



T+1 in Asia-Pacific

Key Findings

The ValueExchange



Empowering change-makers in the capital markets with expert-backed, statistical insights on the case for transformation

Leveraging our...

Hands-on experience

Over 25 years of practitioner experience in securities and capital markets

Expert community

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

Unique industry data

Over five years of in-depth data on how and where the world is transforming its investment operations



... to empower changemakers with:



Concierge

Our personalized service to help you get the answers you need



Measure Impact

Specialist benchmarking insights to track the economic impact of your transformation in dollars and cents



Industry advocacy

Collaborative, industry-wide campaigns to make the case for transformation



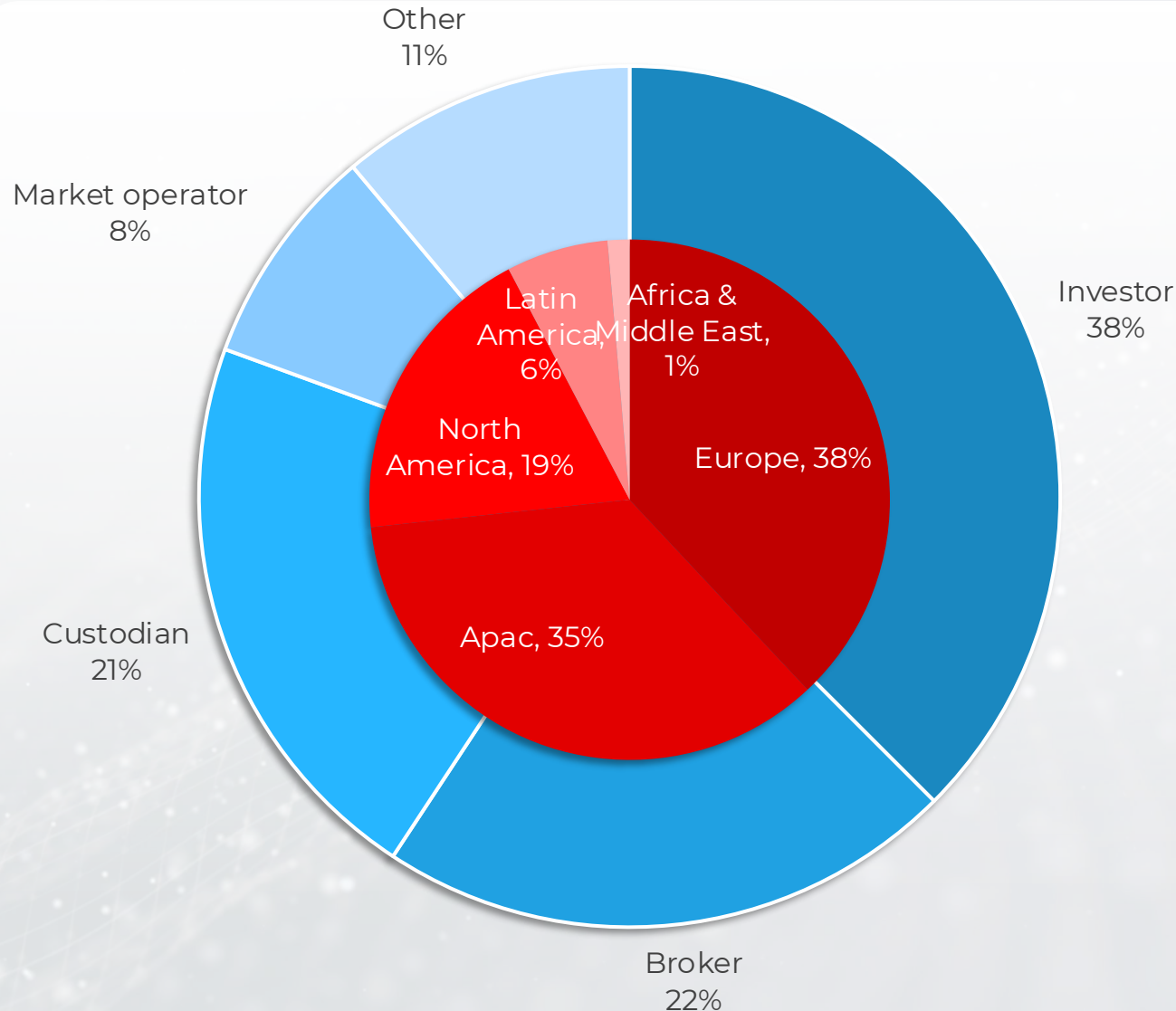
Thought leadership

Tailored whitepapers, factsheets and webinars to help you make your case for transformation

T+1 in Asia Pacific Survey Respondents



Who participated in the survey?



What does T+1 to the global community of firms who are actively investing into Asia's markets today?

These findings are based on survey data from 244 market participants, from across the market segments and with global representation.

They reflect the industry's preparation for the compression of settlement cycles from T+2 to T+1 in Asia Pacific, including areas of concern and expectations on the transition.

The ValueExchange outreach also consisted of qualitative insights from market experts at leading global firms.

We welcome your thoughts and questions on this information at info@thevalueexchange.co

T+1 in Asia Pacific – Finding a Common Line

Key findings



T+1 in APAC: in 5 points

74% of respondents are actively engaged on T+1 in APAC – well ahead of peer markets at this stage

Expectations of T+1's long term impact are strongly positive – despite short term risks to trade fails and costs

Asia's tier 3 markets are a significant concern for over 60% of respondents, but are overseas firms under-estimating the task ahead?

Funding risks for global investors are the main concern for all Asian markets in T+1, ahead of trade fail pressures

When to transition? Is 2028 the big year for T+1 in Asia?

How far do we have to go?

Up to 54% of post-trade processing will need to accelerate in order to reach T+1 in Asia

Around half of North American and European allocations would need to be accelerated for T+1

70% of Asia's settlement instructions will have to accelerate for T+1 – whilst 76% of North Americans are already treating APAC as T+0/T+1

Where is the transition risk?

More than 50% of respondents expect to struggle in managing funding and fails discipline

Where is the funding challenge? Timing is key everywhere – but restrictions on currency movements are the biggest risk overall

Europeans will be hardest hit by FX timing risks – whilst 37% of North Americans are already outsourcing the issue

What are the major enablers to T+1 in APAC?

100% of (foreign) investors see the alignment of rules and timings across Asia as a critical enabler for T+1

What does the industry need to make T+1 a success? T+0 FX, Automated SSI and trade matching and real time visibility

80% APAC respondents are looking to FMIs to lead the T+1 initiative whilst up to 94% of international respondents are looking to the trade associations

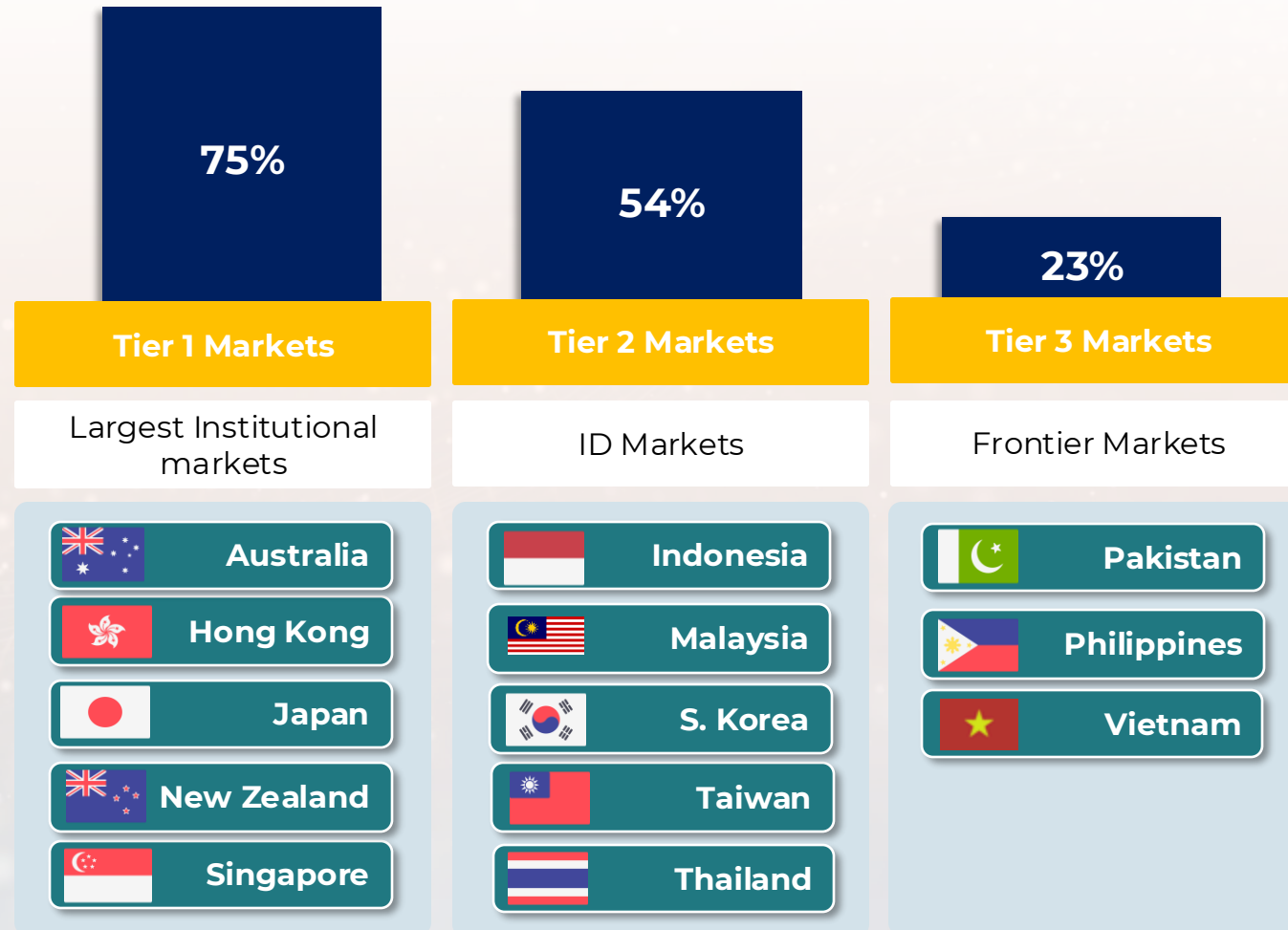
T+1 in Asia Pacific – Finding a Common Line

Definitions



% of survey respondents active in each range of markets:

Throughout this analysis, we have divided Asian markets into three categories:



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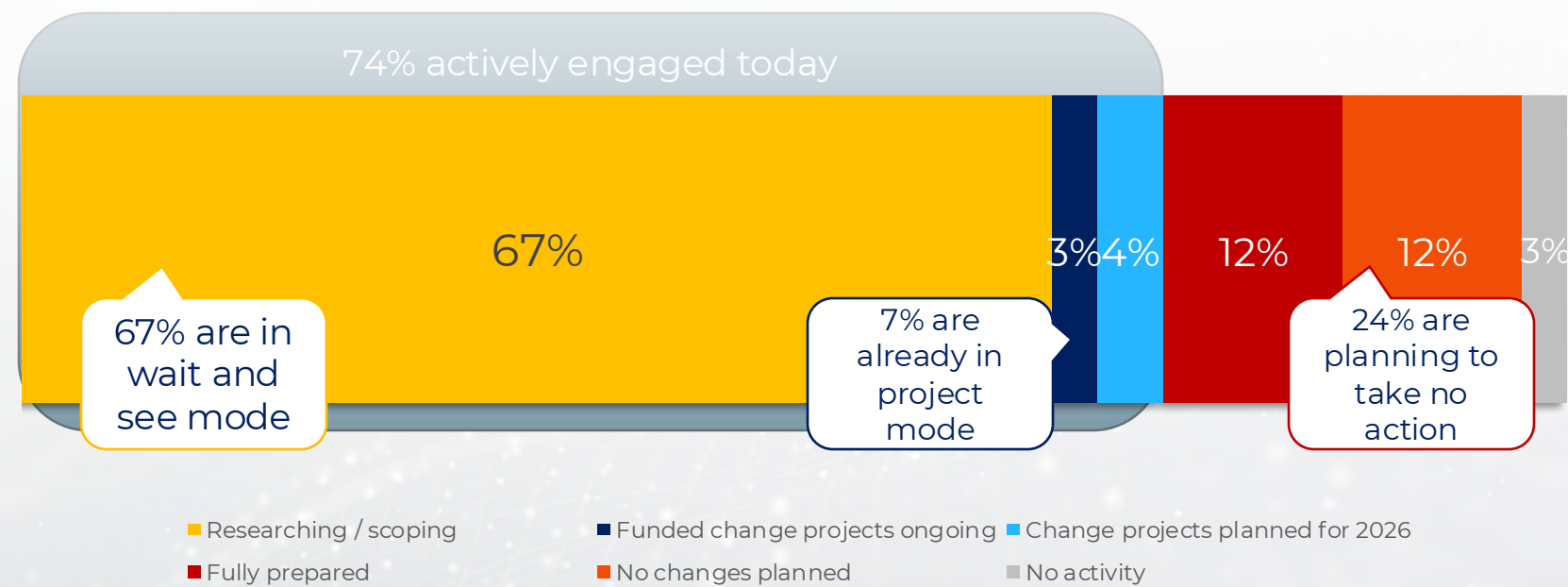
T+1 in APAC: Overview



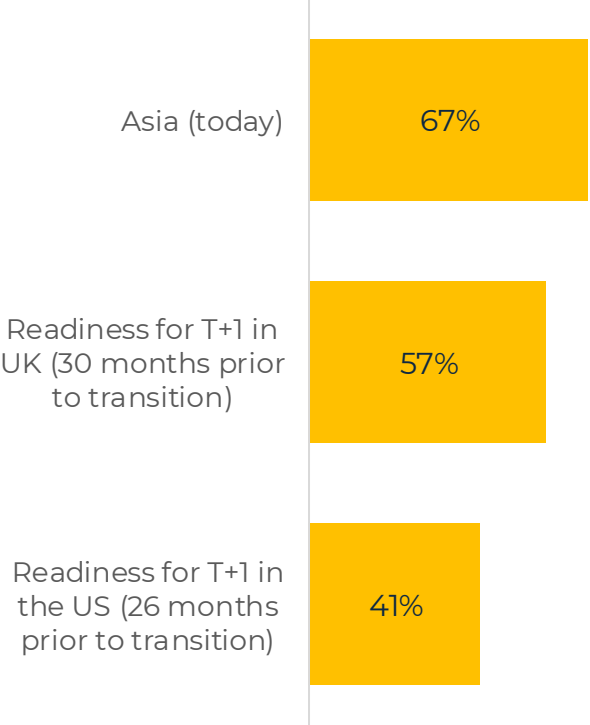
T+1's global effect. 74% of respondents are actively engaged – well ahead of peer markets at this stage



Current State of Global of Preparation for T+1 in Asia (% of respondents by stage)



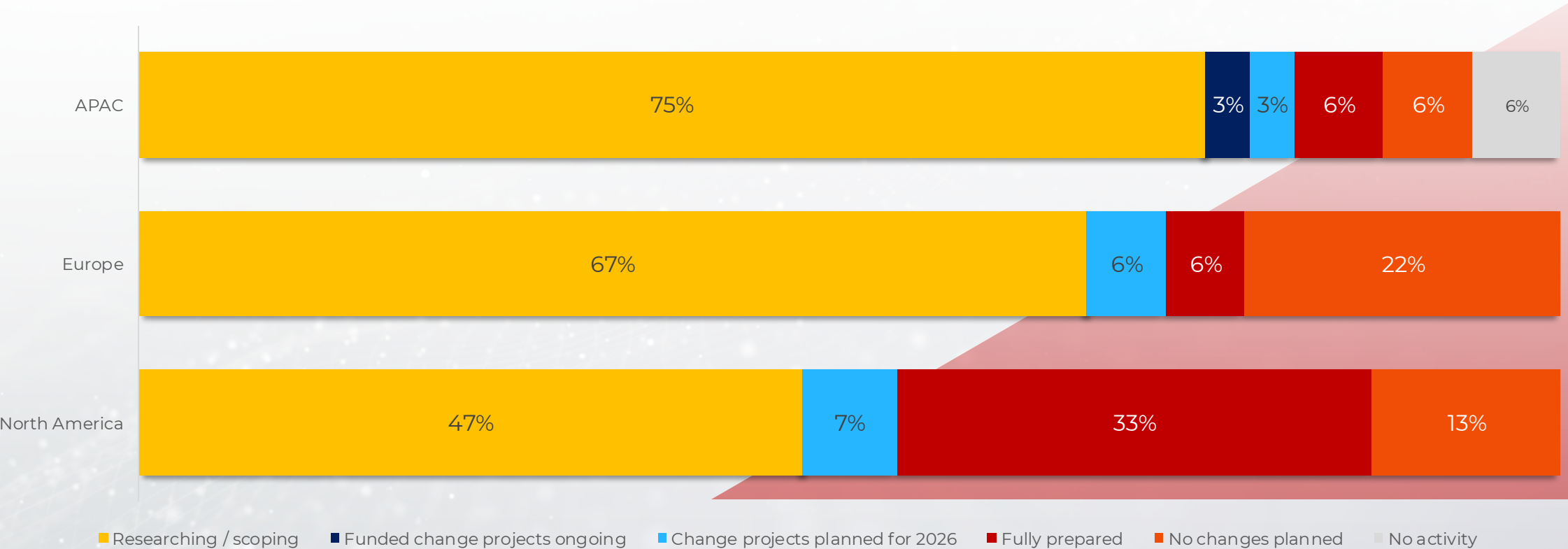
% of respondents in researching / scoping mode – by T+1 market



But up to 33% are under-estimating their T+1 Asia workloads in North America and Europe



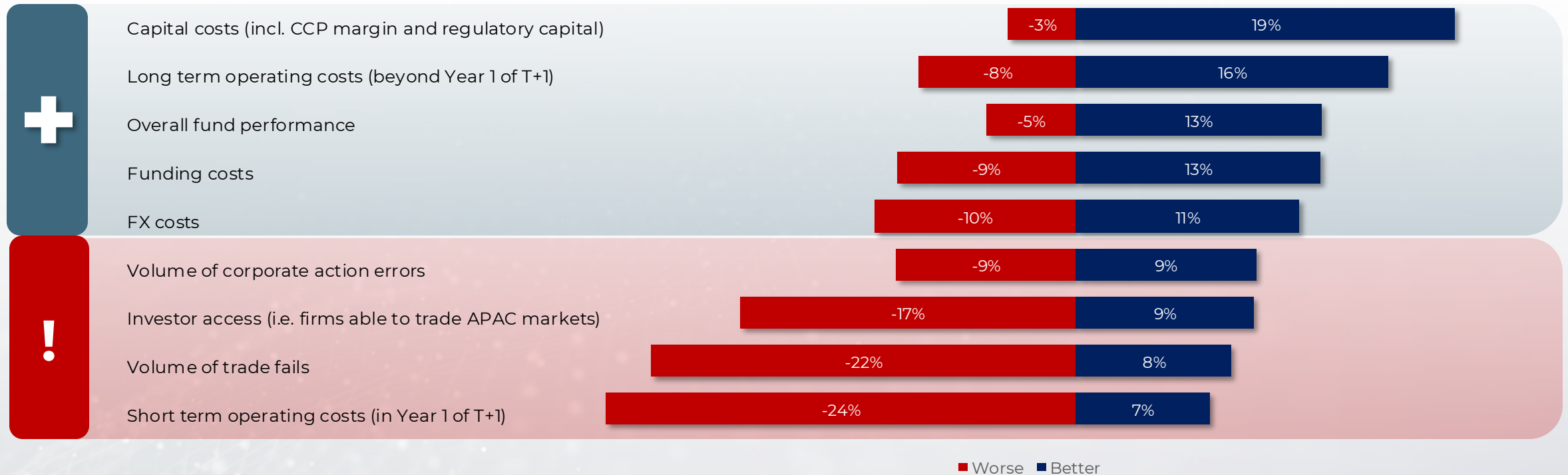
Current State of Global of Preparation for T+1 in Asia (% of respondents by stage)



Expectations of T+1's long term impact are strongly positive – despite short term risks to trade fails and costs



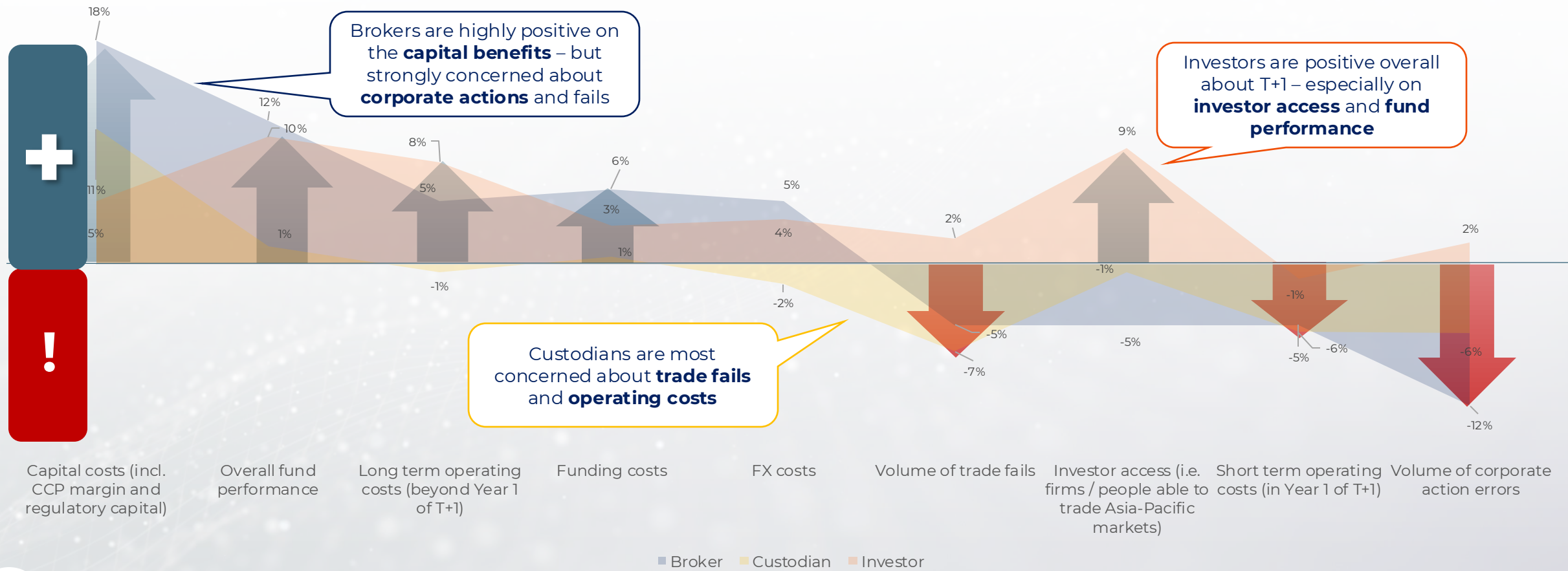
Expected Impact of T+1 in APAC (% of respondents by expectation)



T+1 is expected to deliver performance for investors but costs and fails risks for intermediaries



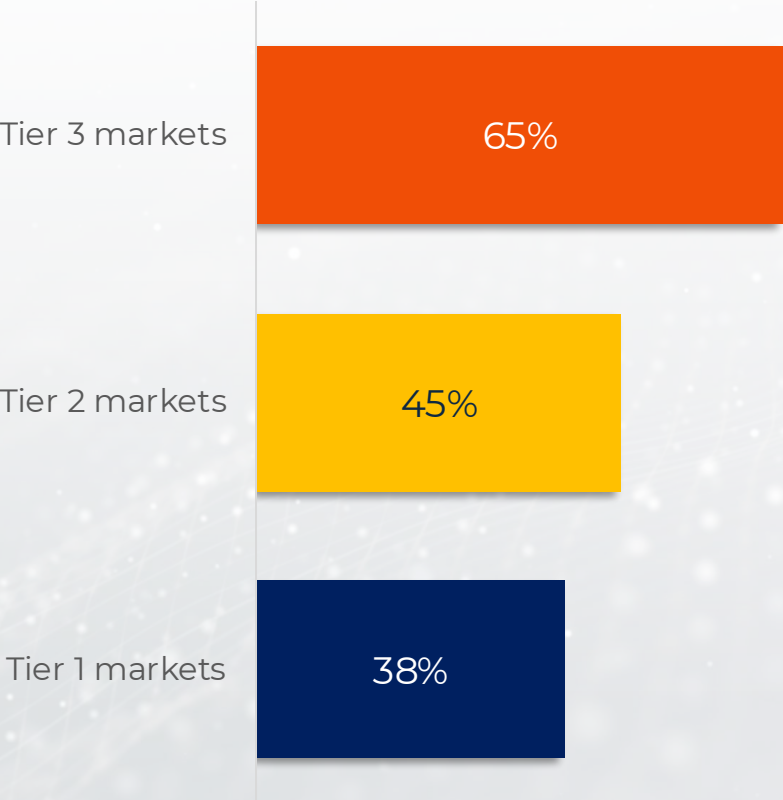
Average % impact across APAC markets by market segment



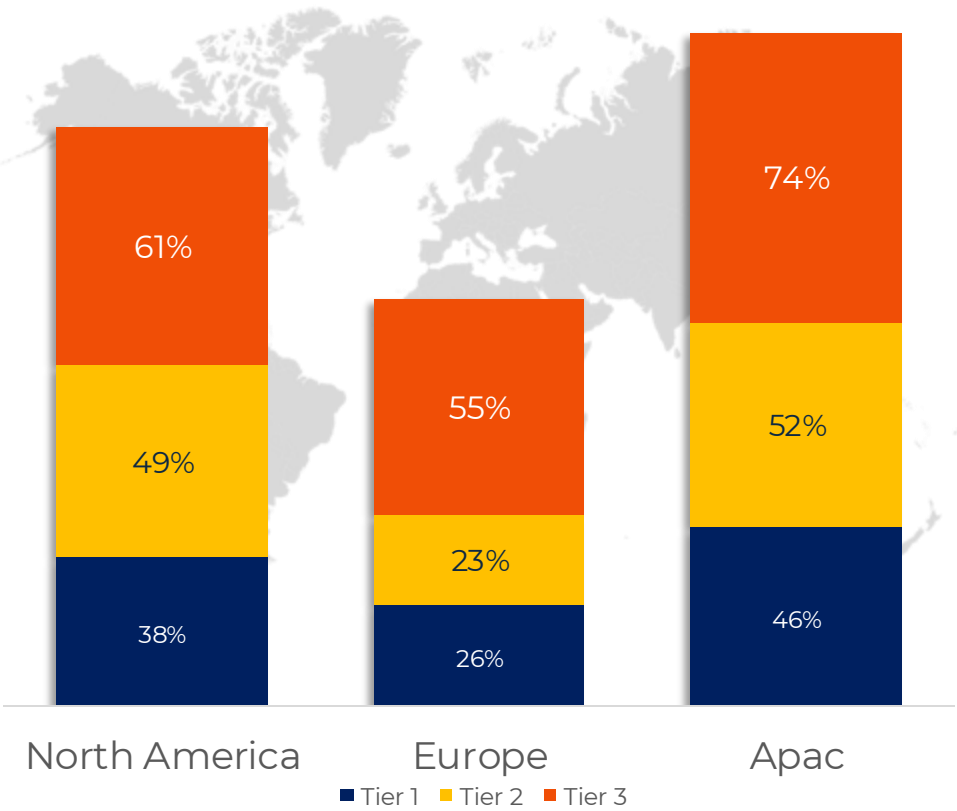
Different markets, different risks: Asia's tier 3 markets are a significant concern for two-thirds of respondents, but are overseas firms under-estimating the task ahead?



Which markets present the highest levels of transition risk? (% of respondents expecting significant risks, by market profile)



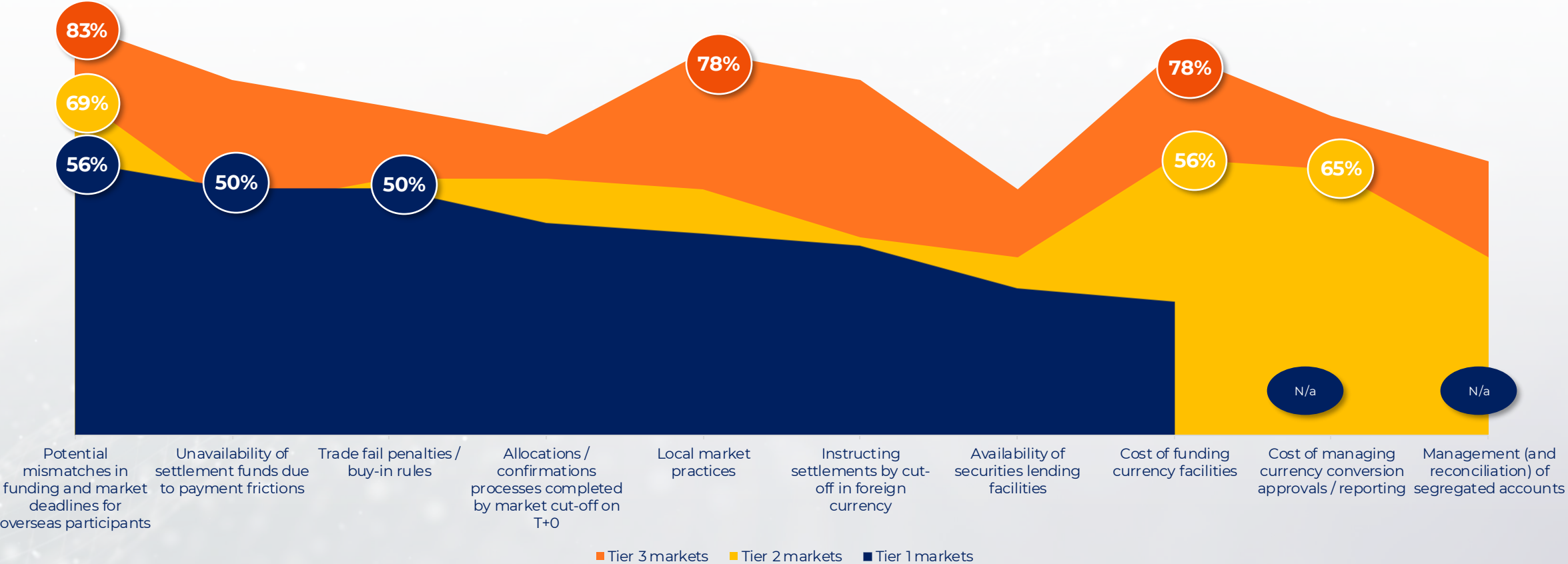
By respondent region



Overseas investors are the main concern for all Asian markets in T+1, whilst trade fails head the risk agenda for tier 1 markets and local funding for tier 3 markets



Areas of most significant risk in the T+1 transition (% of respondents selecting each risk (out of 100%))



When to transition? Is 2028 the big year for T+1 in Asia?



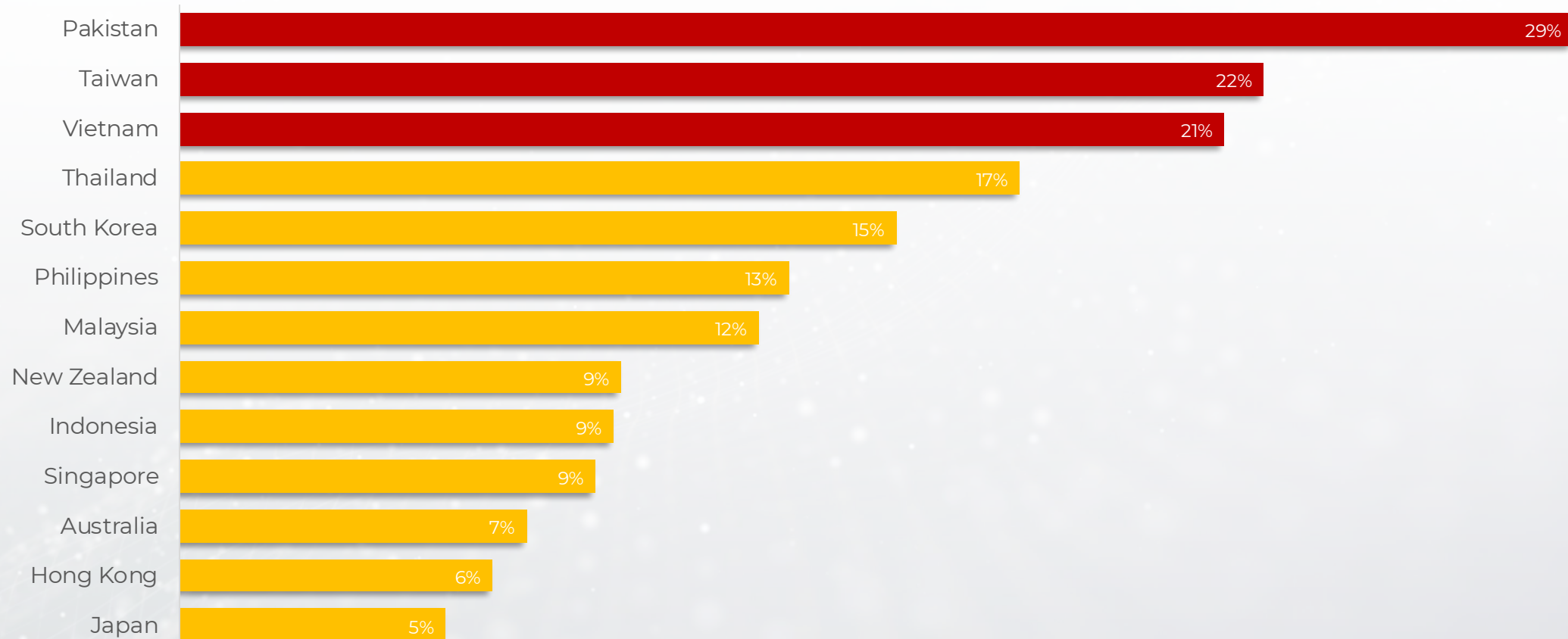
Preferred transition dates for T+1 per Asian market (median)



Over 20% of respondents would prefer to remain on current settlement cycles in Pakistan, Taiwan and Vietnam



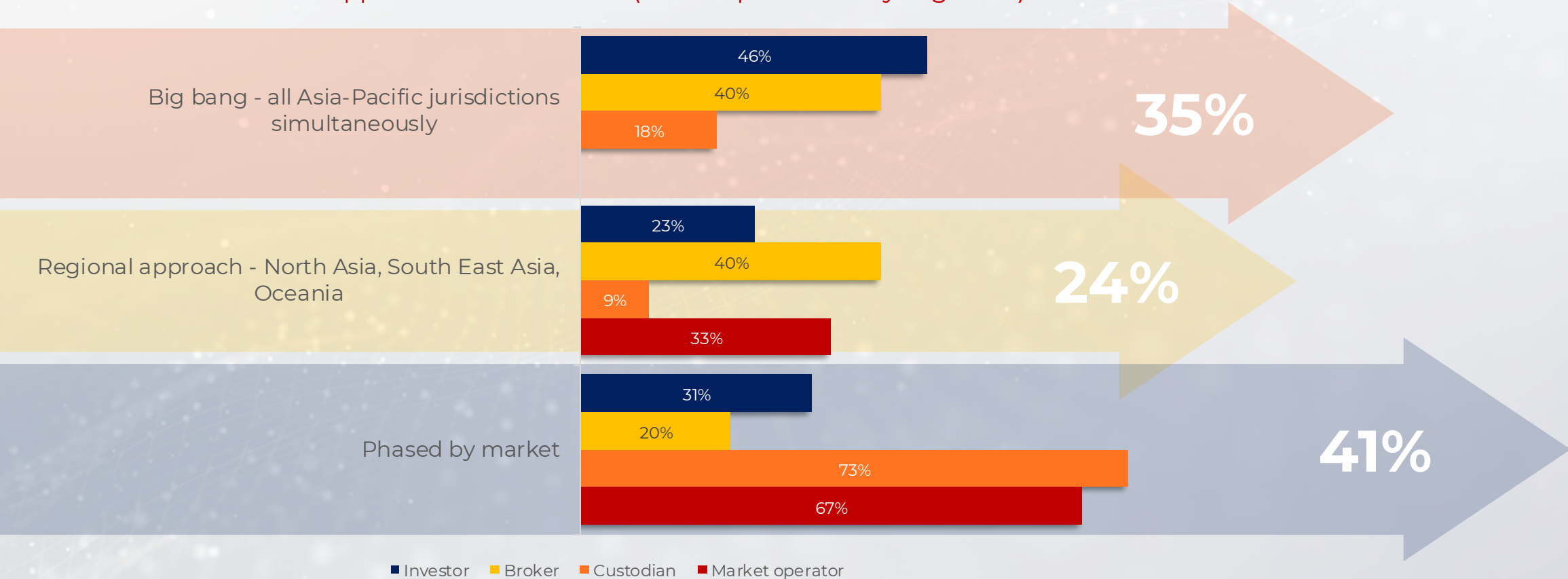
% of respondents preferring no T+1 per market (i.e. maintaining the current settlement cycle)



Big-bang or phased transitions? While 46% of investors favor a 'big bang' 73% of custodians prefer 'phased migrations'



Preferred approach for T+1 in Asia (% of respondents by segment)



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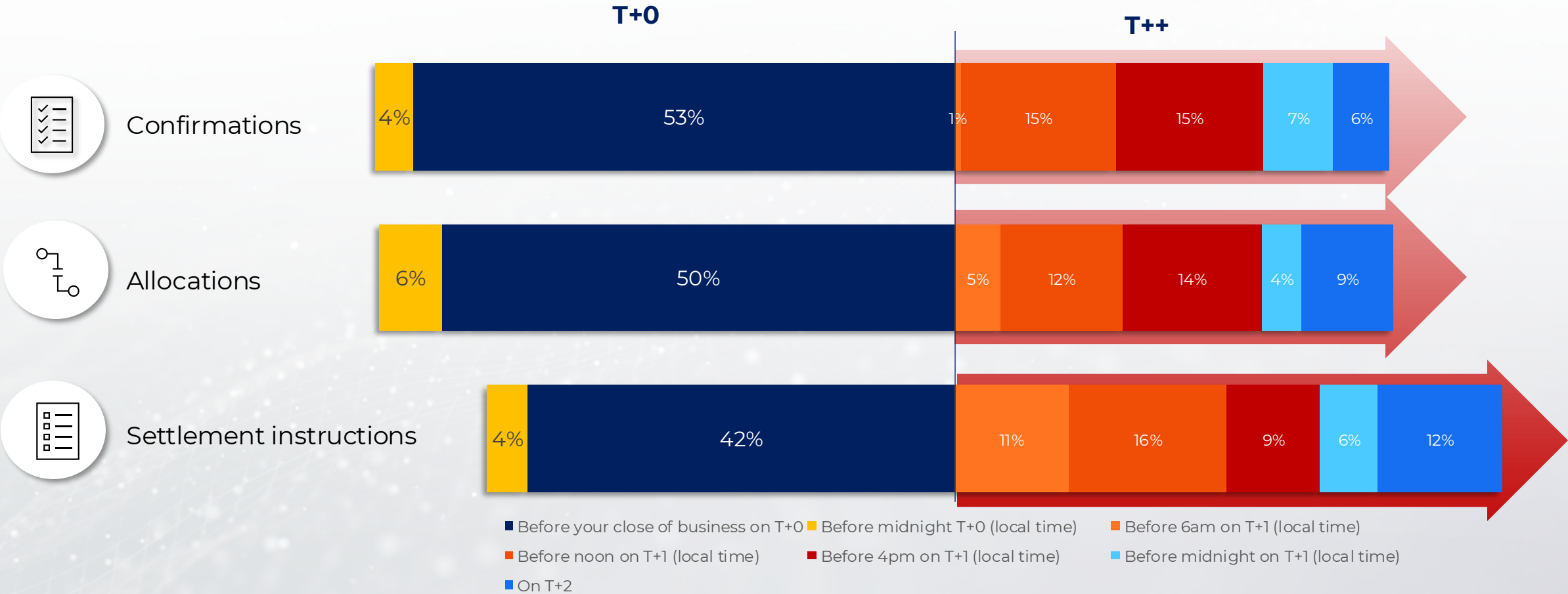
**How far do we
have to go?**



Up to 54% of post-trade processing will need to accelerate in order to reach T+1 in Asia



Current Processing Deadlines for Asian markets (Averages)



Around half of North American and European allocations would need to be accelerated for T+1



Current **Allocation** Deadlines (average by respondent region)

T+0

T++

APAC

67%

22%

11%

Europe

38%

46%

16%

North America

59%

41%

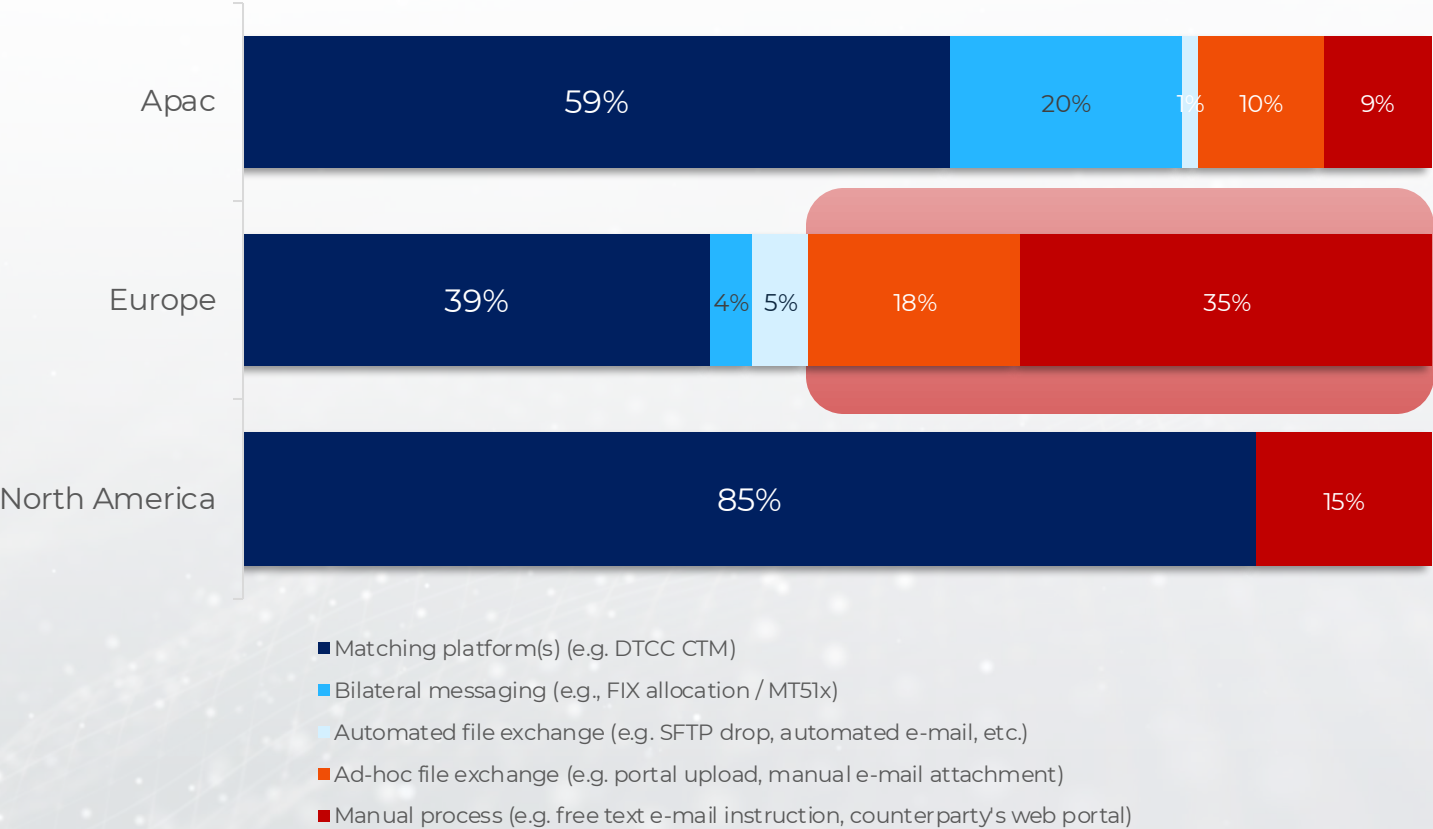
■ T+0 ■ T+1 ■ T+2



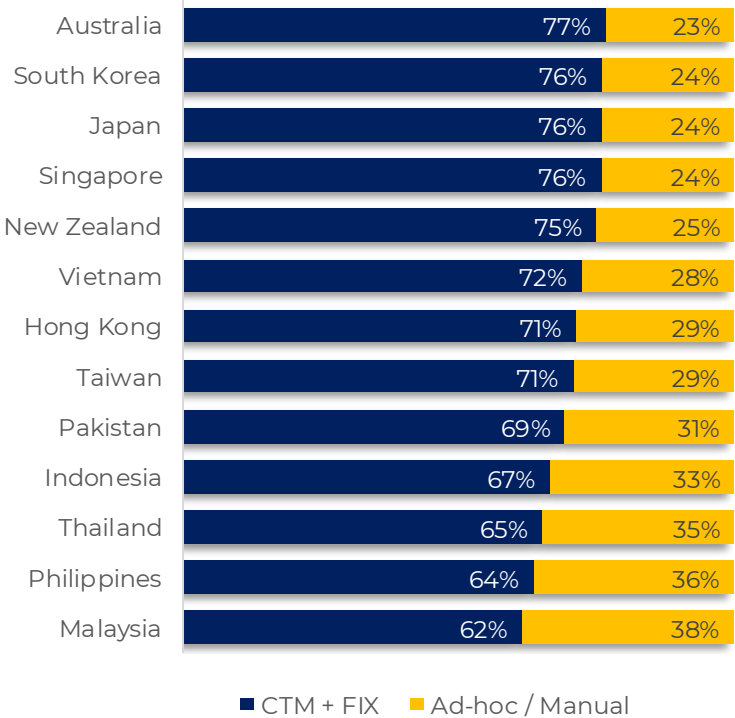
Where is the automation challenge? Automated channels are used for over 60% of trades in Asia – but European investors face a major automation task



Allocation/confirmation method by respondent location



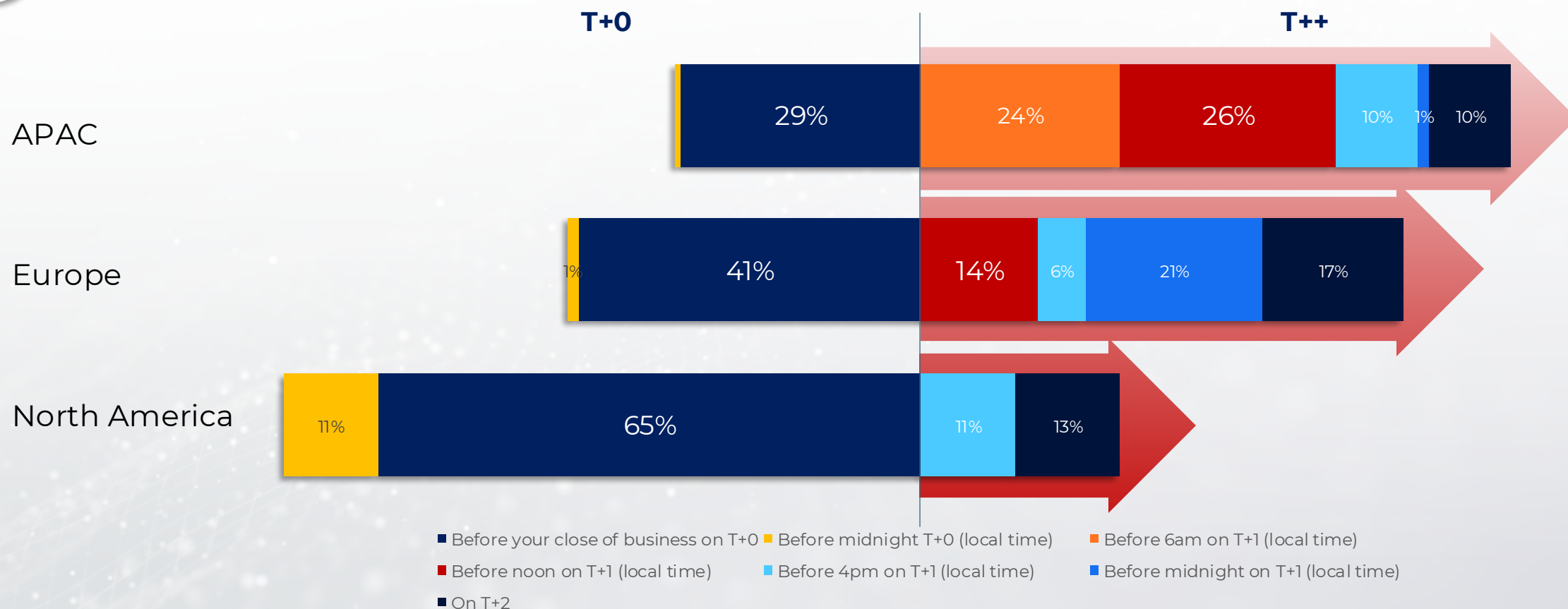
Share of electronic means of allocation vs manual / ad-hoc processes



70% of Asia's settlement instructions will have to accelerate for T+1 – whilst 76% of North Americans are already treating APAC as T+0/T+1



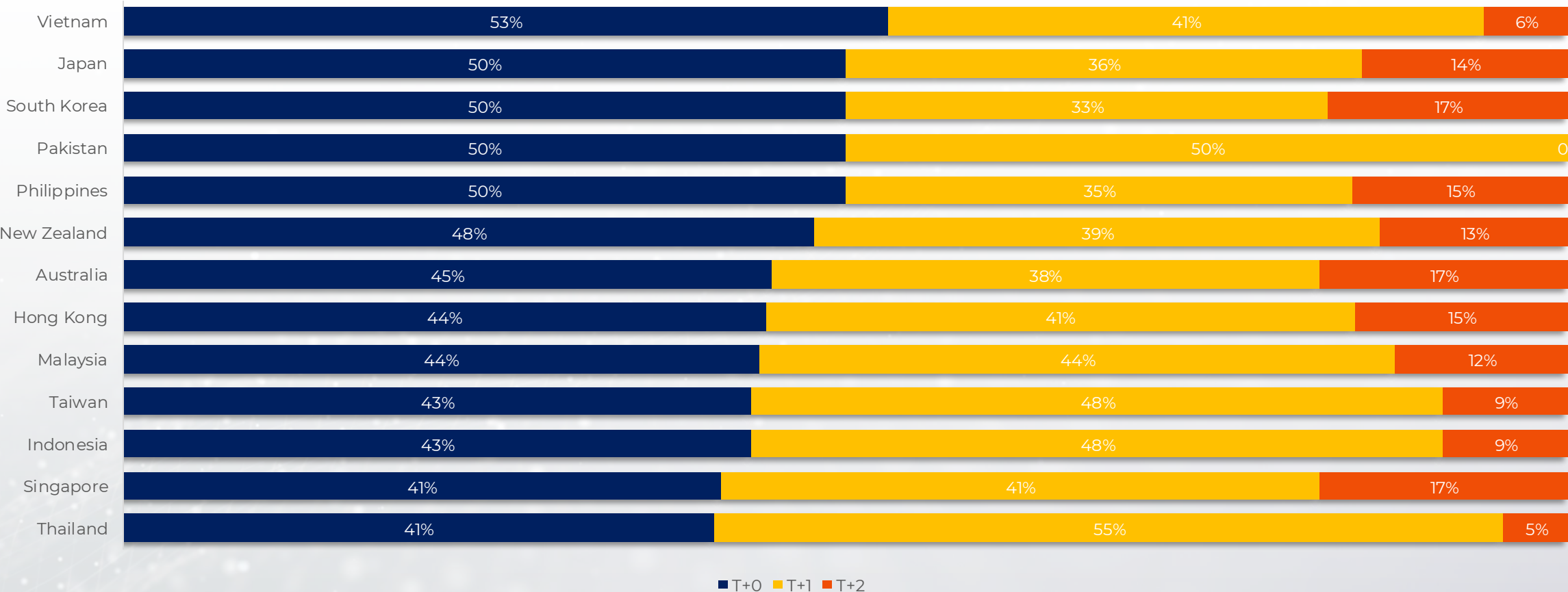
Current **Settlement Instruction** Deadlines (average by respondent region)



Ref: T+0 instruction is strong at 46%, but falls short of T+1 requirements with 54% at risk post migrations



Current state: Internal timings of Settlement Instructions today, by investment market



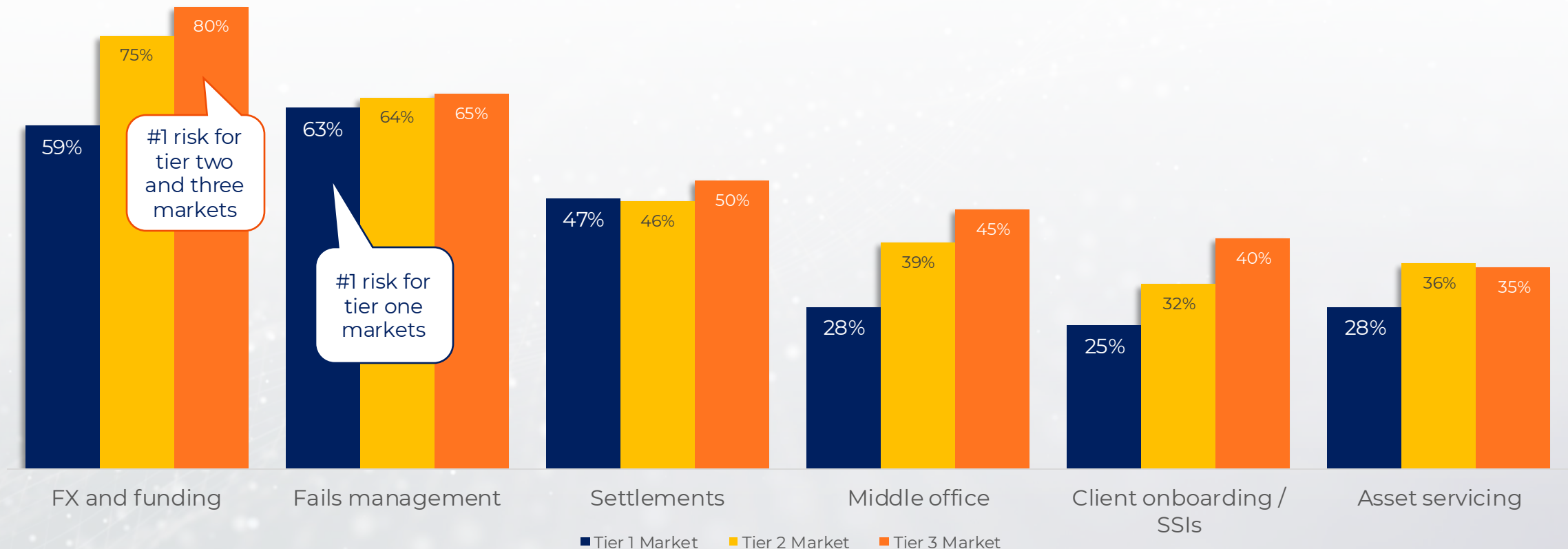
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**Where is the
transition risk?**

Where is the risk for T+1 in Asia? More than 50% of respondents expect to struggle in managing funding and fails discipline



Expected areas of difficulties to be faced in a T+1 environment (% of respondents citing each by market profile)



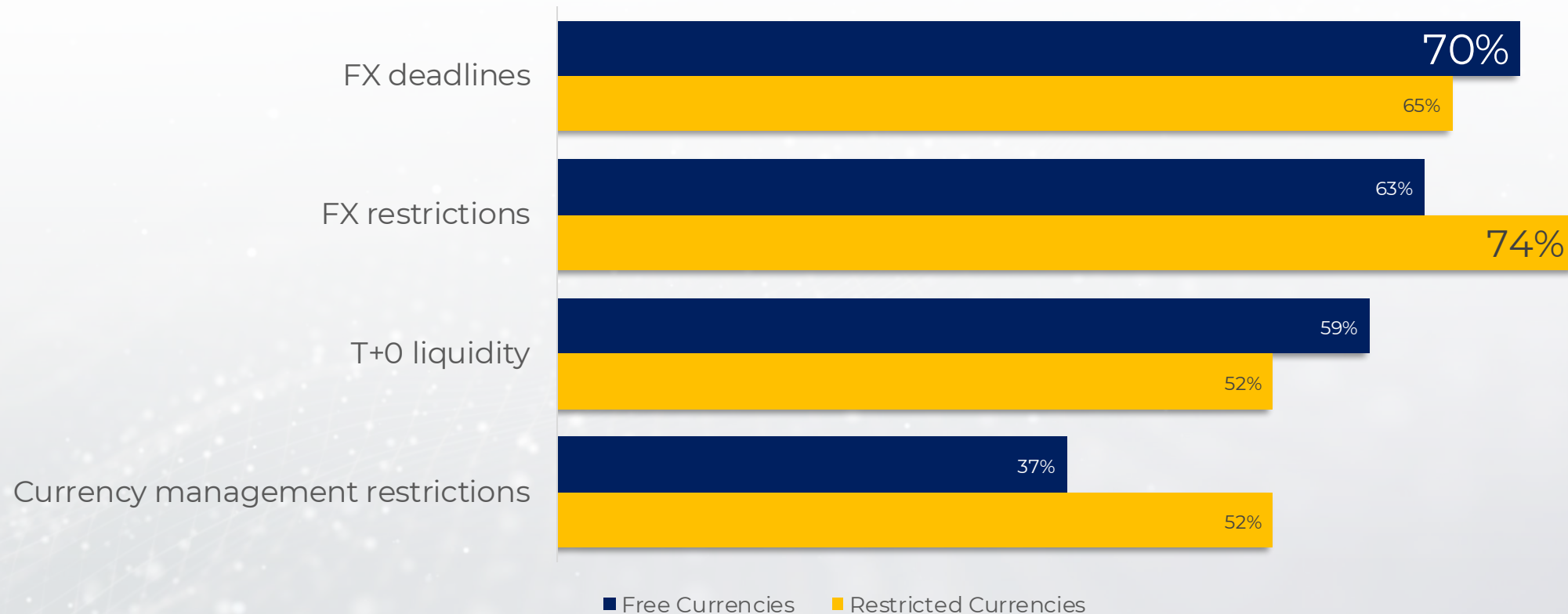
FX and funding pressures dominate the risk agenda in every Asian market



Where is the funding challenge? Timing is key everywhere – but restrictions on currency movements are the biggest risk overall



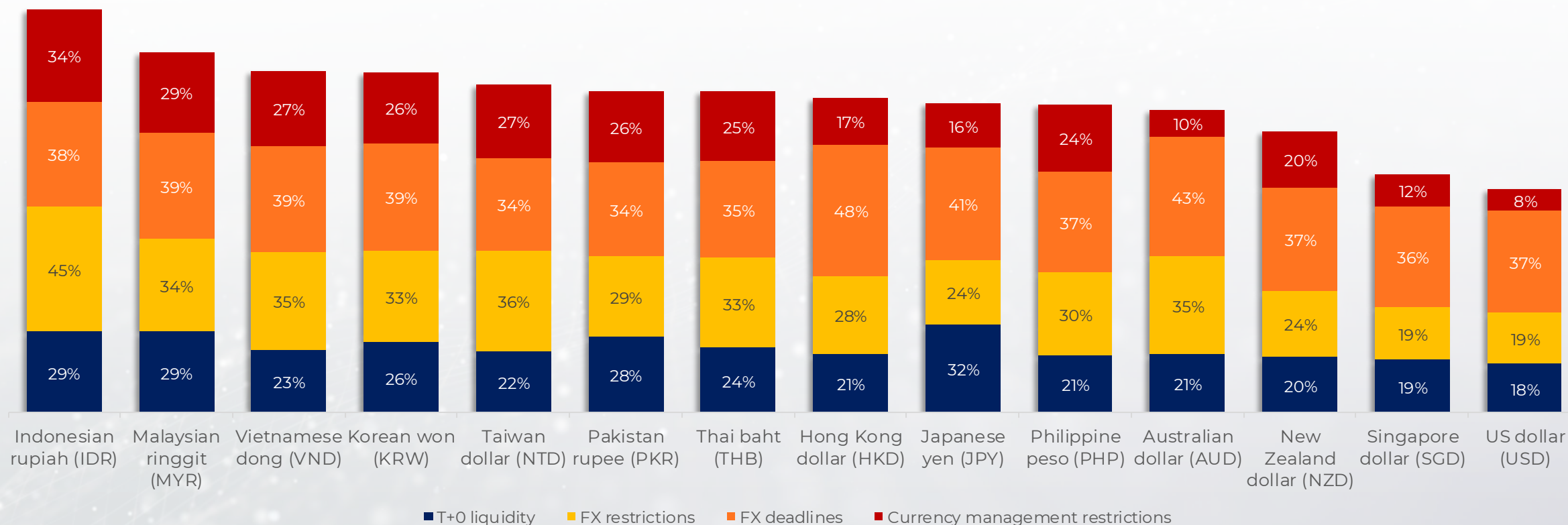
Core drivers of FX pressures in a T+1 environment for Asian markets



Where are the currency risks and why? Strongly controlled currencies are the biggest challenge in T+1



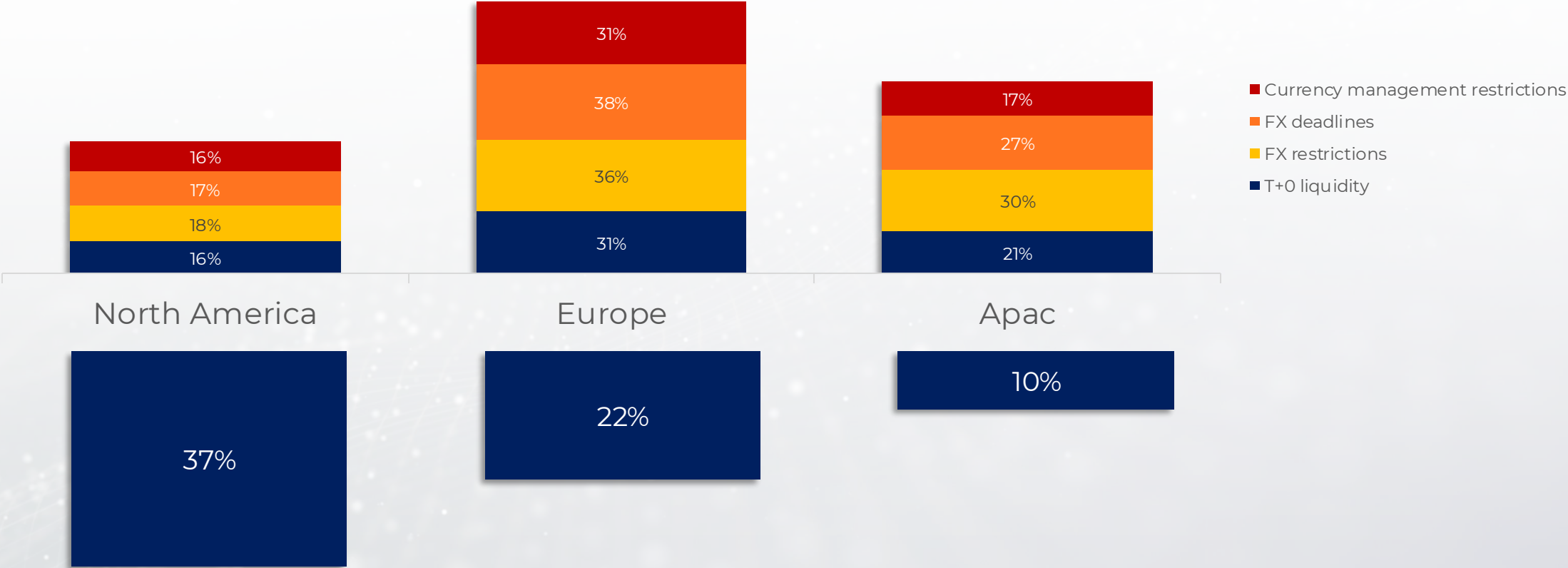
Areas of Concern for Cash Settlement in a T+1 Settlement Cycle



Europeans will be hardest hit by FX timing risks – whilst 37% of North Americans are already outsourcing the issue



Currency challenges by region by cash management process type



% of respondents using global custodians for FX in Asian markets



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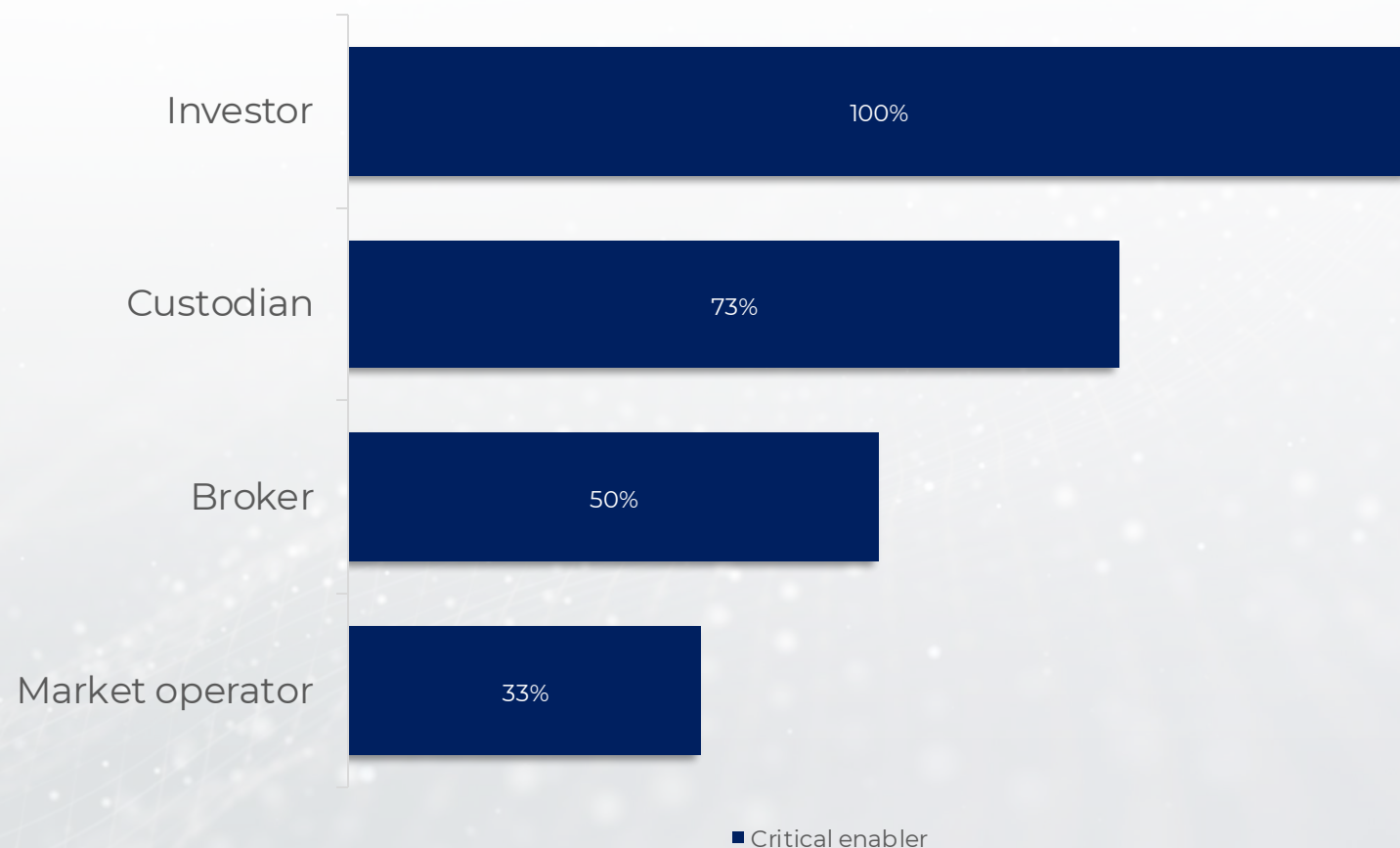


T+1 Enablers

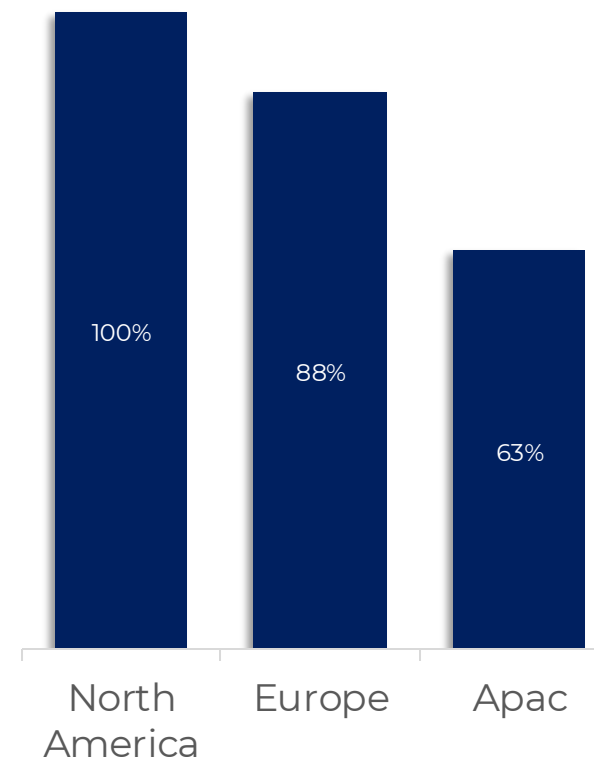
100% of (foreign) investors see the alignment of rules and timings across Asia as a critical enabler for T+1



% of respondents citing the alignment of rules and timings among Asia-Pacific markets as a critical enabler to T+1 in APAC



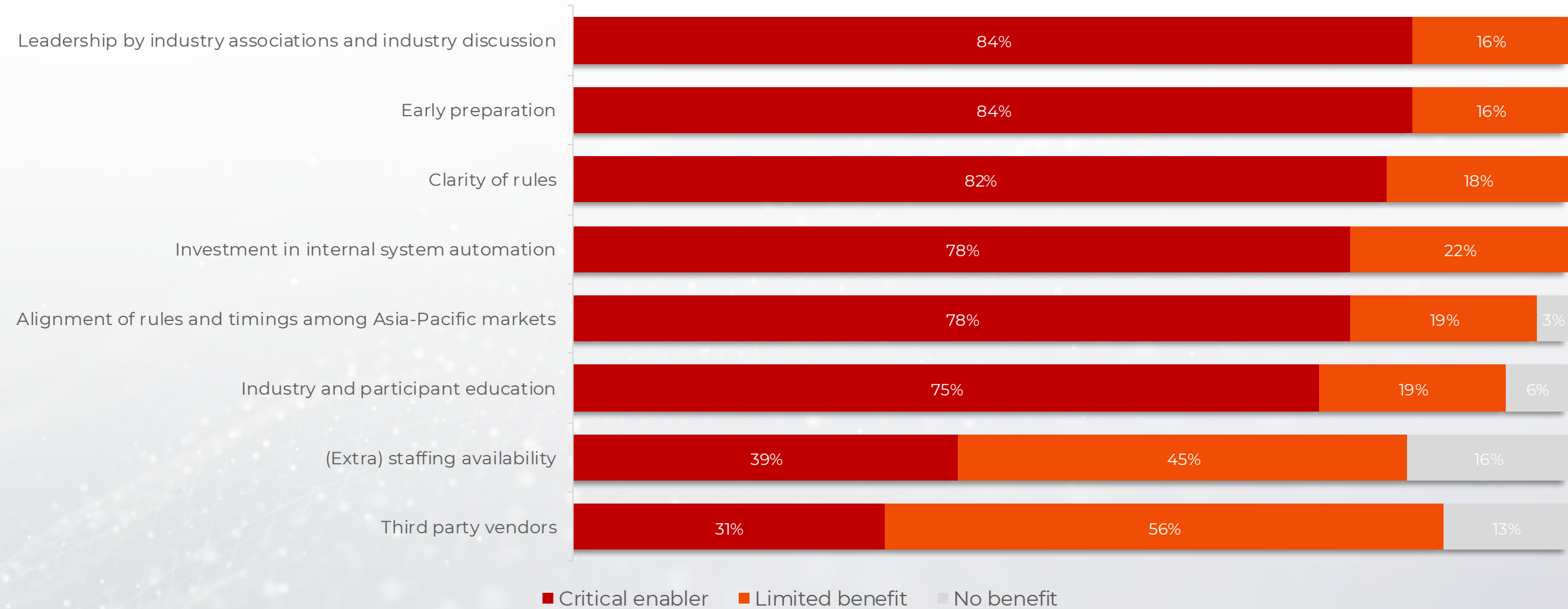
...by respondent location



Over 80% of respondents cite early preparation and industry coordination as key enablers



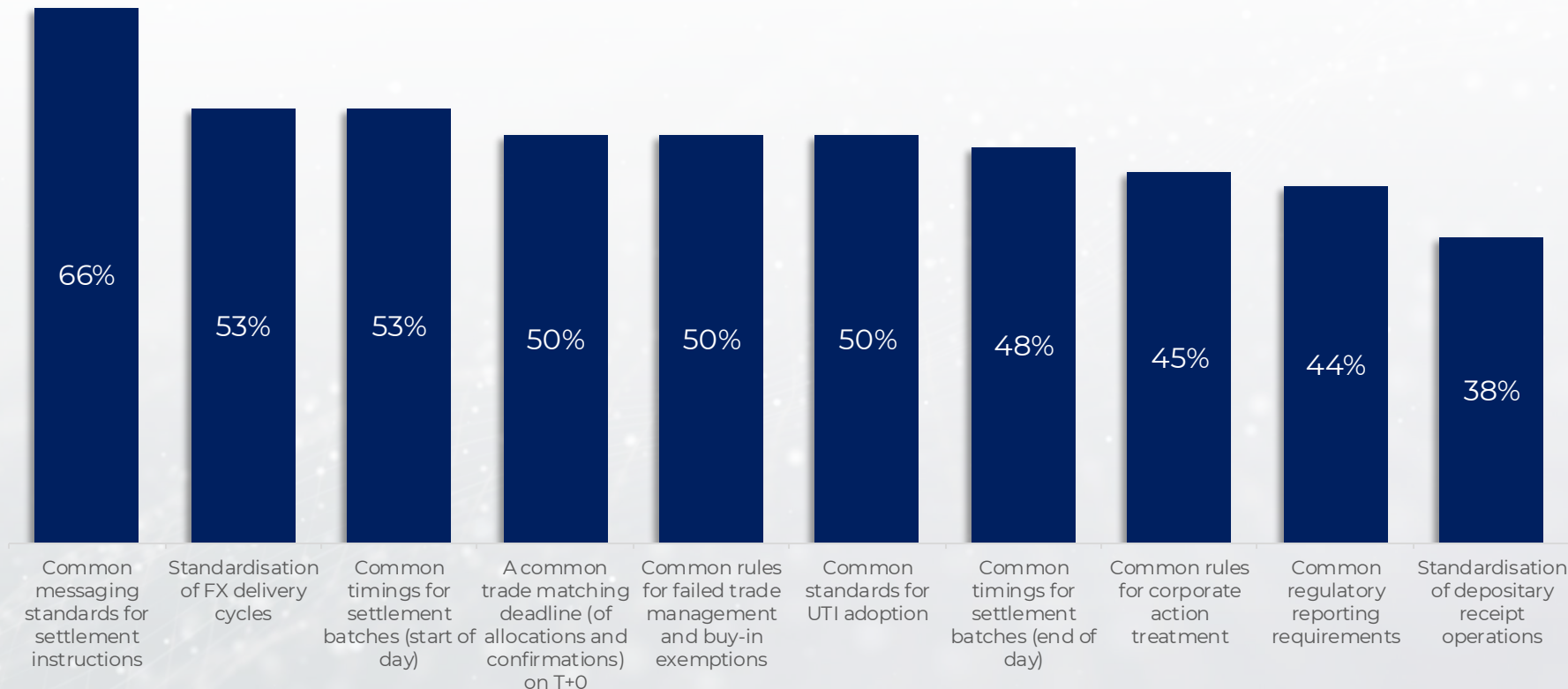
Key Enablers Cited for T+1 in APAC



What alignment does the industry want to see across Asia-Pacific markets? 66% want to see standardisation in SI messaging



Essential Market Practices for a Successful Transition (% of respondents citing each practice as essential)



#1 requirements

Investors

Common messaging standards for settlement instructions (82%)

Custodians

Common rules for failed trade management and buy-in exemptions (64%)

Brokers

Common timings for settlement batches (50%)

Market operators

Common messaging standards for settlement instructions (98%)



What does the industry need to make T+1 a success? T+0 FX, Automated SSI and trade matching and real time visibility



Specific enablers to a smooth transition to T+1 in APAC (% of respondents citing each)

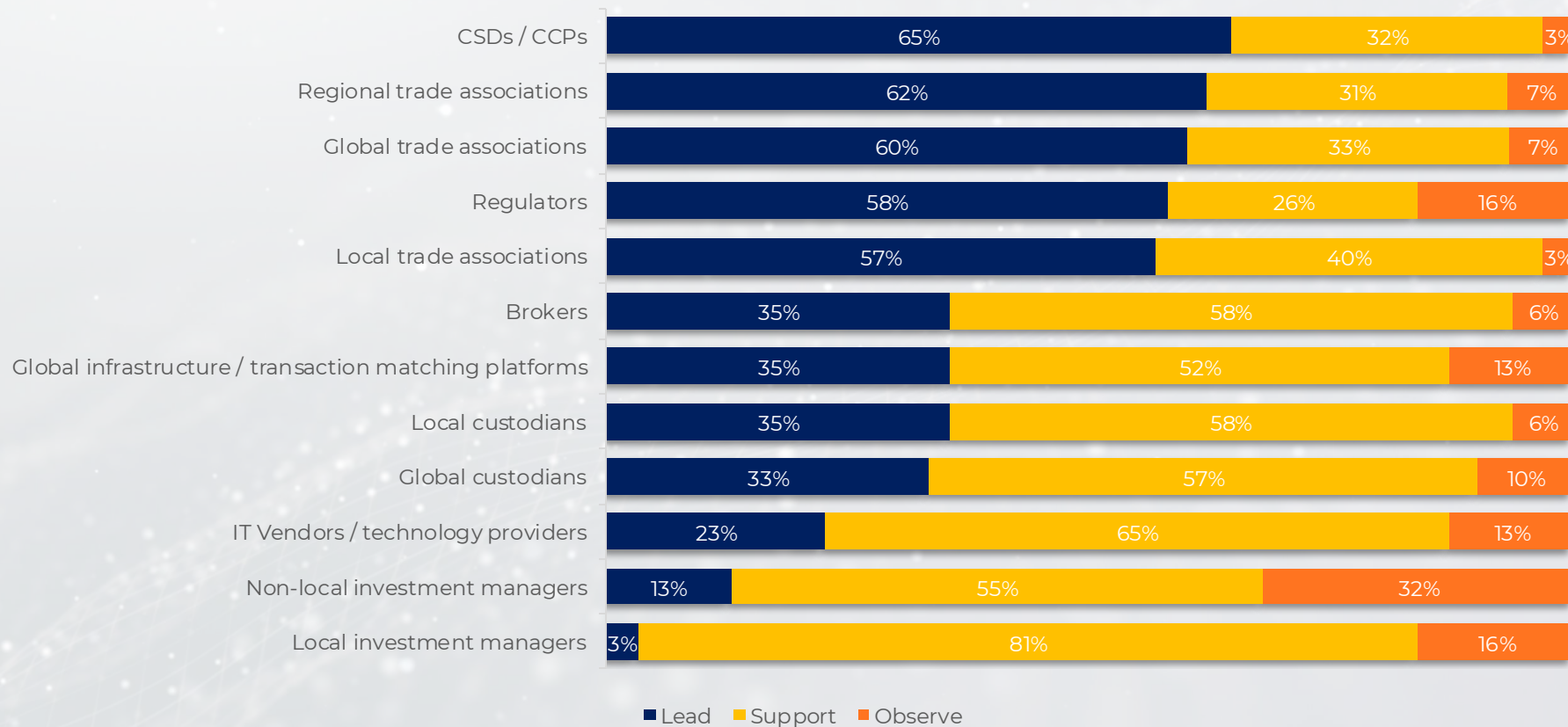


Who does the market expect to lead the T+1 initiative?

80% APAC respondents are looking to the FMIs whilst up to 94% of international respondents are looking to the trade associations



The role of market segments in the T+1 transition (by % out of 100%)



In Asia-Pacific

CSDs / CCPs (80%)

Regulators (73%)

Regional / local trade associations (50%)

In North America and Europe

Global trade associations (94%)

Regional trade associations (73%)

Local trade associations (63%)



Thank you!

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