

**Operationalizing T+1**  
Pulse survey



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# T+1 Pulse Survey

Key findings (Jan 2024)



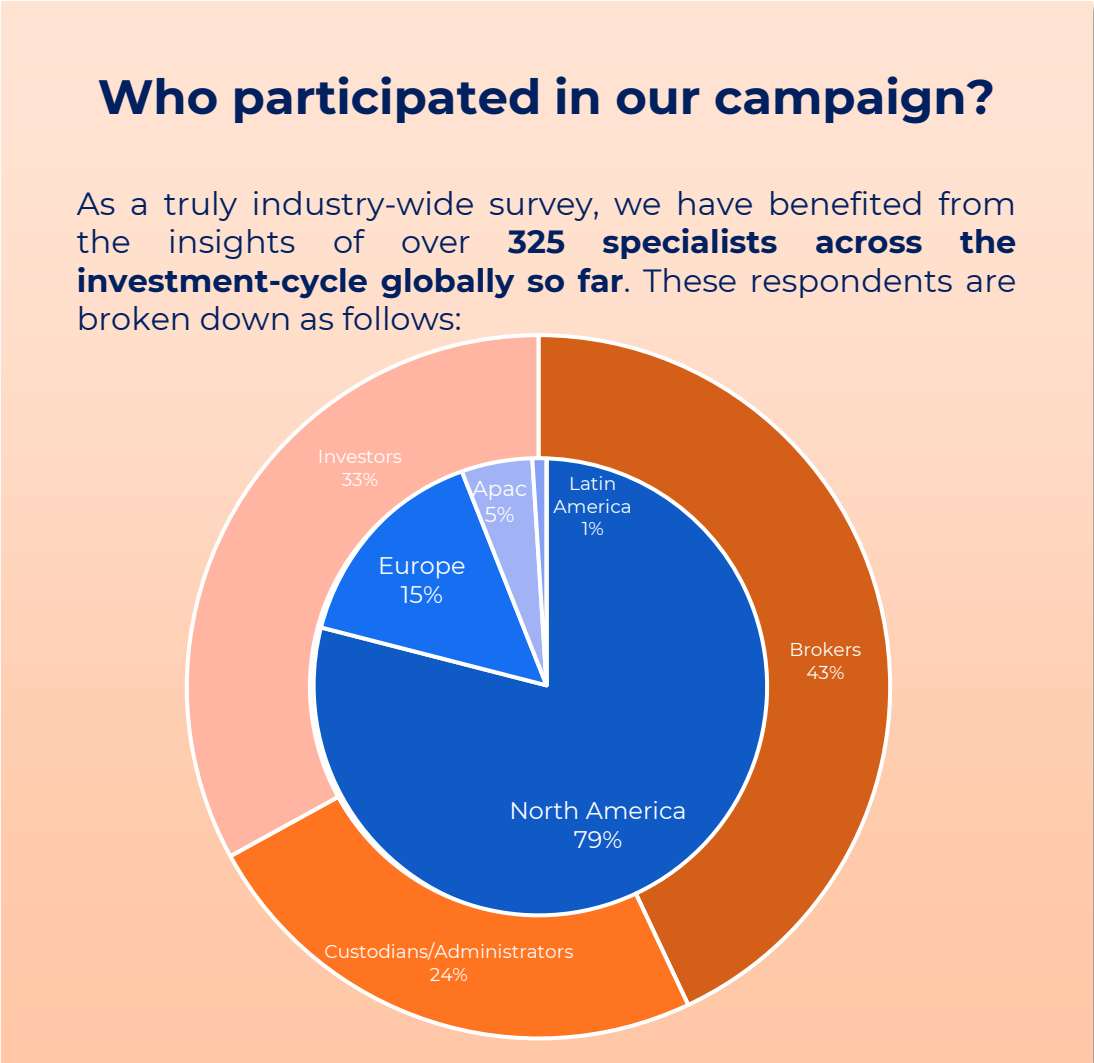
# Operationalizing T+1 in January 2024



With 4 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**, the **CCMA**, **IFIC**, **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 2024 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)



# Operationalizing T+1 at a glance



## Today: T+1 readiness



# 74%

of global respondents are either in project mode or ready for T+1 today

# 30%

of global investors are still unprepared for or not engaged on T+1

## Q1: The road to May 2024



### Funding

50% of global investors are struggling to prepare for T+1, with 80% struggling with funding mismatches

### Process

87% of firms are revising their operating procedures ahead of T+1 – twice as many as those who are automating

### Middle Office

65% of investors and 45% of brokers are using CTM Match to Instruct as their main way of preparing for T+1

### Foreign Exchange

50% of overseas investors will change their FX for T+1, mainly to execute at the same time as the security leg

## May 2024: Our T+1 risks



### Lending Recalls

Only 53% of respondents will be ready to book recalls by 11:59pm in May

### Small firms

35% of small firms are still not engaged on T+1

### Exception handling

Up to 51% of all exceptions will be managed using phone / emails after May 2024

### Survive then decide

28% of T+1 projects will be completed after May 2024

### Worst case?

Less than half of respondents plan to run worst-case scenario testing before May 2024

## Beyond May 2024



# 4.1%

The average expected trade fails rate after T+1 (from 2.9% today)

# 36%

Expected growth in fails amongst small and mid tier firms

# 34%

Of respondents expect to invest in T+1 transformation in 1-5 years



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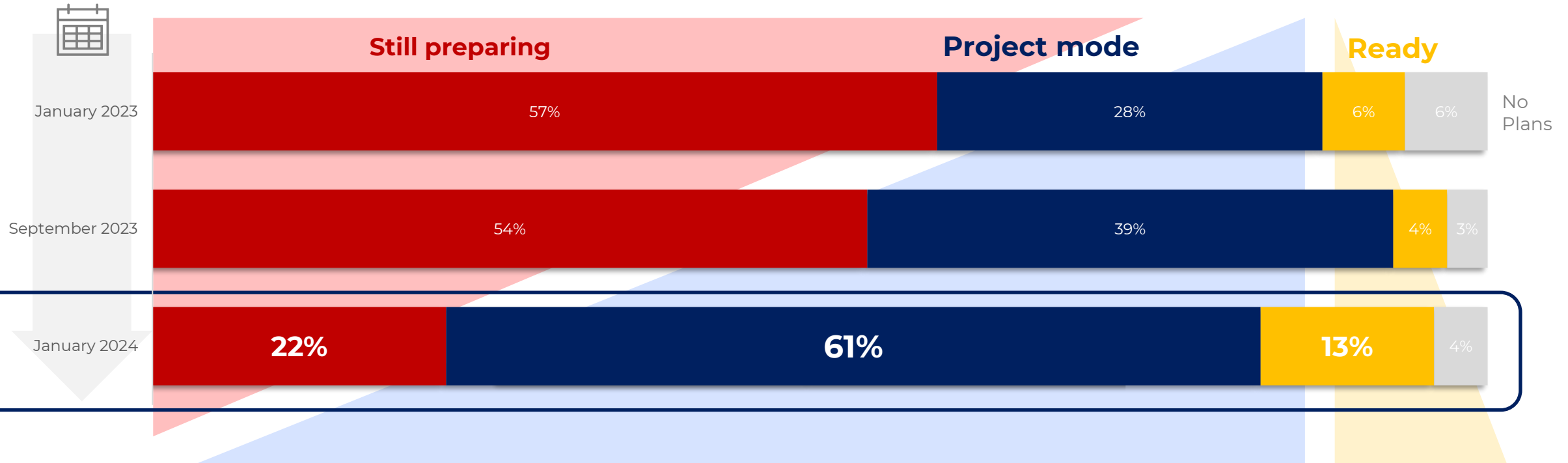
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# 1. How ready are we for T+1?

74% of the industry is in project mode or ready for T+1

Global Readiness for the May Transition to T+1 (by survey date)



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How would you describe your current status on preparations for T+1 in US / Canada / Mexico?

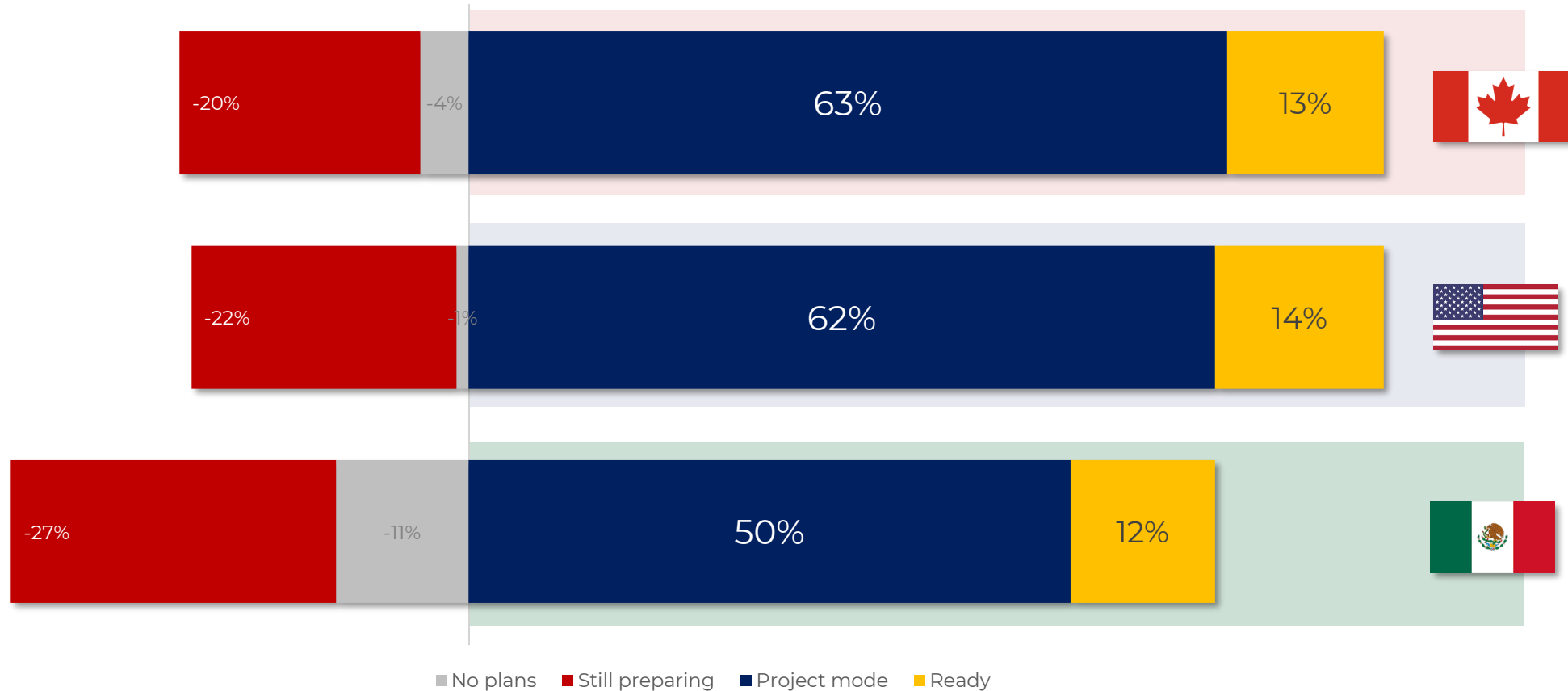
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# 1. How ready are we for T+1?

76% of the industry is engaged for US and Canada

Global Readiness for the May Transition to T+1 (by investment market)



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How would you describe your current status on preparations for T+1 in US / Canada / Mexico?

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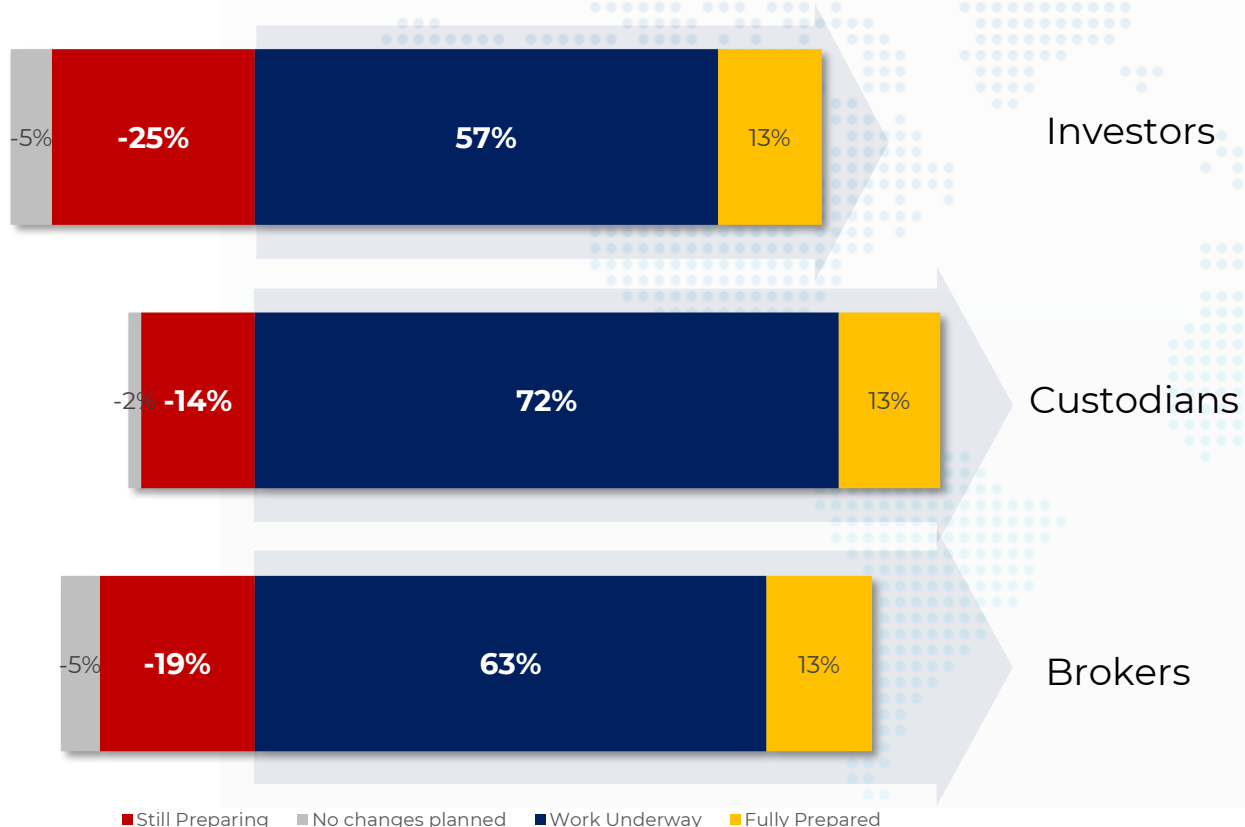


# 1. How ready are we for T+1?

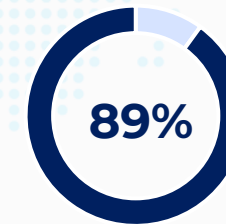
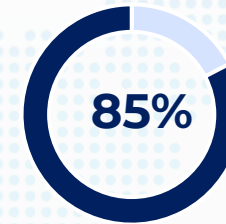
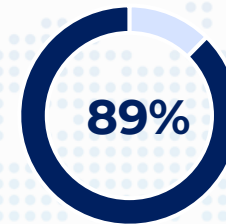
30% of global investors are still unprepared for T+1 – mainly in Europe and Asia

## T+1 status around the world

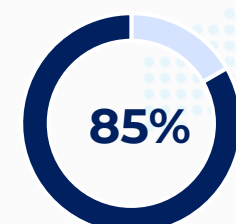
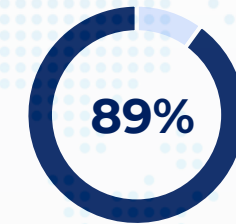
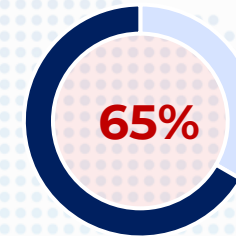
(% of respondents per segment/region who are in project, testing or fully prepared modes for T+1)



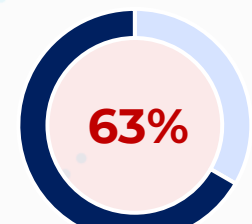
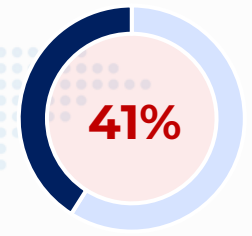
## North America



## Europe



## Asia-Pacific



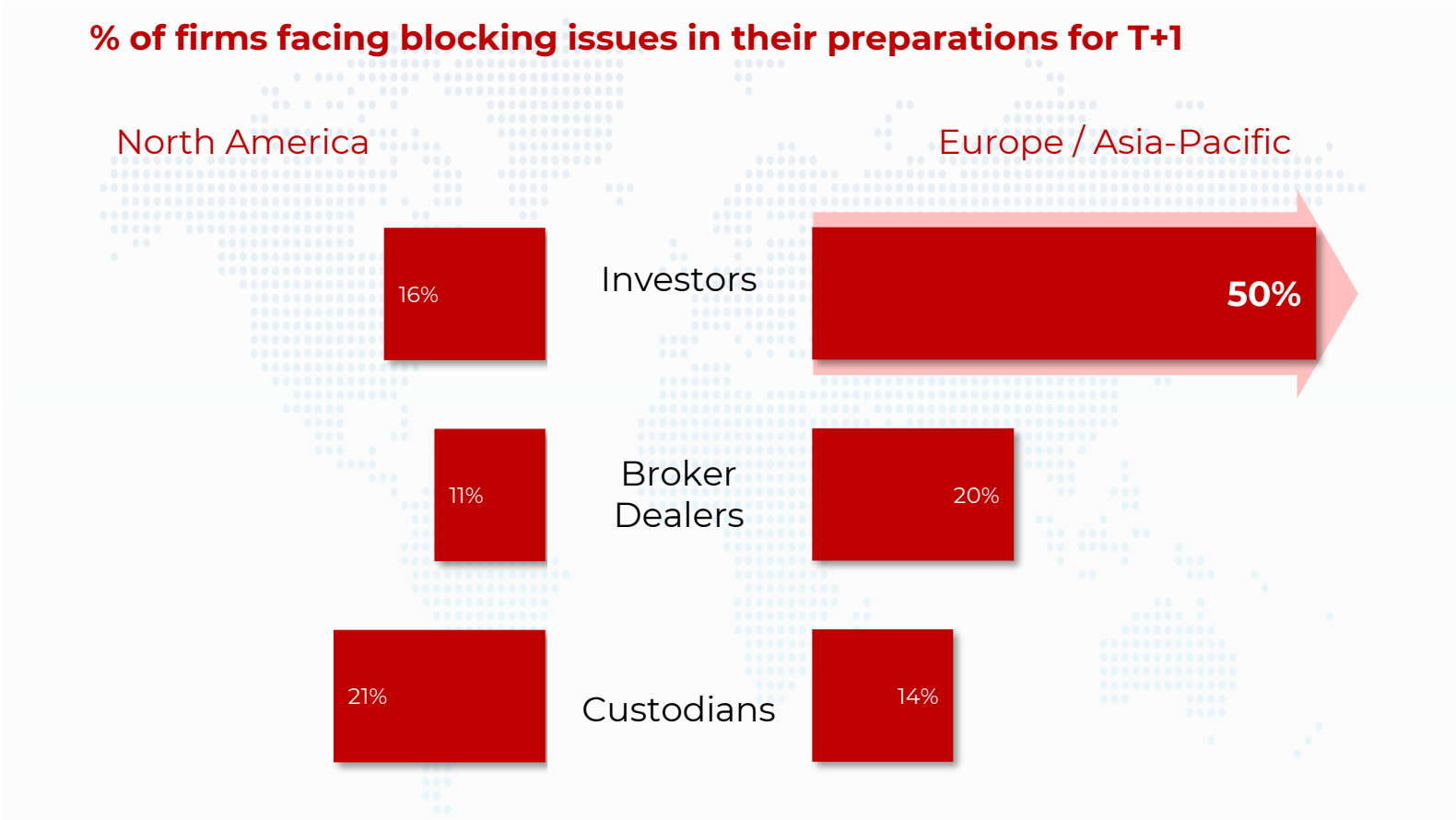
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# 2. The road to May 2024

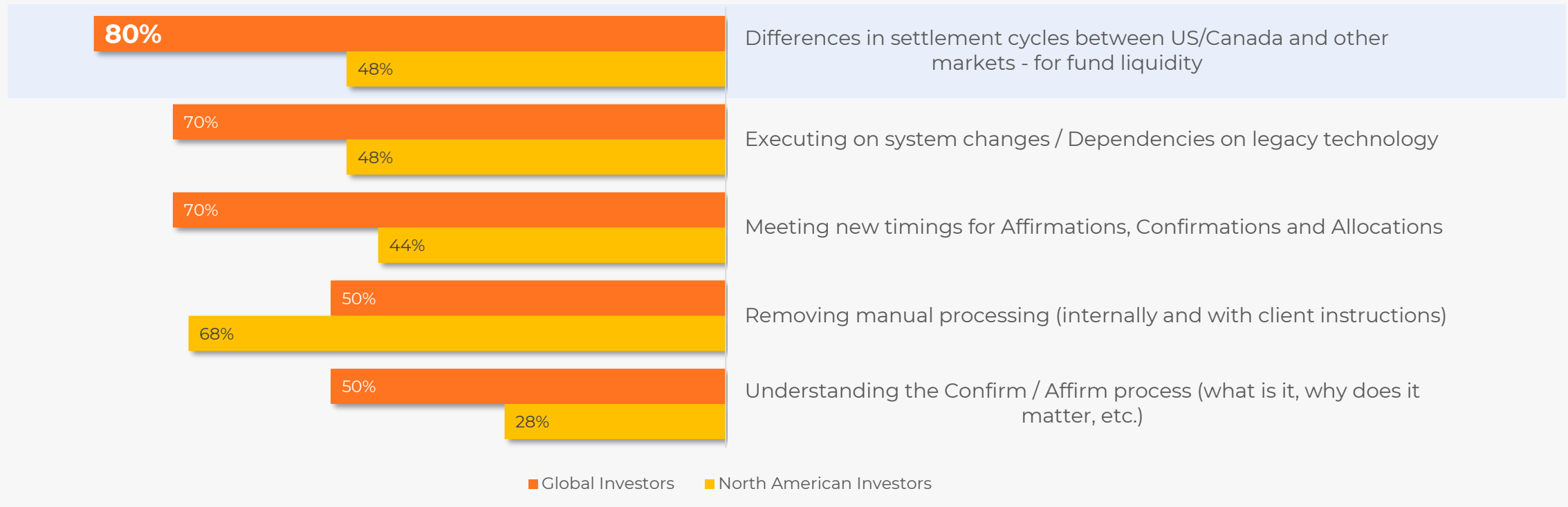
Fewer blocking issues but up to 50% of European investors are still struggling



# 2. The road to May 2024

Funding issues are a T+1 readiness challenge for 80% of global investors

**% of North American and Overseas investors facing issues (blocking and inconvenient) ahead of T+1**



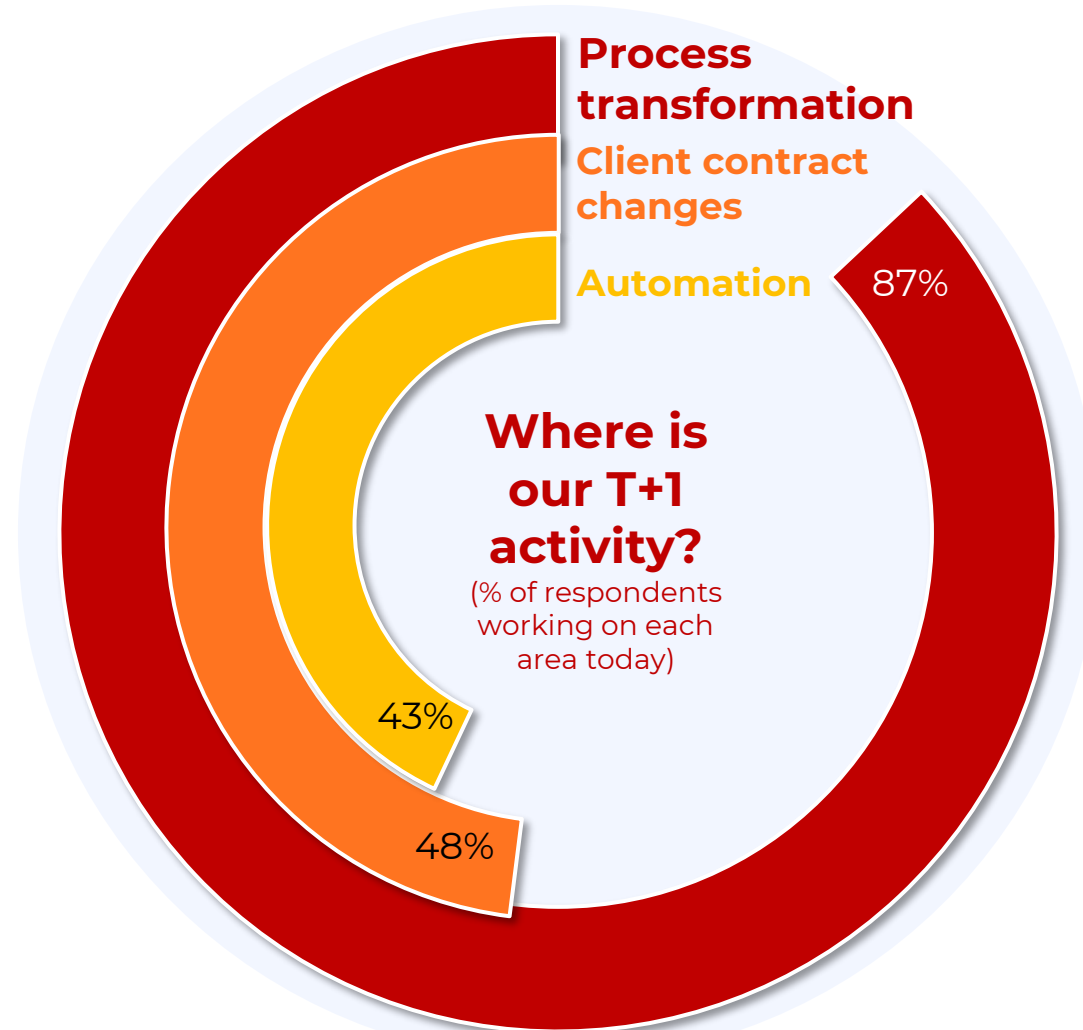
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# 2. The road to May 2024

Process transformation is twice as important as automation for T+1



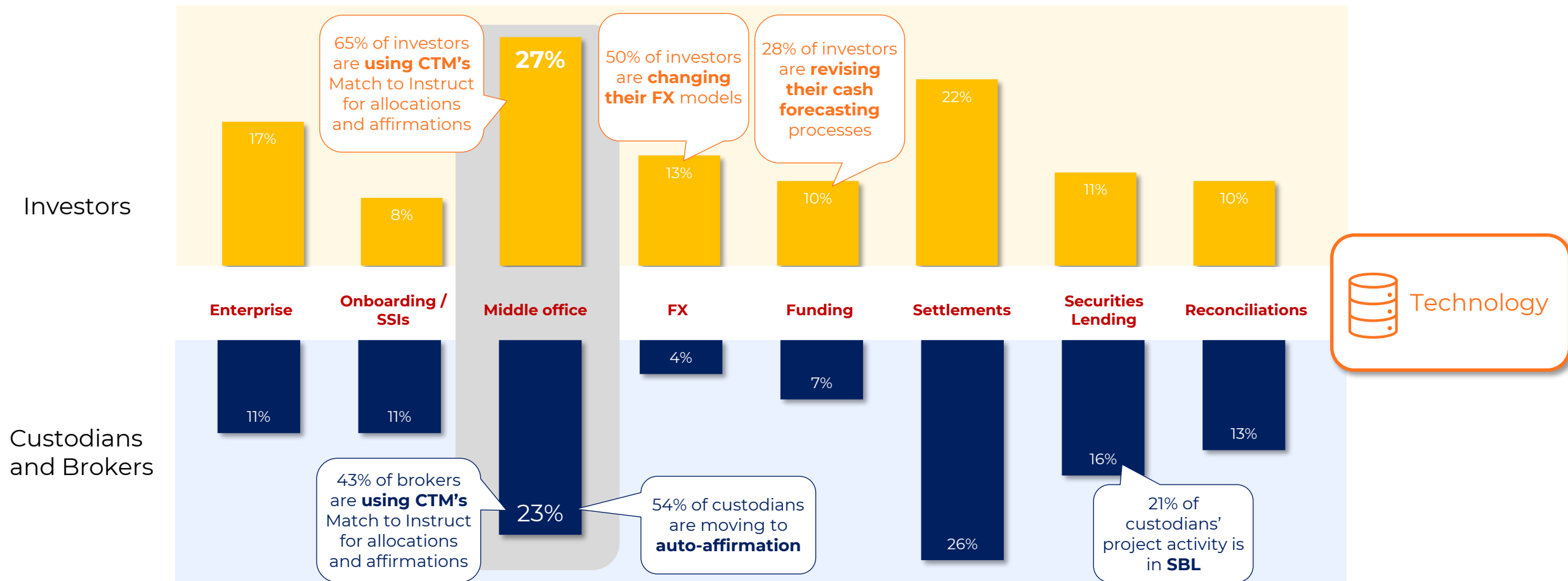
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# 2. The road to May 2024

Investors' technology focus in T+1 is in the middle office

Distribution of T+1 automation activity (% of T+1 project activity per segment)



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# 2. The road to May 2024

50% of overseas investors are changing FX models, with reliance on pre-funding and STP execution greater than CLS-dependencies

North America

**% of respondents planning to change their FX model for T+1**



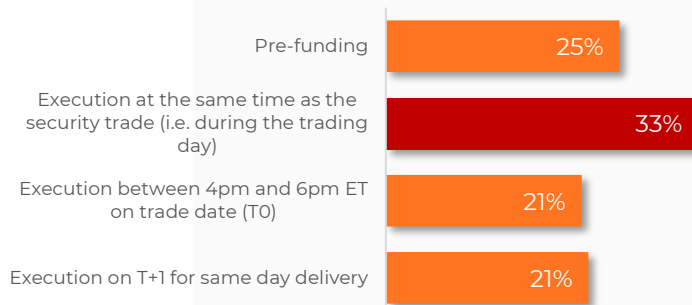
Europe / Asia-Pacific



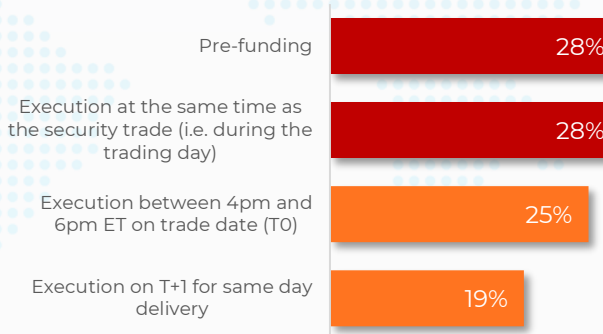
**26%** of investors are moving their FX to their custodian ahead of T+1

## Target FX model for T+1

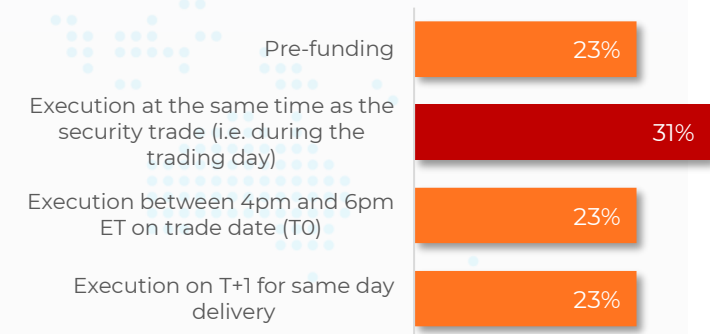
North America



Europe



Asia - Pacific



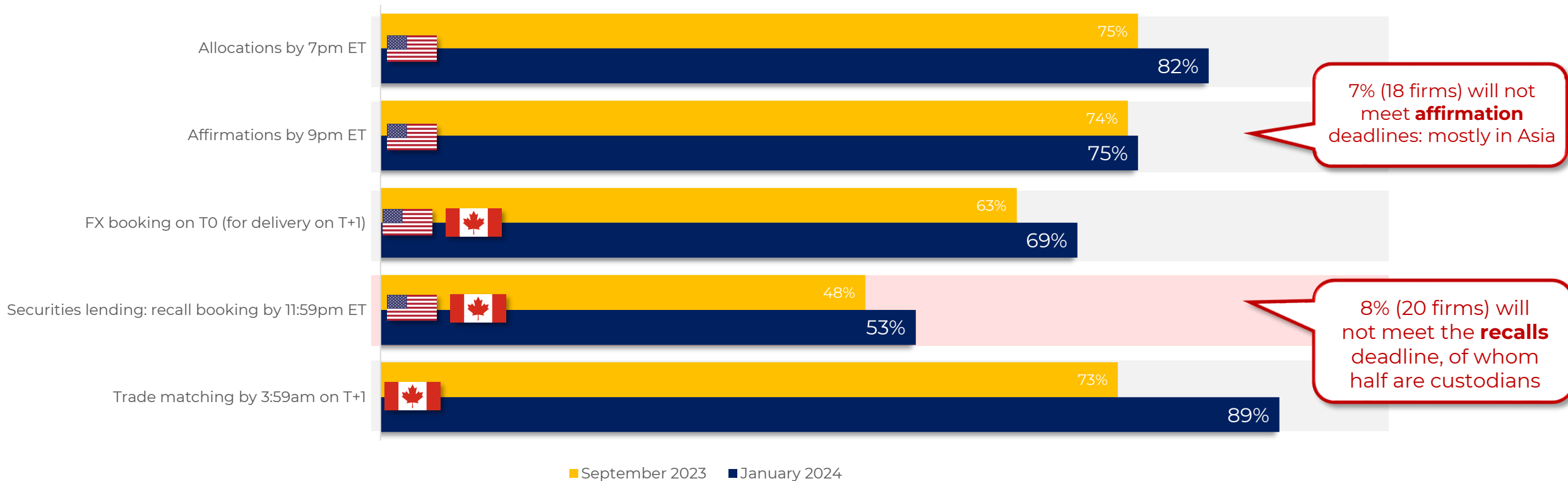
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# 3. Where are our T+1 risks?

Increasing readiness in all areas but continuing concerns around timings for securities lending

% of respondents planning to meet the respective market deadlines  
("Yes" answers only, excluding "No" or "Don't know")

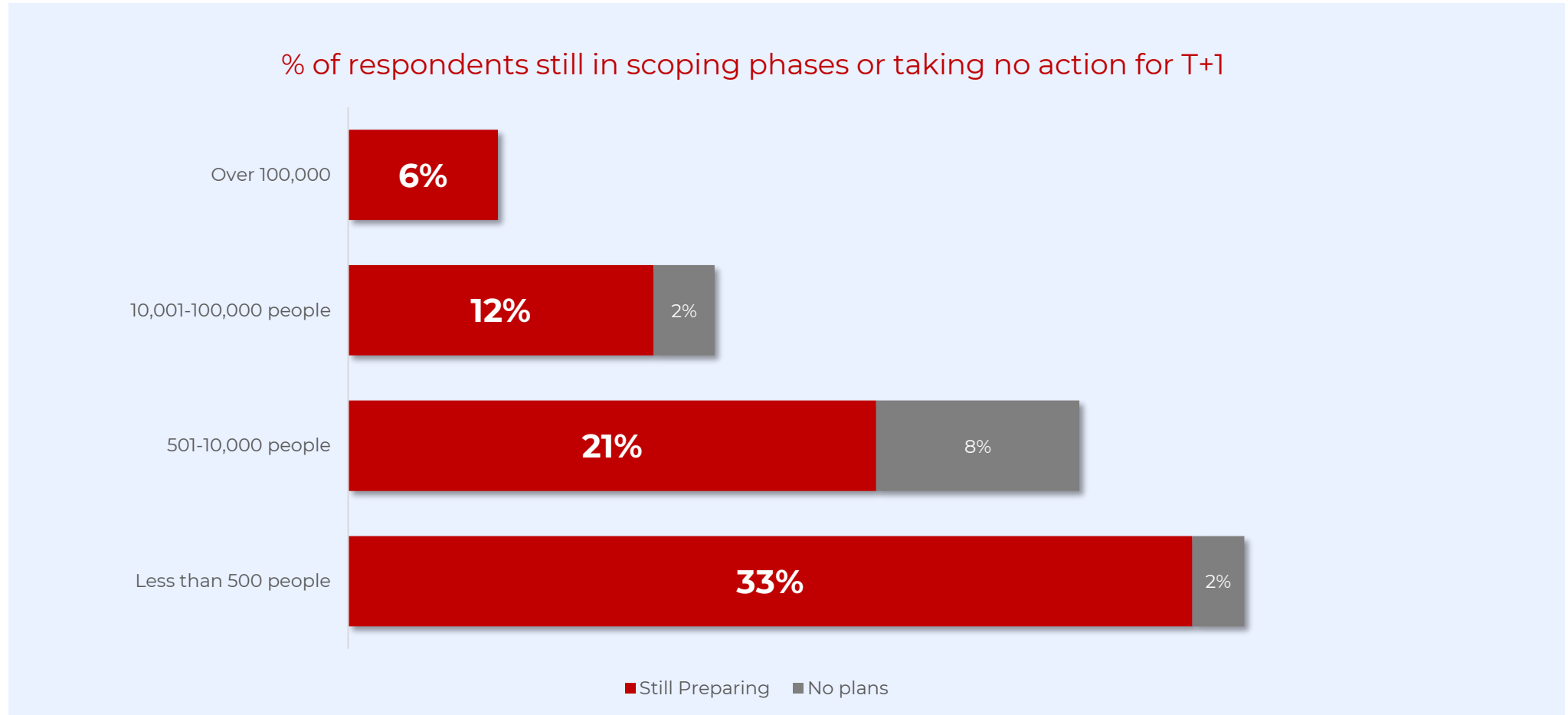


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# 3. Where are our T+1 risks?

35% of small firms are still not engaged: is a reliance on outsourced providers impeding our readiness? Do we know what impact this will have?



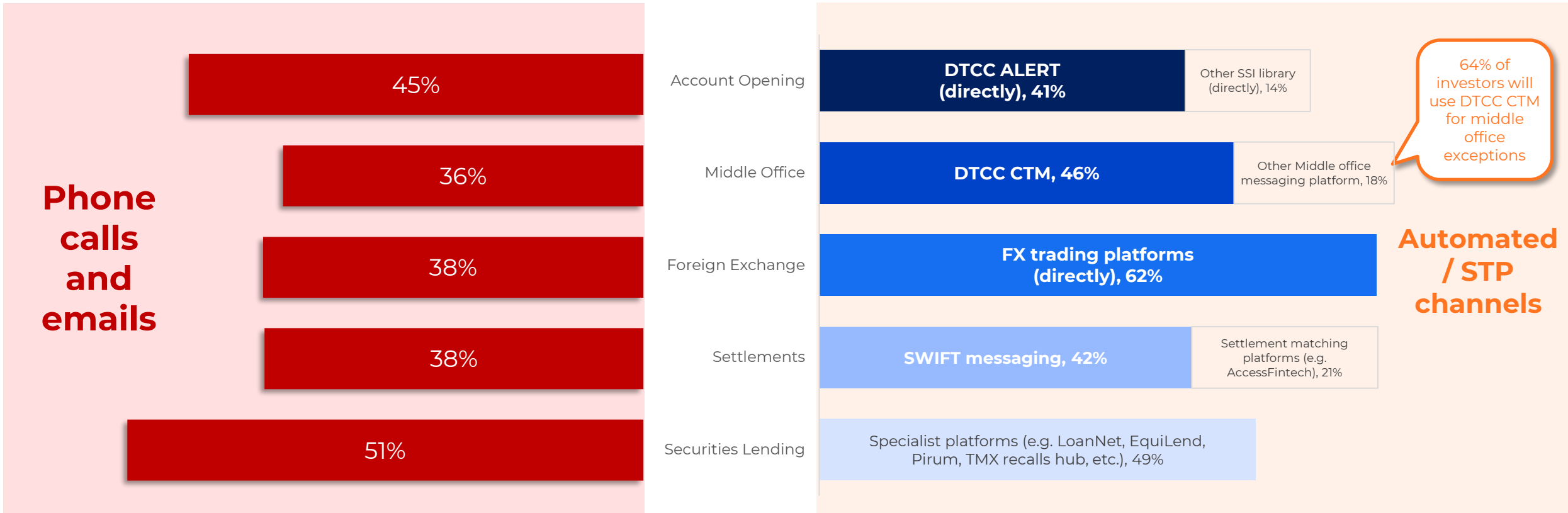
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### 3. Where are our T+1 risks?

Up to 51% of exceptions will be handled manually after T+1, although automated platforms are clearly available

Planned means of managing exceptions in T+1

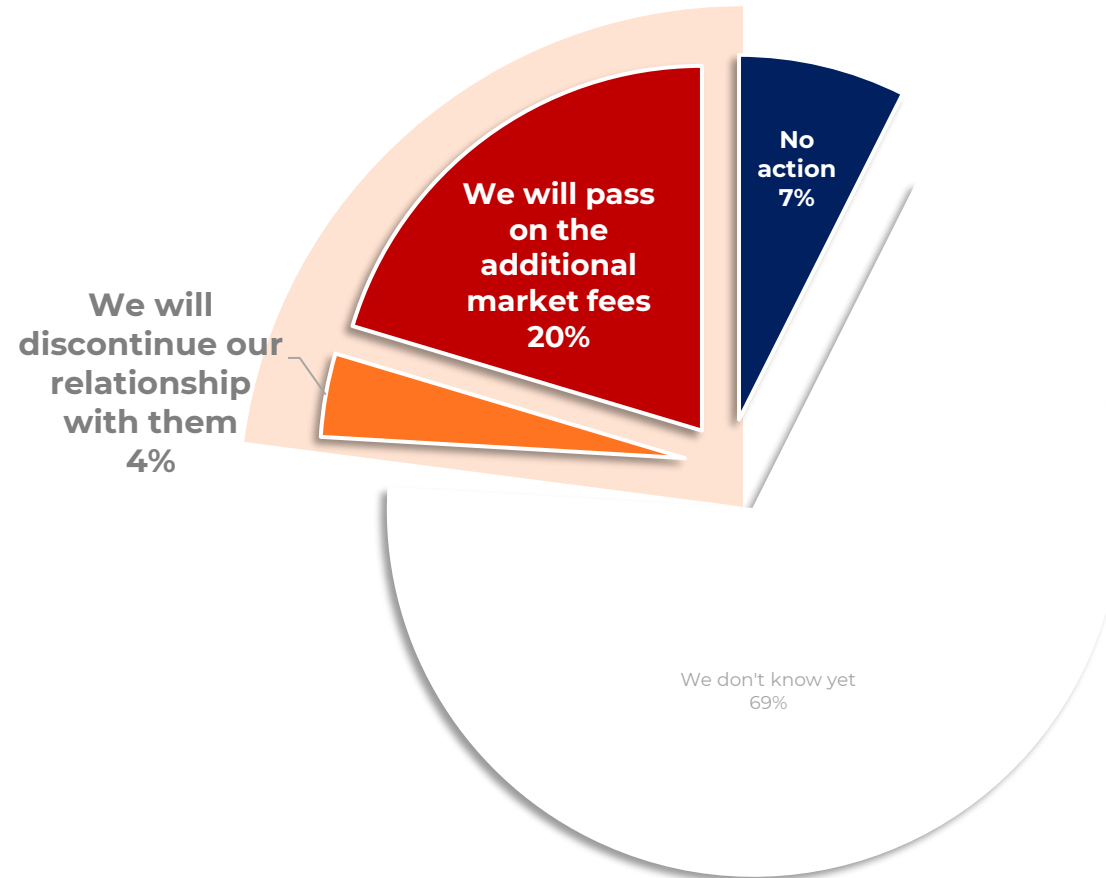


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### 3. Where are our T+1 risks?

Only 24% of major brokers are ready to take action with problem-clients



How do brokers plan to manage clients who consistently fail to affirm after the transition to T+1? (% of brokers per action step)

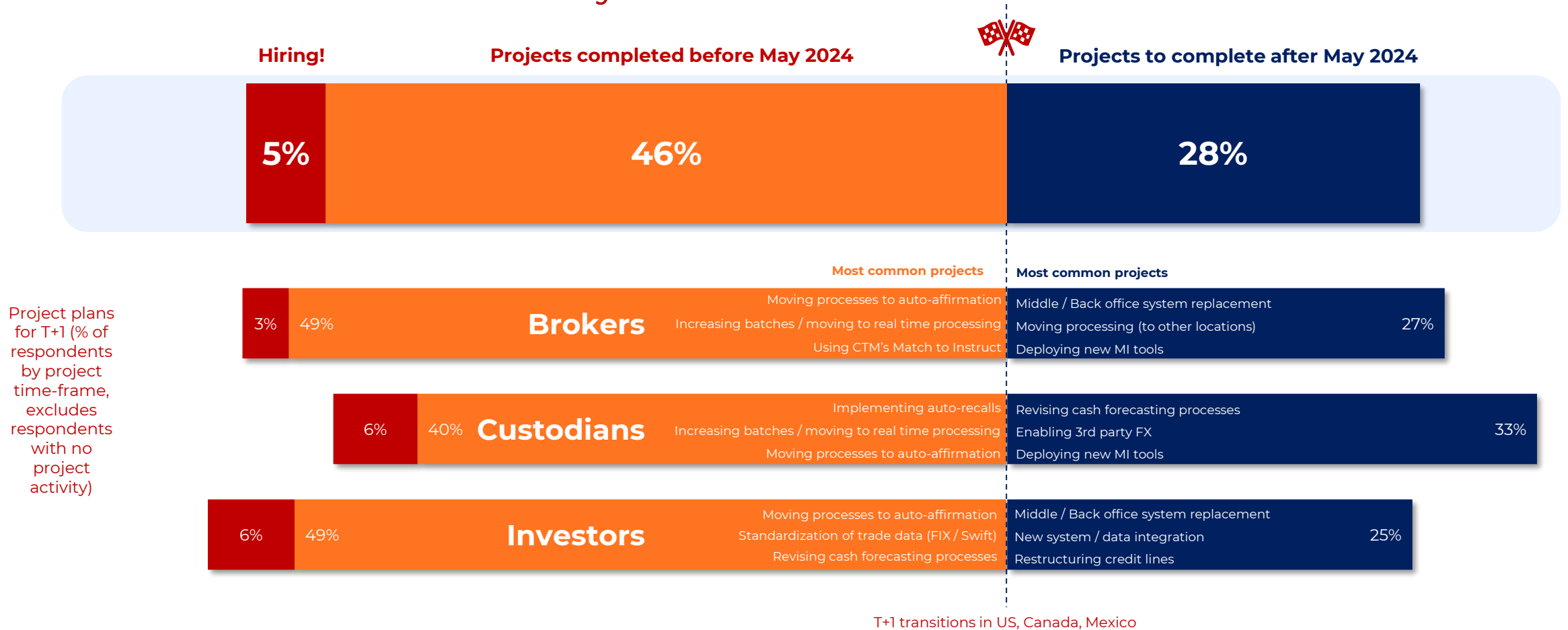


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# 3. Where are our T+1 risks?

Get live, assess then optimise: 28% of respondents are expecting their T+1 work to continue after May 2024



Project plans for T+1 (% of respondents by project time-frame, excludes respondents with no project activity)

T+1 transitions in US, Canada, Mexico



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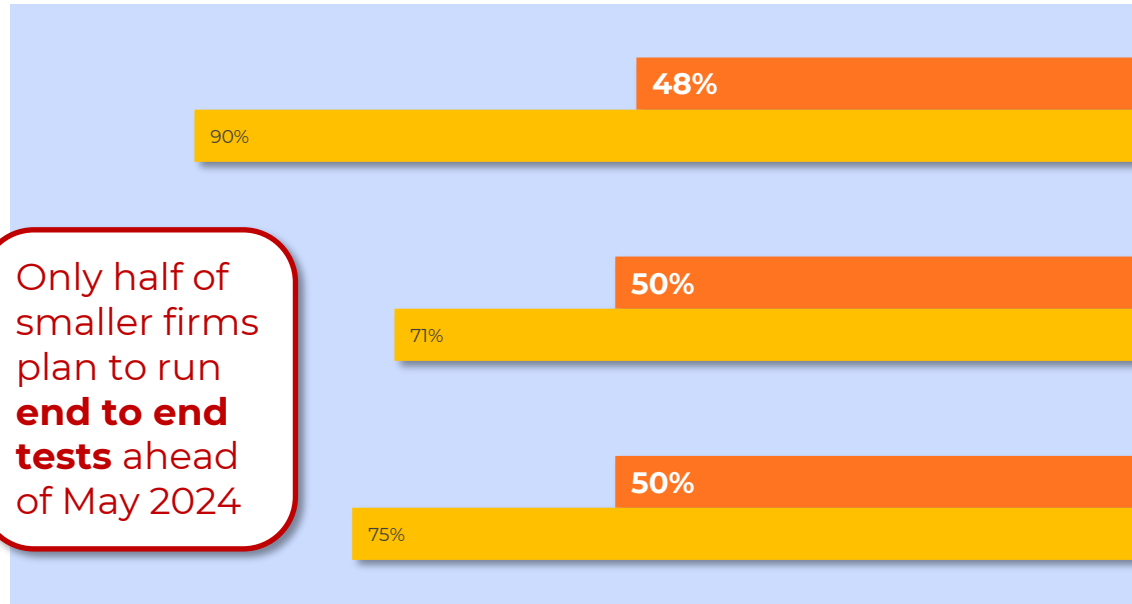




# 3. Where are our T+1 risks?

Only half of smaller firms plan to fully test; with limited BCP/worst-case testing industry-wide

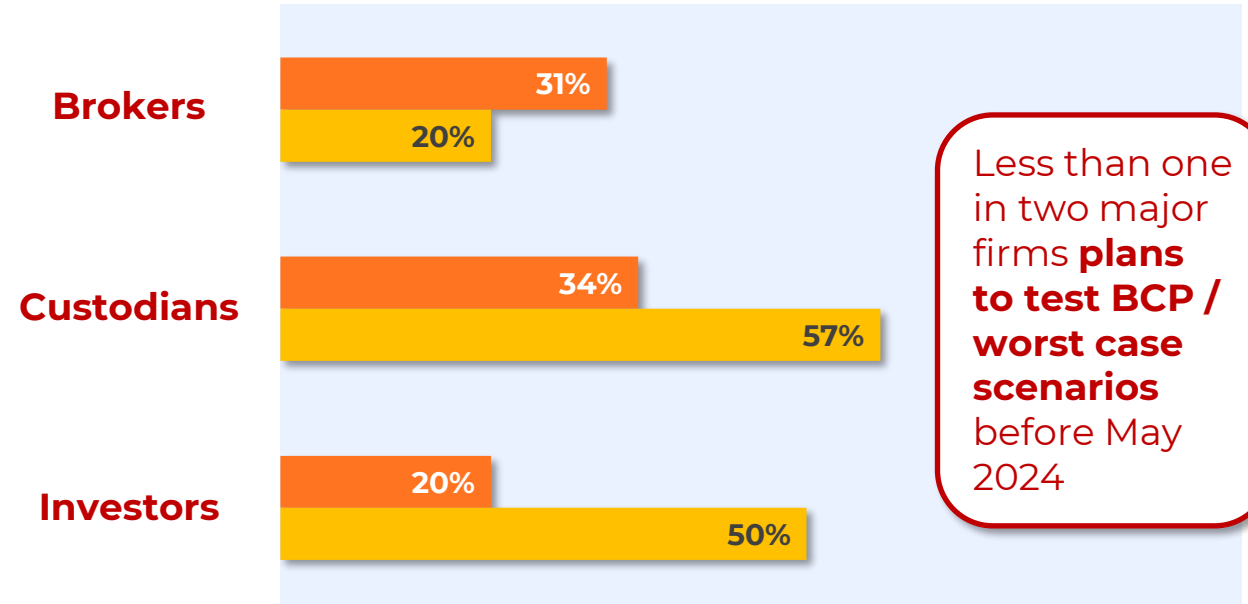
% of respondents planning to run **end to end testing** with service providers / clients



Only half of smaller firms plan to run **end to end tests** ahead of May 2024

■ 0-10,000 people ■ Over 10,000 people

% of respondents planning to run **BCP / Worst case testing** with all parties



Less than one in two major firms **plans to test BCP / worst case scenarios** before May 2024

■ 0-10,000 people ■ Over 10,000 people



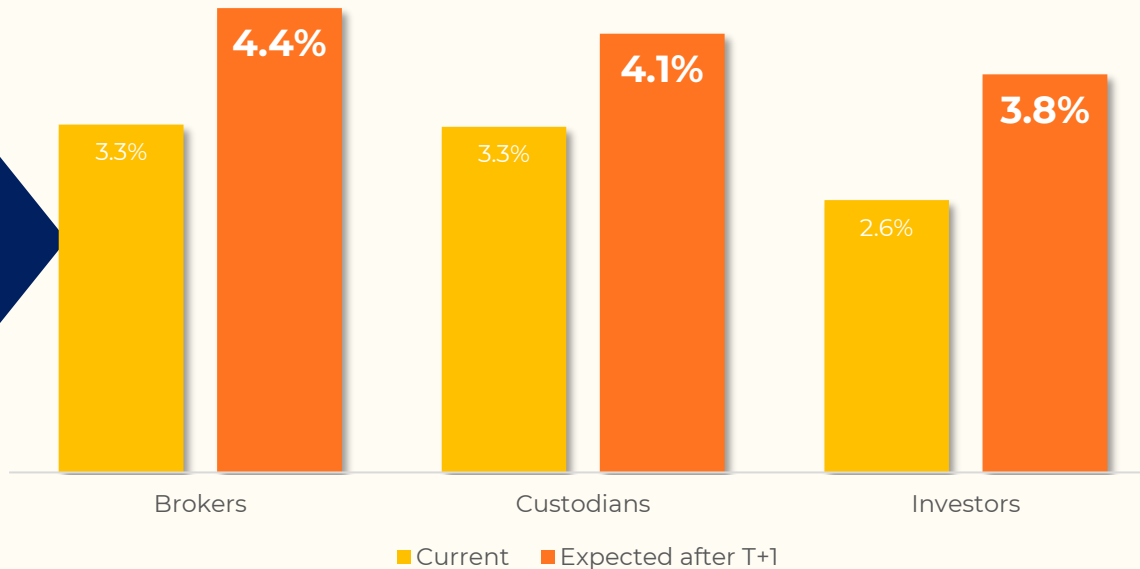
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# 3. Where are our T+1 risks?

Trade fails are expected to increase to around 4% under T+1

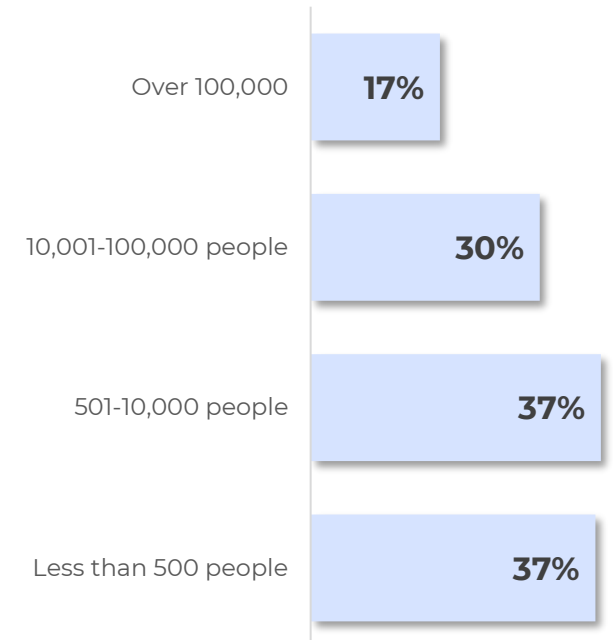
### Average Expected Trade Fails Rates before and after T+1



2.9%  
average  
fail rate  
today

4.1%  
average fail  
rate expected  
after the T+1  
transition

### Expected change in fail rates (by firm size, # of employees)



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# 4. Beyond May 2024

Only 43% of firms are investing because of North American T+1

**Not investing:** No case for T+1 investment

24%

**Investing today:** because of North America's May 2024 transition

Overall

43%

**Investing tomorrow:** because of expectations of change in 1-5 years

34%

24%

North America

45%

29%

10%

Europe

41%

48%

29%

Asia - Pacific

43%

29%



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