

## T+1 Readiness Self-Assessment Checklist

The Canadian Capital Markets Association prepared this simple checklist to help Canadian investment industry participants prepare to shorten the current two-day (T+2 or two days after trade date) standard securities settlement cycle for equities, exchange-traded funds, as well as some debt, investment funds, and derivatives currently settling on T+2 – to a one-day standard (T+1) on May 27, 2024. By completing this short checklist (if not already well underway), you can:

1. See where your firm stands in terms of current readiness, which you can use to benchmark\* progress as you move forward
2. Use the results to help build your project team and get project funding approvals
3. Develop questions to ask counterparties, service bureaus, and vendors regarding where they stand in terms of T+1 preparations
4. Help flesh out a T+1 project plan.

(\***Hint:** At this stage, project teams and funding should have been assigned, and an impact analysis should be almost complete).

The business lines, strategy, size, and current technology environment of your firm, as well as the profiles of your counterparties and the infrastructure (such as exchanges/marketplaces, CDS, Fundserv, and CDCC), back-office service providers (such as correspondent clearers, custodians, Broadridge/Dataphile, Kyndryl, Paramax, Torstone, IFDS, SGGG Fund Services), and technology vendors (such as SS&C Technologies, CGI, Fidessa, RPM, FIS Global, Iress, L&T Infotech, Bloomberg, Calypso, Murex, and others) that you use will all be factors in determining how you implement T+1.

### Instructions:

1. Circle the number that best represents the status of the T+1 project in your firm today (no plans, planned, underway, done) or put 1 in the column N/A.
2. Add up the circled numbers column by column and enter each subtotal in the space provided for each.
3. Carry these subtotals to the top of the next page and insert them in the appropriate box.
4. Repeat steps 1 and 2 and follow the directions.
5. Rate your firm: 0–15: Barely on the radar—better get moving! 16–35: It’s a start, but ...; 36–55: A good beginning, but don’t breathe a sigh of relief yet! Over 55: Congratulations!

Implementation Stage	No Plans	Planned	Underway	Done	N/A
<b>A. Awareness – At what stage is your company in terms of...</b>					
A.1 Being aware of T+1 and the implications for your company of <b>not</b> being able to meet industry-wide T+1 requirements?	0	1	2	3	
A.2 Bringing the issue to the attention of senior management?	0	1	2	3	
A.3 Keeping informed about T+1 through newsletters, events, CCMA meetings, websites, your industry association, etc. and setting up a process to keep informed (meet with industry leaders, attend conferences, check data sources, identify relevant protocols, and collect other information for implementation of industry-wide T+1 )?	0	1	2	3	
<b>B. Planning – At what stage is your company in terms of...</b>					
B.1 Naming a T+1 program/project manager and setting up a cross-divisional/departmental team to examine streamlining efficiencies needed to successfully meet industry-wide T+1 needs?	0	1	2	3	
B.2 Verifying which assets your firm and clients hold/trade in that are moving to T+1 (Hint: Check out the <a href="#">list</a> on the <a href="#">CCMA website</a> )?	0	1	2	3	
B.3 Analyzing requirements to implement changes necessary to meet industry-wide domestic and (if applicable) cross-border T+1 requirements for each asset?	0	1	2	3	
B.4 Developing a T+1 project plan to make necessary T+1 changes?	0	1	2	3	
B.5 Developing a T+1 budget and obtaining funding approval?	0	1	2	3	
B.6 Initiating discussions with other parties to review their T+1 readiness plans (e.g., service bureaus, brokers, investment managers, custodians, software vendors, clearing and settlement agencies, etc.)?	0	1	2	3	
B.7 Participating with industry groups to discuss standards to achieve industry-wide T+1?	0	1	2	3	
B.8 Identifying knowledgeable vendors/partnerships/alliances with proven track records that can support T+1 and transfer knowledge/provide training?	0	1	2	3	
B.9 Aware of CDS/Fundserv/infrastructure, etc. test plans and developing a test plan/strategy for internal and industry testing?	0	1	2	3	
<b>Subtotal (sum each column and carry over to p. 2)</b>	<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>

Carried over totals from p. 1	1.	2.	3.	4.	5.
<b>C. Current Systems and Processes – Does your firm ...</b>					
C.1 Have documented business and systems process flows (e.g., for trade execution, securities lending, collateral handling, corporate actions, fails management, valuations, foreign exchange, funding, and settlement)?	0	1	2	3	
C.2 Regularly schedule reviews of your (1) current institutional trade processing confirmation/affirmation statistics and (2) settlement (fail) rates, and whether each is improving over time?	0	1	2	3	
C.3 Benchmark other operational processes (e.g., error rate, speed of error corrections, electronic trade communication (STP) rate) against leaders in your market segment(s)?	0	1	2	3	
C.4 Reconcile data received from different parties/locations at different times during the day in an automated fashion?	0	1	2	3	
C.5 Have automated interfaces that will handle T+1 processing among all internal departments and with external parties?	0	1	2	3	
C.6 Have a gap analysis comparing your current state and the desired T+1 state, with a plan to eliminate manual processing, and operate on as near-real-time basis, as much as possible with a very high degree of accuracy?	0	1	2	3	
C.7 Know, or have discussed with third parties, how to manage trade entry, allocations, and confirmations in a T+1 environment?	0	1	2	3	
C.8 Know, or have discussed with third parties, how to manage securities lending/borrowing and foreign exchange associated with T+1 trades?	0	1	2	3	
C.9 Make optimal use of industry messaging protocols (e.g., FIX, ISITC, SWIFT, etc.)?	0	1	2	3	
C.10 Regularly check/correct/update standing settlement instructions (SSIs) for data you maintain with service bureaus, service providers, etc.?	0	1	2	3	
<b>Organizational Readiness – Has your firm...</b>					
D.1 Examined your business’s time zone coverage/support to determine if your firm must engage additional staff or a new service provider(s) in European/Middle East/African and Asian countries) and planned to adjust resource mandates to remove cross-functional barriers to T+1?	0	1	2	3	
D.2 Identified new skillsets for retraining existing and/or hiring new staff for the industry-wide T+1 environment and developed a T+1 project recruitment plan for the resource-intensive transition period and the ‘new normal’ state?	0	1	2	3	
D.3 Created a communications plan for staff, partners, and (where necessary) clients, addressing what they need to know from behavioural changes required to knowing which assets will move to trade on T+1?	0	1	2	3	
<b>Total each column</b>	<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>
<b>Total all (sum boxes 1., 2., 3., and 4.)</b>					
<b>Adjust the scoring for any questions to which you answered N/A: Divide the total N/As by 75, add 1, and then multiply your firm's score by this percent</b>					
<b>Score your firm’s industry-wide T+1 preparedness</b>	<b>0–15</b>	<b>Barely on the radar – better get moving!</b>			
<b>COMMENTS SECTION AND ACTION PLAN:</b>	<b>16–35</b>	<b>It’s a start but there’s a loonnggg way to go...</b>			
	<b>36–55</b>	<b>A good beginning, but don’t breathe a sigh of relief yet.</b>			
		<b>over 55 Congratulations! Keep it up!</b>			

**\*Final word:** You’re not ready until your service bureaus, service providers, market infrastructure, and counterparties are, so *are* you ready?