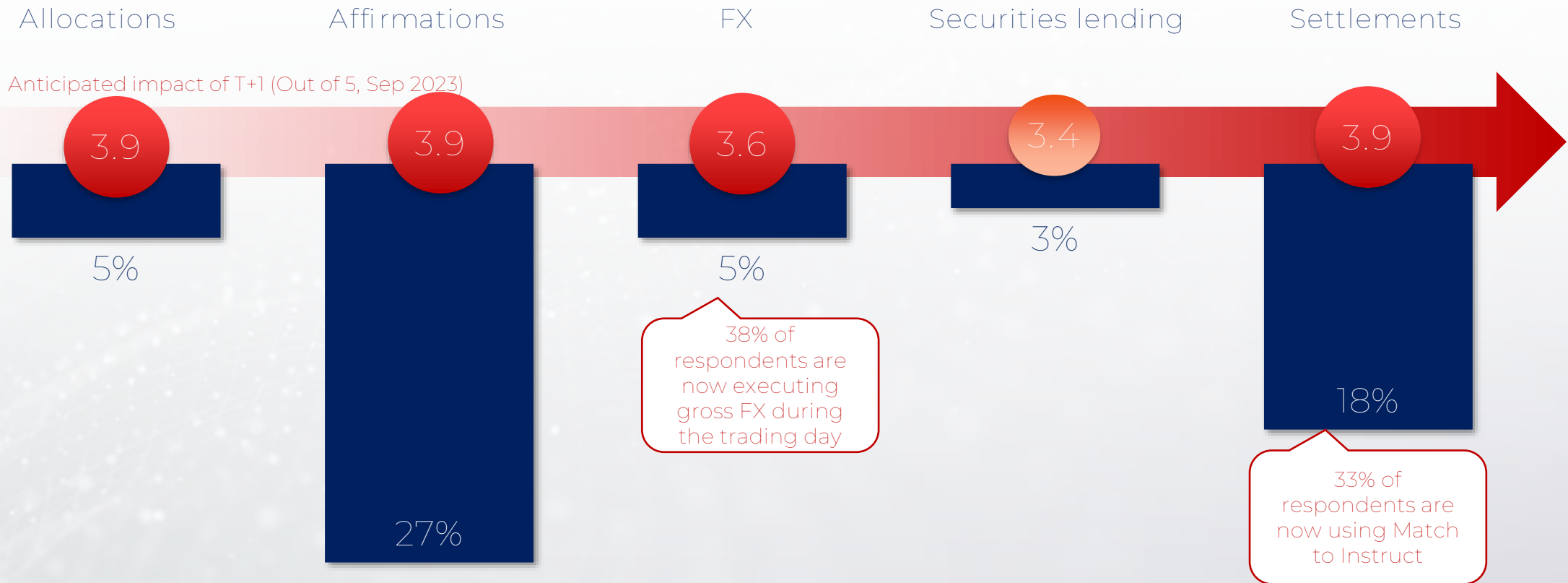
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What has changed?

# Our industry operating models remain largely unchanged: only affirmations have been transformed



% of respondents who have changed their operating models due to T+1 (by activity)

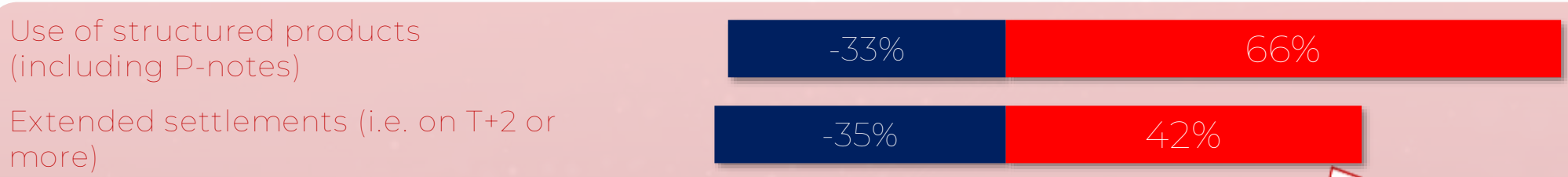


# Clear improvements in trade fails and exceptions – but investors (and their brokers) are carrying the cost of market dislocation

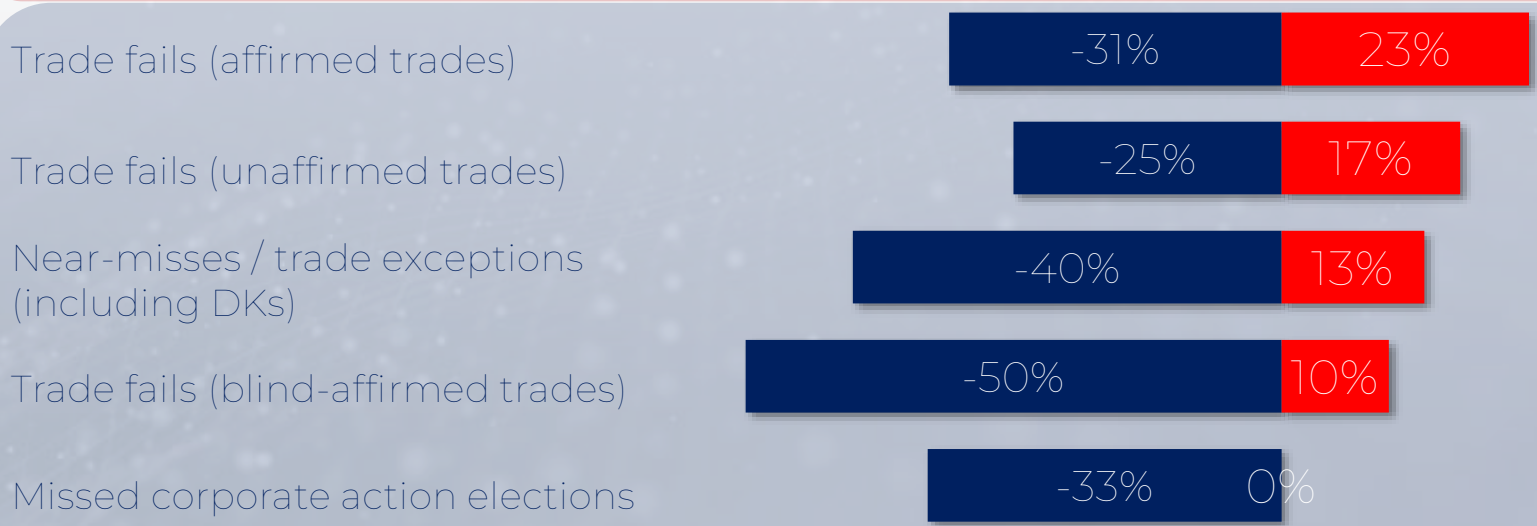


% of respondents seeing change in volumes of each activity (excl no change)

Net growth



Net reduction



60% of European investors have seen an increase in their extended settlements (by 10-30%)

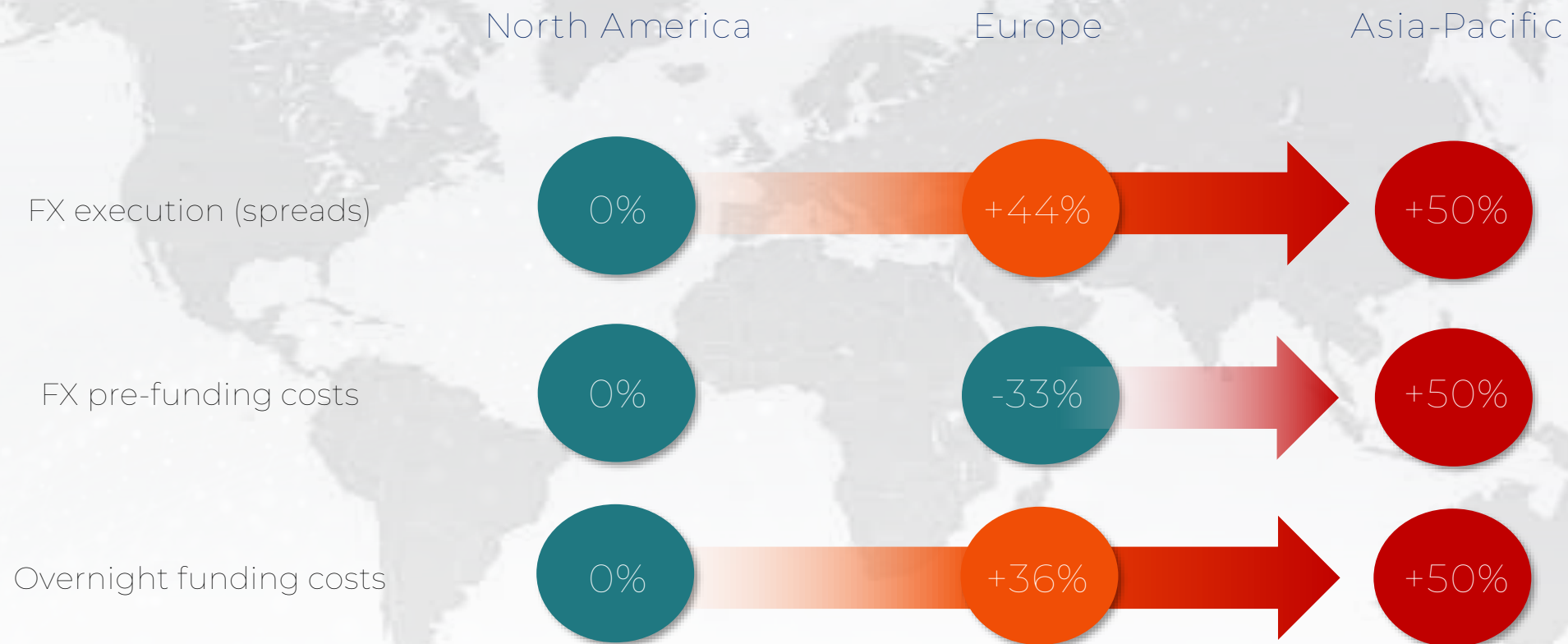
■ Volumes decreased ■ Volumes increased



# How has T+1 impacted our treasuries? Significant funding cost changes overseas



Net impact: % of firms seeing an increase vs decrease after T+1



03



Finishing T+1: what still lies ahead?

# Fund dealing cycles:

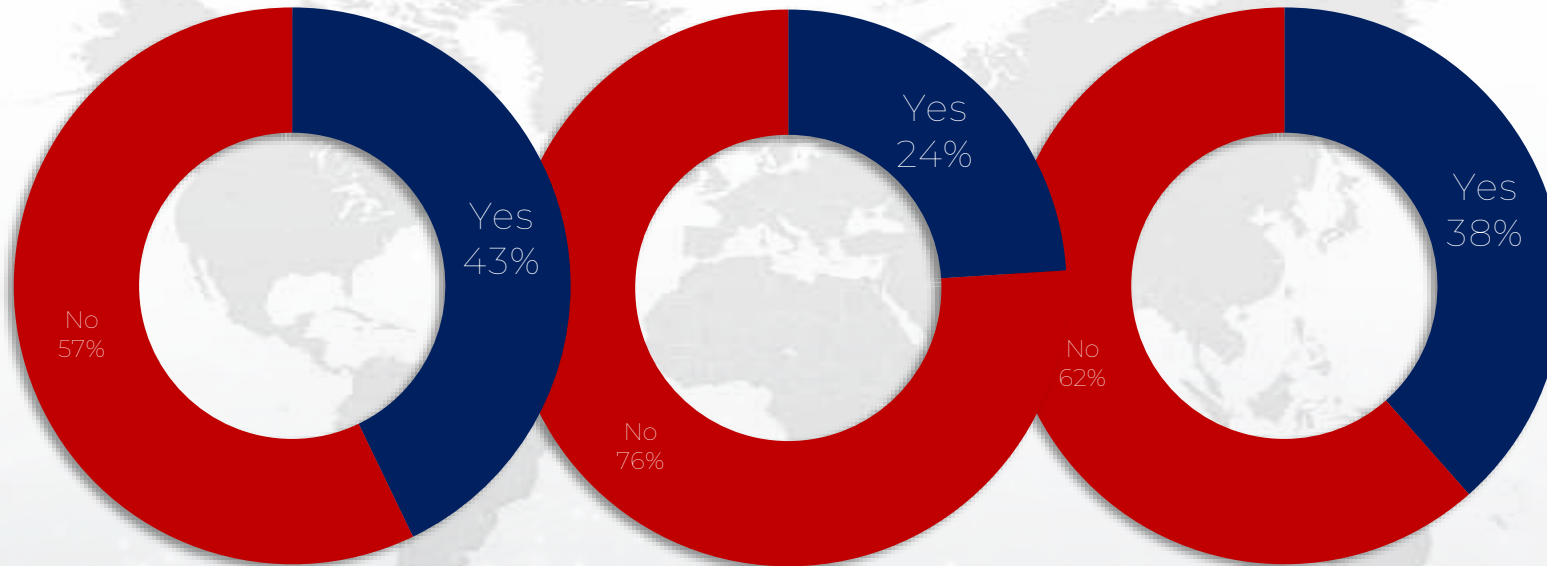
Majority of funds still have yet to adapt to T+1 – which means greater exposure to funding challenges today



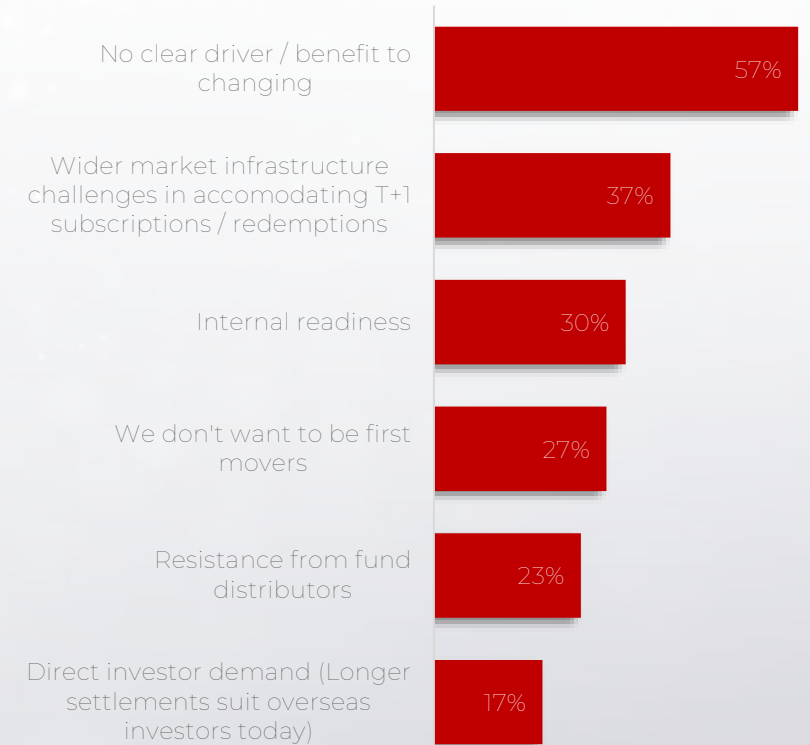
North America

Europe

Apac



...but perhaps change will come with the business case



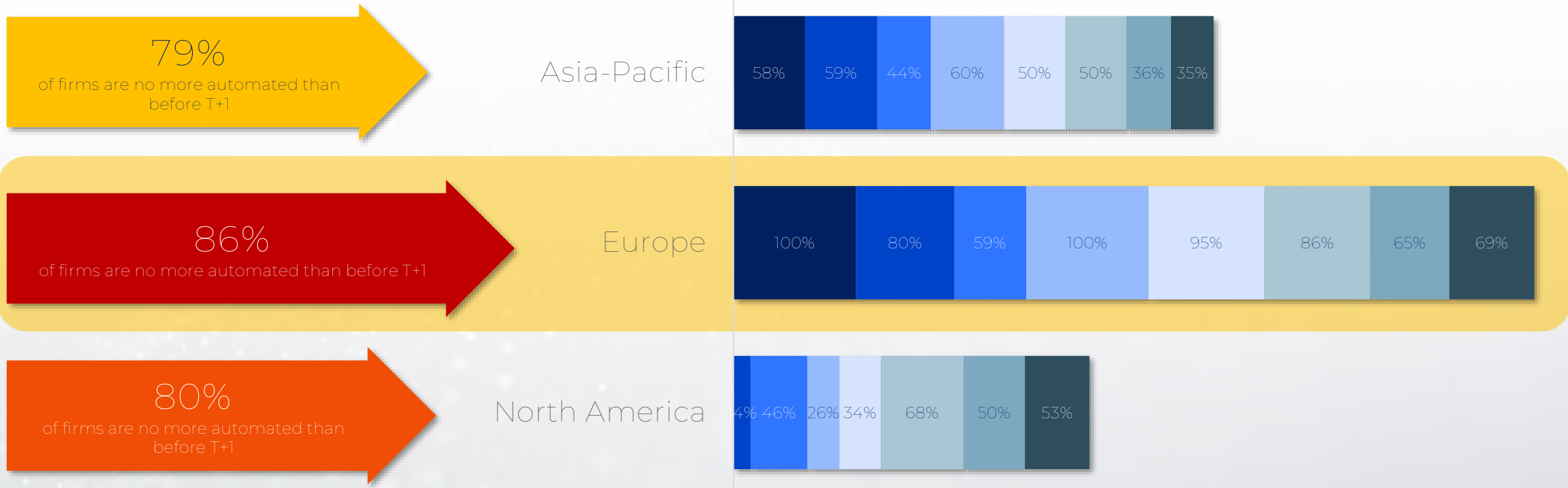


# More than half of trade processing is now happening overnight: making an urgent case for more automation in Europe



## Size of automation problem

## % of trade-cycle tasks being undertaken outside of local working hours



- Allocations
- FX instruction / execution
- Inventory updates and management
- Confirmations
- Affirmations
- Securities lending recalls
- Exception handling
- Settlements

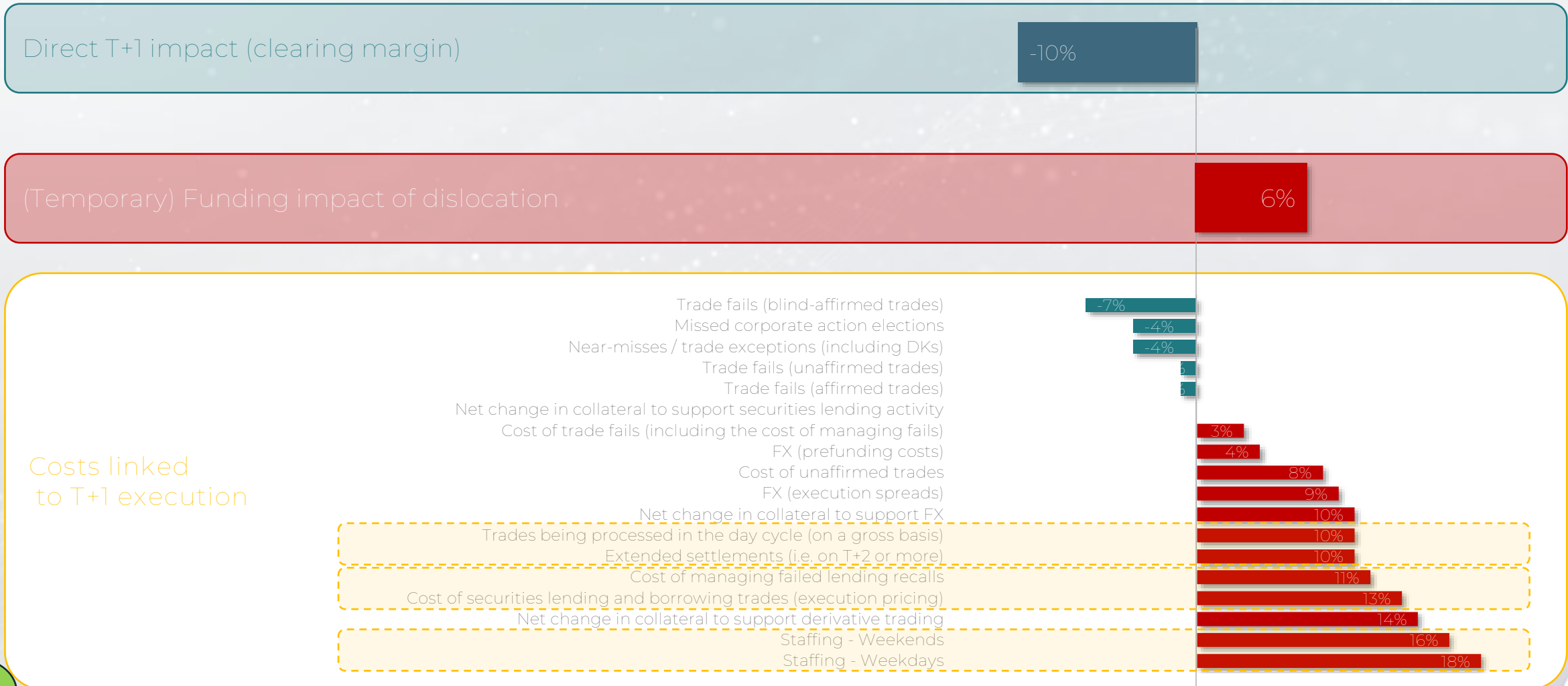


# What is the P&L of T+1?

Much of the cost impact is down to us: especially in funding, SBL and staffing



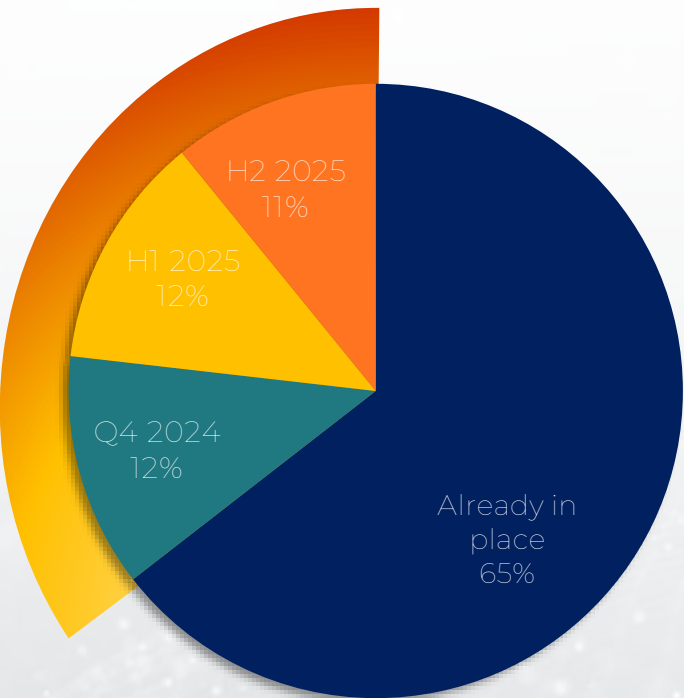
## Net cost impact of T+1 across the trade cycle



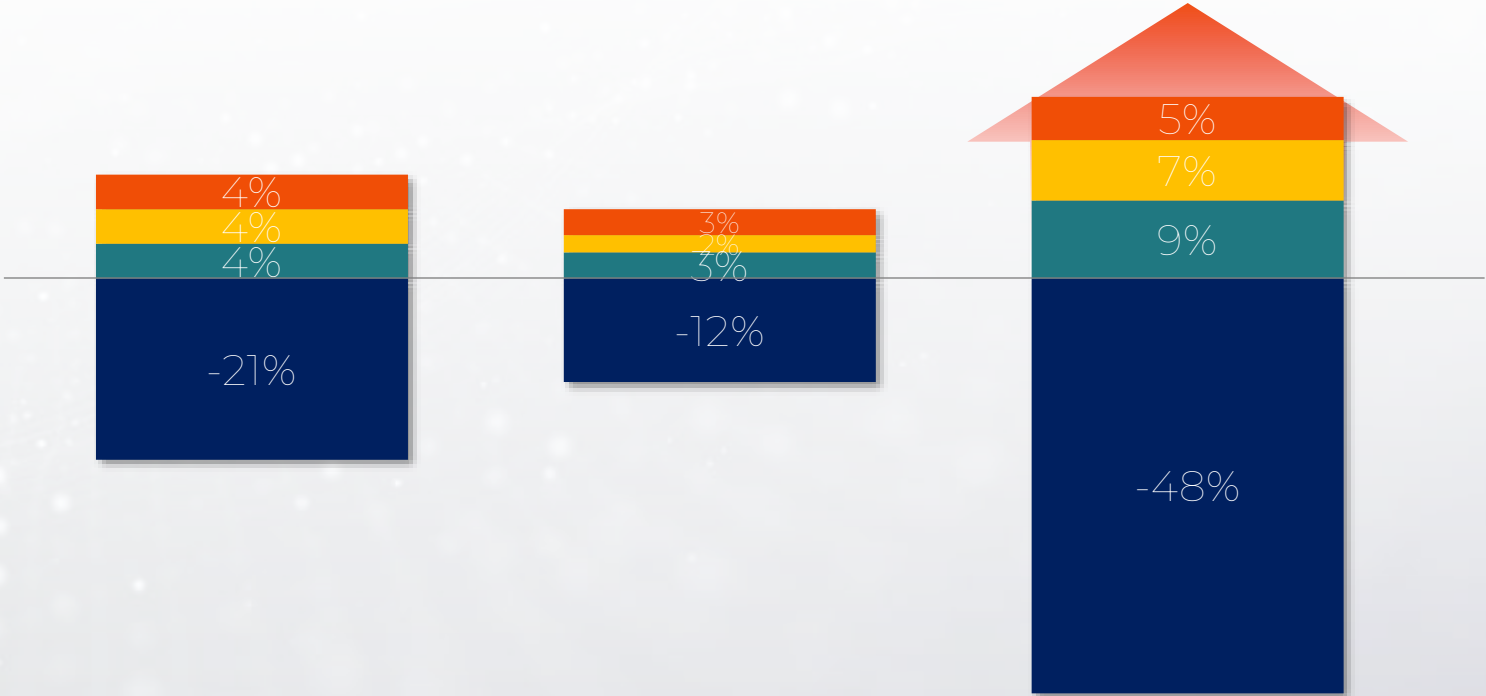
Costs linked to T+1 execution



35% of our T+1 project work is still ahead of us – most of all for investors



T+1 project activity past and future (% of respondents with project activity planned)



Brokers

Custodians

Investors

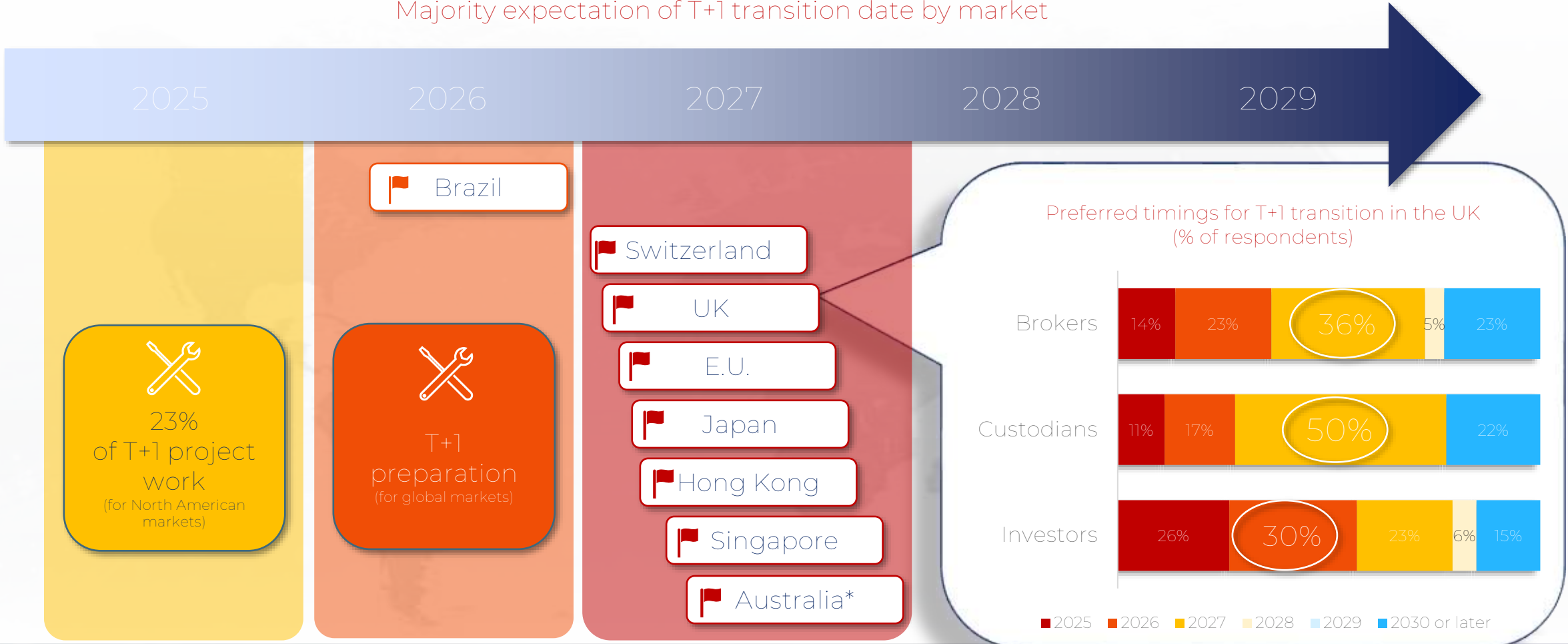
Legend: ■ Already in place ■ Q4 2024 ■ H1 2025 ■ H2 2025



# The T+1 roadmap: Three years to prepare for a transformational 2027



Majority expectation of T+1 transition date by market



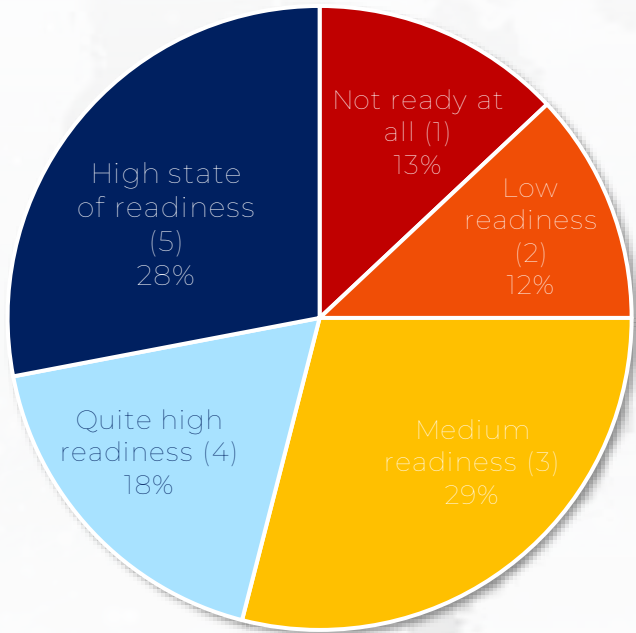
\* Survey was completed before ASX announcements on potential target dates for T+1



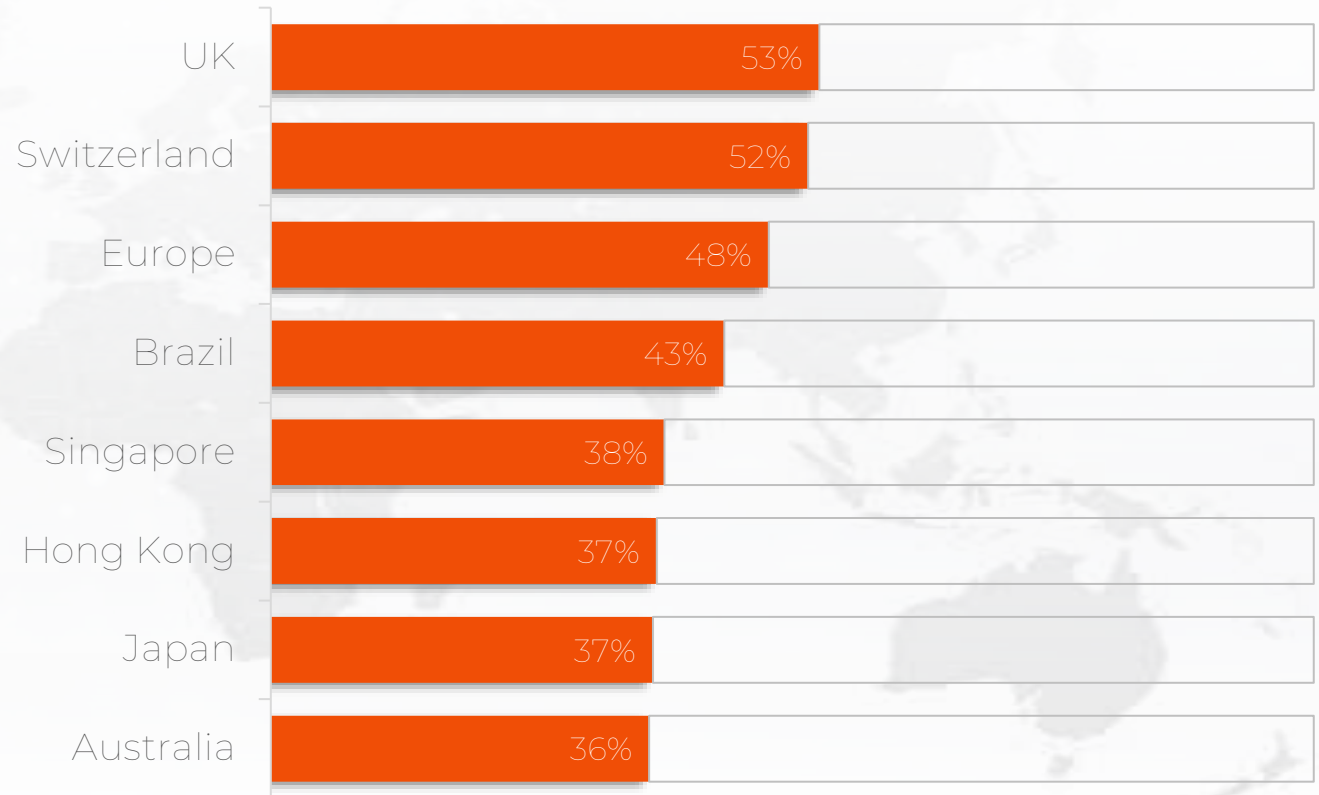
# The T+1 roadmap: only one in two respondents is ready for the next wave



Global readiness for future T+1 transitions (out of 5)



% of respondents ready for future T+1 transitions (4,5 out of 5)



# The ValueExchange



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## Expert community

An active and engaged community of industry leaders and changemakers across the globe

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... to empower changemakers with:



## Concierge

Our personalized service to help you get the answers you need



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# Thank you!

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