

What does the new post-trade operating model look like?

The new post-trade operating model

the ValueExchange

Sponsored by:

S&P Global
Market Intelligence

Contents



1. Introduction	02
2. Reimagining settlements: A middle office revolution	02
3. Connected data and real-time collaboration are the new standard	02
4. The rise of predictive analytics and exception management	03
5. Operational resilience in the digital age	04
6. Integration and flexibility across the trade lifecycle	04
7. Expanding asset class coverage: One platform for all	05
8. Closing	05

What does the new post-trade operating model look like?



1. Introduction

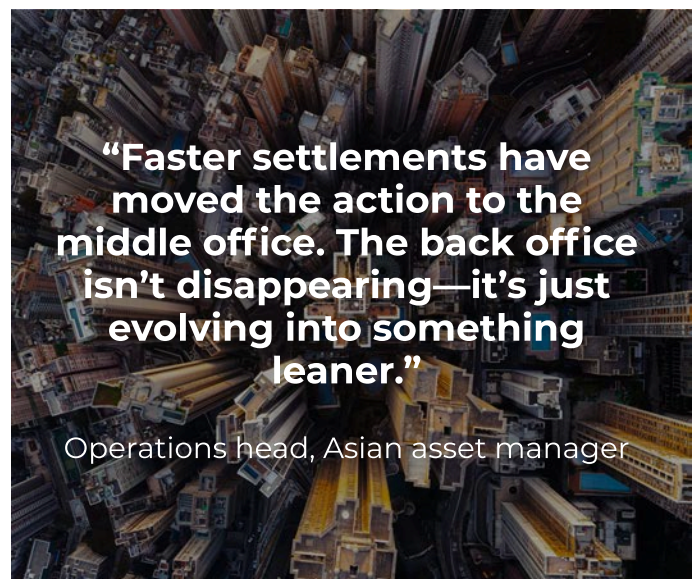
Thank you for joining us for Part 3 of our series on the evolving post-trade landscape. In this edition, we focus on the structural shifts redefining the post-trade operating model. From the rise of predictive analytics to the increasing reliance on real-time data and collaborative platforms, the middle office is becoming the new frontier for efficiency and innovation. Let's explore how these changes are reshaping operations and setting the stage for even faster settlement cycles.

2. Reimagining settlements: A middle office revolution

The move to T+1 settlements has shifted key activities such as allocations, affirmations, and matching out of the back office and into the middle office. This earlier intervention streamlines the settlement process, significantly reducing the risk of trade failures.

The implications are profound: by addressing potential issues closer to the point of trade, organizations can eliminate much of the traditional back-office workload, transforming its role into one focused solely on settlement instruction transmission. This reimagining of workflows paves the way for T+0 or even atomic settlement, where speed and precision are paramount.

Firms that invest in early-stage automation and predictive analytics are well-positioned to achieve these efficiencies while minimizing the resource costs associated with middle-office operations.



3. Connected data and real-time collaboration are the new standard

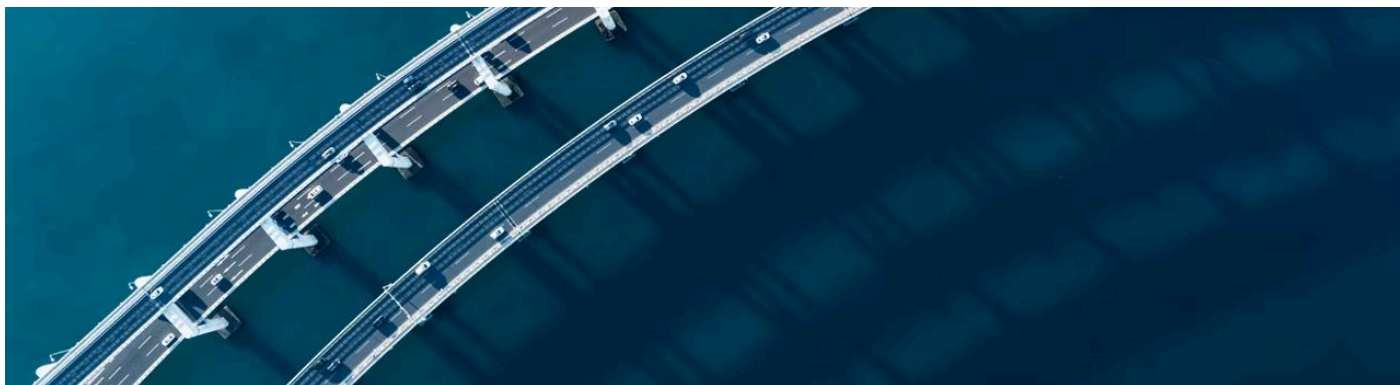
Sequential processes introduce lags that no longer have a place in the modern post-trade landscape. Speedier settlements demand real-time communication and data sharing among all parties to a trade. Advanced platforms are emerging to address these challenges, with solutions that enable real-time, multilateral communication and access to shared data, reducing delays and errors. **S&P Global's Custody and Settlements Platform**, for instance, supports these goals by streamlining communication and data flow across counterparties. Other tools focus on absorbing and consolidating data from multiple counterparties, providing a clear view of potential mismatches earlier in the chain.

This evolution goes beyond simple communication. The real opportunity lies in creating shared data layers that eliminate redundant reconciliation processes and provide consistent, accurate information accessible to all parties. By expanding access to data fields beyond traditional settlement instructions—such as commission data—mismatches can be identified and resolved much earlier in the trade lifecycle.

What does the new post-trade operating model look like?

Reducing reliance on traditional handoffs and fragmented processes lowers the risk of mismatches, accelerates workflows, and creates a foundation for true straight-through processing (STP). Speedier settlement becomes achievable only when accurate asset and transaction data is shared in real time.

This shift not only reduces the pressure on affirmation and matching processes but also offers greater visibility into potential settlement issues, enabling smoother and more reliable post-trade operations.



4. The rise of predictive analytics and exception management

Exception handling remains one of the most resource-intensive aspects of post-trade operations. Here, AI and machine learning are game-changers:

Predictive Insights:

Custodians and investment managers can analyze historical trade data to predict which trades are most likely to fail, enabling proactive resource allocation.

Automated Resolution:

By identifying patterns and anomalies, AI tools can resolve exceptions faster than traditional manual interventions.

These innovations not only reduce operational costs but also improve trade reliability, ensuring that human resources are focused where they are needed most.

“Predictive analytics changes the game. Instead of reacting to failures, we can anticipate and prevent them.”

COO, UK fund manager

5. Operational resilience in the digital age

In an era of interconnected systems and increased reliance on digital technology, operational resilience is paramount. Regulations like the EU's Digital Operational Resilience Act (DORA), set to take effect in January 2025, aim to ensure that financial institutions can withstand technological disruptions, cyber threats, and operational failures.

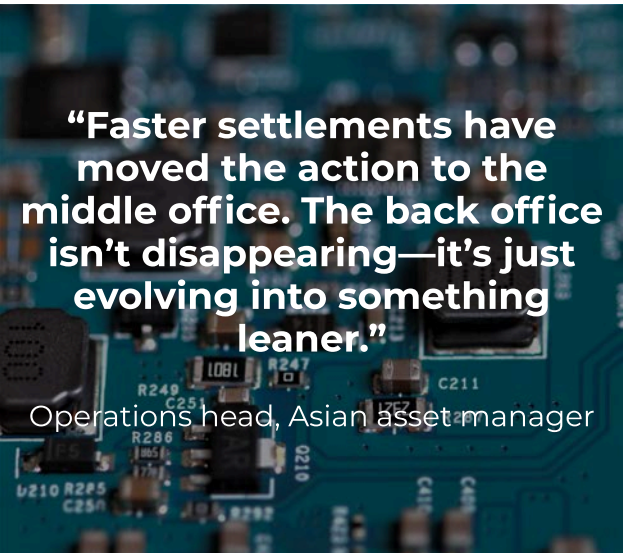
Key areas of focus include:
Cloud and AI Governance: Ensuring robust IT security for emerging technologies.
Incident Response: Strengthening frameworks to mitigate and recover from major disruptions.
Compliance Assurance: Implementing systems and processes that align with evolving regulatory standards.

By embedding resilience into the post-trade operating model, firms can safeguard against risks while maintaining the agility needed to meet future challenges.

6. Integration and flexibility across the trade lifecycle

The next-generation post-trade model demands seamless integration across front, middle, and back offices. Fragmented systems often create data silos and reconciliation bottlenecks, but integrated platforms eliminate these inefficiencies and enable more agile operations.

Key enablers of this integration include:
Shared Data Layers: Allowing consistent information to flow through every stage of the trade lifecycle, minimizing errors and redundancies.
APIs and Interoperability: Enhancing communication between internal systems and external platforms for smoother data exchanges and reducing time-intensive manual interventions.
End-to-End Workflow Alignment: Ensuring that processes are synchronized across functions, reducing manual touchpoints and driving efficiency.



In addition to traditional integration efforts, the rise of Software-as-a-Service (SaaS) and Business-Process-as-a-Service (BPaaS) platforms reflects the industry's pivot toward flexible, cost-effective infrastructure. These solutions offer scalability, enabling firms to expand operations and support global client bases without incurring the substantial costs of in-house system development. Furthermore, SaaS and BPaaS platforms are particularly effective at meeting evolving regulatory requirements, providing firms with adaptive tools that align with compliance needs while streamlining operational workflows.

This holistic approach enables firms to operate with greater speed and accuracy, laying the groundwork for future advancements like T+0 or real-time settlement. As the industry continues to evolve, platforms that integrate workflows while offering flexibility will be key to unlocking efficiencies and maintaining a competitive edge.

7. Expanding asset class coverage: One platform for all

Any system enhancements also need to address the emergence of new asset types without creating additional silos. Trading systems originally evolved to support equities and fixed income, but the growing investor appetite for crypto, private equity, hedge funds, and other alternative assets underscores the need for a shift. Legacy systems, designed with a narrow focus, struggle to support this broader range of asset classes, highlighting the urgency for platforms that can seamlessly integrate both traditional and emerging investments—including asset types that don't yet exist.

To meet these demands, systems must not only accommodate rising volumes but also evolve to adapt readily to changing market conditions, settlement timeframes, and regulatory requirements. This requires:

Scalability:

Systems capable of handling a diverse and expanding range of asset classes without creating operational silos.

Flexibility:

Platforms designed to adapt quickly to new asset types, client needs, and regulatory shifts.

Data Consistency:

Unified data models that ensure all asset classes are supported with high integrity and transparency.

The reimagined post-trade model is one of integration, agility, and forward-looking innovation. With the groundwork laid for faster, more efficient processes, the question now is how firms can scale these advancements sustainably. In the final part of our series, we'll discuss the challenges and opportunities that lie ahead as the industry strives to balance modernization with operational resilience. Don't miss our concluding insights.



8. Closing

The reimagined post-trade model is one of integration, agility, and forward-looking innovation. With the groundwork laid for faster, more efficient processes, the question now is how firms can scale these advancements sustainably. In the final part of our series, we'll discuss the challenges and opportunities that lie ahead as the industry strives to balance modernization with operational resilience. Don't miss our concluding insights.



Scan the QR code to access the link

THE CORPORATE ACTION CHANGE MAKER FORUM

Want to learn from corporate action change makers?
Listen to our Change Maker Forum webinar discussions and get insights into how firms are transforming their corporate action processing.



<https://thevx.io/campaign/change-maker-forum/>