

T+1

The post-trade automation handbook

Volume 4



I Foreword

The shortening of the settlement cycle to T+1 – 250 days away as we go to press with this handbook – will no doubt be one of the most prominent capital markets discussions over the coming months. And for good reason. The industry faces a mammoth task in successfully transitioning to T+1, but not an insurmountable one.

Achieving this historic challenge rests on one thing: collaboration. Countless buy- and sell-side financial institutions – from asset managers to investment banks and global custodians – must come together to iron out process inefficiencies and foster synergies through more effective, real-time data sharing.

In this latest edition of Taskize's post-trade handbook series, we explore the wider industry considerations surrounding T+1, challenges throughout the settlement cycle and pain points in the current setup. We explain how Taskize's collaboration and workflow platform helps to ensure the industry is prepared for a new era in securities settlement. We've divided the contents into four distinct parts, to tackle four questions:

- 1. Pre-trade matching – what are the early-stage challenges and considerations?**
- 2. Post-trade matching – and why is there a need to unify counterparties?**
- 3. The current set-up – how are market participants currently handling settlement operations?**
- 4. The Taskize platform – what are the key features and business benefits?**

A short set of appendices pick up on some of Taskize's media by-lines that have focused on different T+1-related considerations in back-office and operations:

- Appendix 1 – Challenges
- Appendix 2 – Interoperability
- Appendix 3 – Testing

With Citi's Securities Services Evolution report series finding that 64% of financial institutions are looking to upgrade and replace technology platforms over the coming months, it appears many organisations are already making meaningful strategic adjustments to the way they do business. This is certainly encouraging, but there is still a long road ahead.

Many pain points remain that the industry must address, from pre- and post-trade matching to middle office inefficiencies, across a variety of parties including custodians, buy- and sell-side firms, financial intermediaries and fintech firms requiring all of them to drive improvements.

While these considerations are nuanced and complex, a clear message shines through: automation and collaboration across all stages of the securities settlement process are central to addressing these challenges.

This edition of Taskize's post-trade automation handbook follows editions covering interoperability, digitisation, and outsourcing, all of which are available from taskize.com/whitepapers.



Philip Slavin,
CEO Taskize



1. Pre-trade matching

What are the early-stage challenges and considerations?

Pre-trade matching is a key early-stage component of T+1 preparation. It is the process of comparing settlement details – including essential information such as the security being traded, the quantity, price, settlement date, and other relevant details – to ensure they are accurate and meet the terms of the transaction.



Several market participants and intermediaries must collaborate during this phase to confirm and reconcile trade details, helping to ensure issues do not arise in the post-trade settlement process further down the line.

Meaningful changes to trade matching processes, including much tighter deadlines for the receipt of an asset manager's allocations earlier to enable trade instructions to be generated, as well as more efficient resolution of post-trade problems, will be key to achieving a timely transition to T+1 settlement. Without this, trades will have a much harder time moving into the shortened settlement cycle and will likely miss the Continuous Net Settlement (CNS) process and be subject to the bilateral settlement process.

The global nature of markets makes these changes doubly important. The lack of real-time and synchronous processes to support settlement cycles across time zones creates very real logistical barriers. Allocations are typically sent by asset managers at the end of the trading day. Moving forward, these will either need to be sent at the point of order, or during the day, to enable broker-dealers to instruct the trades in time.

Take, for example, a Singapore-based asset manager placing an order at the end of the trading day for a basket of American stocks that need to be filled at the close of the US trading day.

The asset manager will not receive the order fill until the following day (Singapore time). This means an entire day has been lost. The investment firm would have to submit the order, receive the fill confirmations, and subsequently undertake the task of allocating these fills to the respective funds – all before then starting to match the trade and ultimately settling it.

As a result, investment banks, asset managers and custodians will require considerable support when it comes to shortening the exception resolution process when there is a mismatch on a trade. This can be achieved by empowering the various counterparties to collaborate with one another on a real-time basis – which is precisely where Taskize comes in.



A 5-step plan from the DTCC

"Before the industry gets to T+1," writes the DTCC, "there are a great number of changes that must be made to support the move to a shortened settlement cycle. Each of their "Top 5 Things To Do Now" are tackled from a Taskize point of view in this eBook.

1 Assess the impact

"T+1 will have both upstream and downstream effects on the transaction lifecycle," explains Robert Cavallo, DTCC Director, Clearance & Settlement Product Management. "...From retail and institutional transactions to corporate actions, many areas of clearing and settling will experience some type of change in order to accommodate the shortened cycle."

2 Update legacy technology

As the DTCC observes, "Across the board, T+1 will require greater adoption of industry standards and solutions. These standards and solutions will help to increase operational efficiency by modifying systems, developing automation, and supporting straight-through processing."

3 Increase automation

Ana Lotharius, Director, ITP Product Management & Americas Industry Relations provides crystal clear guidance on this aspect: "Securities settlement currently involves a series of manual processes that are prone to risk, high cost, and operational stress, and the industry cannot achieve T+1 if firms are still doing any of these steps manually."

4 Assess readiness

Workflows and geographical complexities are both covered in this eBook because as the DTCC notes, "Both U.S. and non-U.S. institutional investors will need to adopt process and behavioural changes to meet new cut off times. With an established transition date, market participants can begin their focused preparation for T+1, regardless of geographical location."

5 Prepare for testing

"There is no one-size-fits-all when it comes to testing," explains Robert Cavallo. "Members can test for T+1 settlement based on the changes made to their respective systems and processes... Firms also need to assess the resilience of their systems in all areas and perform adequate resiliency testing."

I 2. Post-trade matching

Why is there a need to unify counterparties?

Post-trade matching encompasses all the activities related to the settlement and processing of a trade. This includes ensuring the funds or assets are delivered to the appropriate parties in a timely fashion, and that all the necessary documentation completed, traceable and auditable.

If the industry harbours any hope of reducing settlement fails after the matching process, then brokers, custodian banks and asset managers cannot afford to be disconnected from one another. Bringing counterparties together that are not necessarily in a direct chain of communication is no easy problem to solve – but it can be done.

Philippe Laurensy heads up group strategy for Euroclear and spoke to this exact point at the launch of Taskize's integration with Symphony – highlights of which are in this section's boxout. "When you have a query, usually you're not on your own," he observes. "There is an ecosystem, and the objective is really to address the pain point of the ecosystem overall."

While brokers and asset managers already communicate regularly, the conversation with one of the most pivotal counterparties in the entire settlement chain, the custodian bank, has been something of an afterthought – especially in the US market, one of the world's largest.

This is because brokers do not typically use custodians in the US, as they are direct participants of the Depository Trust and Clearing Corporation (DTCC). However, the custodian banks are incredibly important from an asset manager's perspective.

The challenge here is they do not know who the custodian bank is for every fund they are trading, which means they do not usually have a contractual relationship with them and are often unable to reach out to them directly.

This is ultimately why there needs to be more seamless, real-time dispute resolution – automated, and technology-enabled – between counterparties involved in the post-trade matching process – whether custodian, asset manager, clearing house or broker.

"At Euroclear, we're here to make your life easier: reduce risk, reduce cost, and reduce capital. So, we always try to identify 'pain points' and when we find one – and there are many in post-trade – we try to find a solution. In post-trade, I think Taskize has found a way to streamline the way we manage query resolution in a more efficient manner than using email, phone calls and the like.

"When you have a query, usually you're not on your own. There is an ecosystem, and the objective is really to address the pain point of the ecosystem overall. So we needed to find a way to connect the front office, the back office, and people from different firms.

"I think what Taskize has found is an interesting solution to this. Taskize is focusing on the back office, Symphony is more focused on the front office. I think the missing point – that this new integration solves – was the connectivity between the two. That's why we are here with the team from Taskize, Euroclear's preferred platform for query resolution."

Philippe Laurensy, Managing Director and Head of Group Strategy, Product Management, and Innovation, Euroclear





| 3. The current setup

How are market participants currently handling settlement operations?

Given the pre- and post-trade matching challenges, how are market participants currently positioned for their settlement operations? At present, these are manual, resource-intensive processes, especially at asset managers and custodians.



Most processes enabling the settlement of securities have a series of functions that are designed to manage the lifecycle of the trade from execution through to settlement. This lifecycle is usually divided across the following teams internally:

- Middle office
- Client service
- Settlements
- Corporate actions

These teams also have to interact with their counterpart teams or in a lot of cases the custodian's middle offices, which have taken on outsourced functions from asset managers.

When a trade exception arises, the one of the major current challenges is identifying the appropriate person or team able to resolve it and then engaging with these teams to do so. Often, this will be one of many exceptions being handled manually.

Adding to the workload is the fact that the exception on a trade frequently gives rise to a number of further issues. For example, the first problem could be a mismatch on the price of the execution. However, resolving this then results in a difference in standard

settlement instructions. This means multiple issues have arisen around a single trade, all of which must be resolved to enable its settlement.

As a result, teams must identify the issues quickly through data exceptions and then be able to resolve them – not only internally, but also externally with the relevant counterparties and, in some cases, the agent of their counterpart, who they may not be aware of.

Creating a data-led, connected infrastructure, both internally and externally, to handle exceptions will be extremely important to help diagnose the cause and resolve the issue with the relevant teams. This will need to be done quickly in order to meet the deadlines for T+1 and avoid costly trade fails.

Although tier 1 companies will likely be less impacted by T+1 in terms of cost of transition and digitalisation, due to the highly interconnected nature of the capital markets industry, they are likely to be dealing with the less-prepared tier 2 and 3 firms, who will add inertia to the settlement process – an area Simon Gibbs, Taskize's Head of Partnerships, explored in an article following the ISITC 2023 event in Boston (see over).





Moving custodians and buy side firms to T+1 – key considerations from ISITC

The location: ISITC's 29th Annual Securities Operations Summit in Boston, and on stage: Barnaby Nelson from research and benchmarking organisation ValueExchange and John Abel, Executive Director of Equity Clearance and Settlement at DTCC (The Depository Trust & Clearing Corporation).

In 'Accelerating to T+1', they noted how manual processes are the biggest challenge in the journey towards T+1 settlements. Not only because there are so many of them, but because each needs individual review, to establish what the current steps are and how they can be optimised.

What were the top five hurdles to executing T+1 found to be?

1. **Information** – lack of clarity on rules and implementation dates
2. **Resource** – competing resources/securing project resource
3. **Priorities** – competing regulatory projects
4. **Change management** – and the availability of people to do so
5. **Systems** – and legacy technology dependencies

The panel highlighted that more than 40% of the industry is not ready for T+1 in US, with the number jumping to more than 63% in the UK. So this is very much a 'here and now' for which solutions are that already available in the market and easy to deploy need to be considered. And as Canada gears up to work to the same deadline as in the USA, we heard that authorities there have highlighted the need to move away from email and telephone towards more modern and interoperable communications platforms.

The full version of this article, and continuous content stream on post-trade automation, can be found at taskize.com/news-and-insights.





4. The Taskize platform

Product features, commercial benefits, and forwards to Match to Instruct

Now we have set out the problems posed by T+1 and detailed the current state of play with settlement operations, it's easier to explain how and where Taskize's collaboration and workflow platform fits in.

The Taskize platform is specifically built for the post-trade operations space and helps market participants and counterparties reach the goal of T+1 – both from a product and commercial point of view. By 'product' we mean technical features of the platform, and 'commercial' in terms of the benefits the platform delivers.

3 key product benefits:

Automation

The Taskize platform can replace both email and manual workflow processes – and their inherent risks around human error and speed.

ML reporting

The platform's real-time data and analytics on settlement fails cause-and-effect further assist in speed and process improvements.

Interoperability

Taskize integrates with numerous other platforms thus enhancing rather than replacing existing systems in the settlement cycle.

3 key product features:

Taskize Bubbles

Secure, micro-workspaces where counterparties can resolve issues together. Clients report a 70% decrease in resolution time compared to email, not least because Taskize Bubbles provide clear responsibility and issue ownership and are quickly and easily passed within and across teams and geographies.

Smart Directory

The platform's Smart Directory allows you to navigate the post-trade cycle quickly and easily with consistent navigation across clients, colleagues and counterparties.

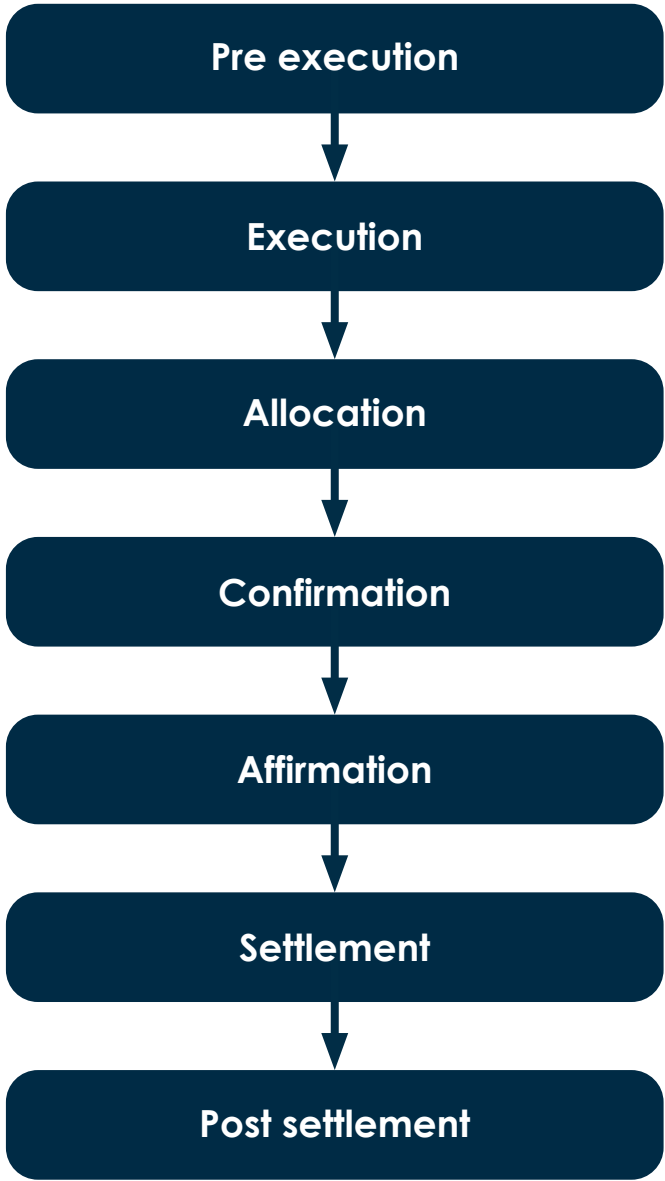
It helps you find the right people by what they do rather than who they are, and automatically learns the jobs people do.

Bubble blotter

Provides a live view of all open issues, allowing quick and efficient prioritisation and workload management. The Bubble blotter provides instant management oversight of team issues and the ability to delegate, substitute and escalate.

A seamless post-trade activity flow moving towards Match to Instruct

Drawing on these features, Taskize enables financial institutions to connect the execution of trade orders more seamlessly with the various post-trade activities required to settle securities transactions, as depicted here.



While Taskize can deliver increased workflow efficiency across each of these stages, enhancing collaboration at the allocation, confirmation and affirmation stages is where the technology really comes into its own. Here, the need for efficient exception resolution at the point of initial trade matching is critical, helping the industry to adopt a more efficient Match to Instruct model.



This represents a significant improvement on the current approach, which requires market participants to manually push trades out to the market once they have been matched. With Match to Instruct, this step is removed from the process altogether, allowing counterparties to realise meaningful time and resource efficiencies.

How a faster, better user experience brings T+1 closer

“Historically, financial services and energy firms have risked financial loss through unsettled trades, experienced a lack of auditability and transparency across correspondence with counterparties, and spent costly analyst time on low value activities such as chasing,” explains Michiel Verhoeven, Chief Executive Officer at one of Taskize’s technology partners, Xceptor.



“By providing counterparties with a better user experience, there is (as a result) more scope to drive traffic to the business, reduce costs and risk, and confirm trades even where there is no common data structure.”



Speaking to Michiel’s comments and explaining the value of the platform in the transition to T+1, Philip Slavin, Chief Executive Officer at Taskize picks up the story, explaining first how “email correspondence is infamously hard to manage and audit.”

“Taskize meets this challenge head on and provides a purpose-built consolidated solution that retains the useful elements of email and removes all the problematic. It provides a single-issue alternative to multi-thread posts which are often hard to track, while the Smart Directory dynamically allocates queries, understanding and learning who is best suited to resolve each one.

“With counterparties streamlining all communication into a real-time trade affirmation service they can affirm on T+0, thereby drastically reducing the risk of financial loss from economic breaks on complex trades that currently appear at T+3. Moreover, in instances where a break has led to trade failure, the supply of evidence of all relevant conversations acts as invaluable analysis for assessing whether full preventative action was taken.”

Taskize for exception management – in five steps

- 1** With Taskize, exception management is streamlined and secure. As each exception is raised, a secure **Taskize Bubble** is created. Each issue can have its own Bubble.
- 2** The **Smart Directory** identifies the right individuals in counterparty firms to invite into the Bubble, eliminating endless phone calls and emails. Multiple counterparties can be invited into the Bubble – simultaneously if needed – to address even the most complex issues.
- 3** Within the secure confines of the Bubble, **information and documentation** can be shared securely between counterparties. Tasks can be agreed and automatically allocated to those with capacity to deal with it, with a flag passed around to indicate a **clear workflow** and who holds responsibility for the next action, ensuring nothing falls through the cracks. Tasks can be passed across time zones, with the full history of the issue available to those picking up the issue as their market opens.
- 4** All communications and exchanges on the issue are held within the Bubble, ensuring a **detailed audit trail**, which can easily be connected to each party’s legal compliance system. Information can be shared on a need-to-know basis or can be made visible to all. Files and documents can be shared and updated, ensuring everyone has the latest version to hand.
- 5** Should issues need to be escalated or reallocated, this can be done via the **Bubble blotter**, within predefined escalation parameters. Firms outside of the Taskize network can also be involved, given the platform’s numerous **integrations** – not least for email, allowing all email traffic to be linked seamlessly into Bubbles. Once the issue is resolved and the Bubble is closed, final documentation on the exception is automatically shared with all participants.

Taskize by the numbers

Our client base



570

firms using the Taskize platform

88
countries worldwide
with firms using
Taskize



20,000

Taskize Bubbles
generated every
month

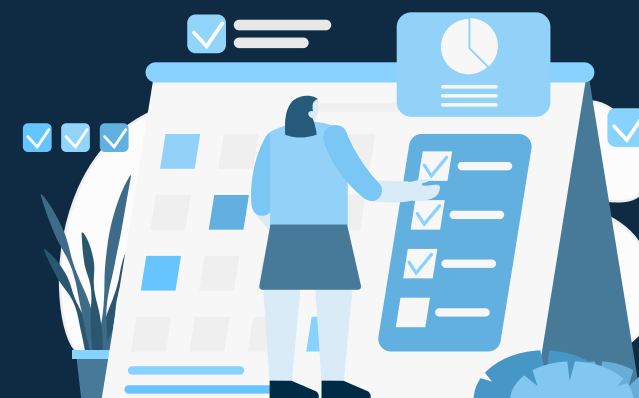
Our results



90%

reduction in
operational email

70%
decrease in resolution
time compared to
email



50%

of issues resolved
within 24 hours

Taskize partnerships and integrations checklist

- DTCC
- Duco
- Email connector
- Euroclear EasyWay
- EZOPS
- FINBOURNE Technology
- Meritsoft
- Microsoft Teams
- Salesforce
- Symphony
- Xceptor



5. Community

A brief round-up of some of the media, partners and clients of Taskize mentioned in this eBook:

Best Execution	www.bestexecution.net
Citi	www.citibank.com
DTCC	www.dtcc.com
Duco	www.du.co
Euroclear	www.euroclear.com
EZOPS	www.ezops.com
The Financial Technologist	www.harringtonstarr.com
FINBOURNE Technology	www.finbourne.com
Global Investor	www.globalinvestorgroup.com
ISITC	www.isitc.org
Meritsoft	www.meritsoft.com
Salesforce	www.salesforce.com
Securities Finance Times	www.securitiesfinancetimes.com
Symphony	www.symphony.com
The Trade	www.thetradenews.com
ValueExchange	www.thevx.io
Xceptor	www.xceptor.com
Taskize	www.taskize.com
Taskize platform	www.taskize.com/platform
Taskize whitepapers	www.taskize.com/whitepapers
Taskize integrations	www.taskize.com/integrations





I Appendix 1 – Challenges

Global Investor's T+1 series turned to Taskize in July 2023 with James Pike examining how the groundwork for May 2024 needs to factor in further back-office challenges beyond the shortening of the settlement window for US securities.

A sticky settlement wicket beyond US securities

Much like England in the Ashes, financial institutions in the run up to T+1 for US securities have got a monumental amount of work to do. Between now and next May, firms have got numerous programmes to test, not to mention straight-through processing (STP) to factor in, if they are to harbour any hope of improving their settlements workflow end-to-end. Notwithstanding all the work currently taking place, there is also a need to address several other types of settlement problems beyond US securities.

Take trade pre-matching and affirmation – which could well become one of the biggest obstacles to preventing settlement from occurring as and when T+1 is implemented across other parts of the world. With the likes of AFME already exploring what the implications of T+1 could be on European securities, there will be a genuine need for banks to affirm and match trades before the end of the day.

Cross-border transactions are going to be harder to settle in the timeframe prescribed as the lack of real-time and synchronous processes to support this settlement cycle across the time zones creates barriers. In addition, allocations are typically sent by asset managers at the end of the trading day, these will either need to be sent when the order is sent or during the day to enable broker-dealers to instruct the trades in time.

One of the other problem areas is inventory management, which is paramount to ensuring that firms are managing their positions and ensuring timely settlement of the buys and sells. Standard Settlement Instructions, more commonly known as SSIs, are a major factor as they need to be actively managed to ensure firms get access to the right information prior to the settlement date, preferably prior to trading with a client.

Currently, roughly a third of all securities fails are driven by wrong or missing SSIs, while a staggering 60% of all fails are driven by inventory management issues across the securities industry. This includes problems such as having a sufficient inventory to be able to settle trades in the first instance. As a case in point, perhaps a fund has been set up to trade equities with say JP Morgan, but then suddenly is trading fixed income with no fixed income related SSIs in place. Alternatively, an asset manager decides to move to another custodian bank, only for their brokers to have failed to obtain the new SSI details of the new custodian bank.

Or, and this is an increasingly common issue, there are various

iterations of where the SSIs are being stored. In most cases, the data is not sufficiently granular enough to store it for certain securities products such as exchange-traded funds (ETFs) – which continue to rise in popularity among global investors. According to Bloomberg Intelligence, the share of global exchange-traded product flows are already more than double normal levels so far in 2023, at 39%.

But while trading an ETF may look and feel like a cash equity security trade – the reality is that it is a synthetic construct of the underlying instrument. The problem is that there is no real SSI data mapping for ETFs in the market. Therefore, you can be sure other parts of the globe will struggle with these age-old post-trade processes in a compressed settlement regime. What this means is that financial institutions are likely to continue trying to settle in the wrong settlement location.

Last, but by no means least, settlement netting is the final area that financial institutions need to consider.

Should European securities follow suit and shift to T+1, the ability to aggregate settlement will shift and become more challenging on a cross-border basis, meaning that the netting will drop unless the rate for matching and/or affirmation materially improves, leading to a significant increase in bilateral settlements. Should settlement compression fall significantly, this will mean higher numbers of fails with an increased cost of funding driven by higher interest rates.

From pre-matching and affirmation to inventory management and settlement netting, like England's task of trying to get back into the Ashes, there is no easy answer to addressing these settlement challenges beyond the 2024 T+1 deadline. Whether it's improving order handling through more insightful trade sets or more accurate metrics to identify the root cause of the fails at a trade level, financial institutions need to be looking over the US securities horizon as they continue their preparations.

Key to these preparations is ensuring that all settlement ecosystems are currently working in tandem. If, and it is a big if, at this relatively early stage in the

preparations, firms can adopt a more interoperable approach to either benefit from being in their own native platforms, or connecting different parts of settlement ecosystems to drive more efficient issue resolution, they may just find themselves in a position next May where they can seamlessly move data and accept exceptions between different counterparties for global, as well as US securities.

“Should European securities follow suit and shift to T+1, the ability to aggregate settlement will shift and become more challenging on a cross-border basis, meaning that the netting will drop unless the rate for matching and/or affirmation materially improves.”



| Appendix 2 – Interoperability

Writing for The Financial Technologist in March 2023, Taskize's Kishan Bharwad explains

‘Why FinTechs are thriving off a collaborative industry’.

Collaboration is the buzzword for FinTech this year, and the dramatic growth of Taskize highlights that financial institutions are recognising the competitive advantage that can be achieved by reducing workflow friction. More specifically, over the last year financial firms transformed their collaboration and resolution workflows, which coincided with record growth across the Taskize platform, with over 500 financial institutions live on the network operating across 85 countries.

The recent growth of the network has been driven by a number of reasons. Firstly, the need for collaborative services in the FinTech space. Whilst customers in the industry are utilising multiple FinTechs and solutions across the sector, offering great value in their individual expertise and the problems they solve, they remain disconnected and force the client to connect the dots together themselves.

Taskize's interoperability strategy allows firms to connect the investments in core processing that they have already made, offering the industry a solution that can always be deployed regardless of the FinTech they are using. Taskize therefore acts as the glue between companies, with the Taskize Smart Directory enabling customers to navigate their firm as well as their entire business network without needing to know their internal structures.

This allows firms to quickly find the right person, with the right skills and authority to get work done. By making a unique service for financial institutions everywhere, and in many ways anticipating the future of technology-augmented manual operations, Taskize's tailored workflow strategy means that we have been able to drive efficiency across a myriad of processes in the post trade space.

Secondly, with the wave of new regulation with industry initiatives, such as the Settlement Discipline Regime of the Central Securities Depository Regulation (CSDR) and the move towards T+ 1, there is an increased need for tailored solutions that facilitate faster and more efficient resolution of settlement breaks and margin disputes. To combat this, the extension of the Taskize platform offers a solution to the CSDR penalty dispute process as an effective and simple alternative to email. By harmonising core processing systems and messaging services, Taskize is enabling a seamless cross- collaboration of platforms to allow more and more firms to realise the operational gains of inter- company workflow.

In this case, the workflow within a Bubble was customised to allow Euroclear to offer a standardised model to all their members for raising and resolving penalty disputes. By offering a structured template for capturing dispute data and allowing Euroclear to optimise not only the behaviour of their clients, but also their own dispute teams, they are able to reduce errors, ensure consistency, and offer a better more collaborative client experience. As the CSDR regulation becomes part of the fabric of operational activity, Taskize will become Euroclear's only channel for penalty dispute.

Clearly, siloed workflows are becoming a thing of the past – and Taskize is at the heart of facilitating collaboration to help bridge the gap between different firms and colleagues.

In addition, effective use of data is now a key part of the solution to operational efficiency for financial institutions. Internal APIs that interface between data source systems and internal operational tools are crucial to enabling utilisation of data, increasing efficiency, and reducing errors.

Currently the only way to expose this valuable data to interested parties is by point-to-point integrations between clients or counterparties. This can become very brittle once the integrations are rolled out to more and more organisations.

This is where collaboration thrives: Taskize helps realise the value of APIs by acting as an external distribution channel for data and technology, offering one integration solution, through which firms can service their network with API connections. By integrating external APIs and chatbot technology with Taskize, it allows clients, counterparties, and service providers to “self-serve” the data they require, alongside realising the potential efficiency gains and improved customer service offered by chatbots. This will give financial institutions one integration solution through which their clients can service the network without the need for human intervention.

As a company, we're really proud of what we achieved last year, and the potential of the platform to help prevent and solve operational issues across a wide range of processes. As the industry attempts to keep up

with the everchanging regulatory landscape, and focuses more heavily on improving operational efficiency, we will be continuing our collaborative strategy to ensure that, ultimately, more and more financial institutions will realise the potential of inter-company workflow and necessary cooperative approaches to achieve this.

“Taskize is enabling a seamless cross-collaboration of platforms to allow more and more firms to realise the operational gains of inter-company workflow.”



I Appendix 3 – Testing

When T+1 testing began in August 2023, Taskize spoke to Best Execution, The Trade and Securities Finance Times to explain its ramifications.

“DTCC, the US post-trade market infrastructure, formally started the testing program for moving to a shorter settlement cycle on 14 August,” explained Shanny Basar in Best Execution, “so market participants can fully evaluate their end-to-end processes before implementation next year.

“According to James Pike, head of business development, Taskize, the testing cycles will reveal any cracks in preparation work that need to be addressed ahead of May 2024: “Take one of the key early-stage components of T+1 prep – comparing settlement details to ensure that they meet the terms of the transaction.

“Changes to trade matching processes, including much tighter deadlines for the receipt of an asset managers trade instructions, not to mention the resolution of pre-trade problems, are of paramount importance.”

“The testing cycles will reveal any cracks in preparation work that need to be addressed,” added Jonathan Watkins from The Trade and spoke to Taskize who explained: “Take one of the key early-stage components of T+1 prep – comparing settlement details to ensure that they meet the terms of the transaction.

“Changes to trade matching processes, including much tighter deadlines for the receipt of an asset managers trade instructions, not to mention the resolution of pre-trade problems, are of paramount importance.”

Moving forwards, “A total of 21 test cycles are scheduled in the lead up to the T+1 implementation date,” writes Lucy Carter for Securities Finance Times. “The testing environment will continue to be available for three days after 28 May 2024, with minimal testing support during the conversion week.”

“These testing cycles will reveal any cracks in preparation work that need to be addressed ahead of May 2024,” Pike explained. “Take one of the key early-stage components of T+1 prep — comparing settlement details to ensure that they meet the terms of the transaction.

“Changes to trade matching processes, including much tighter deadlines for the receipt of an asset manager’s trade instructions, not to mention the resolution of pre-trade problems, are of paramount importance. Pre-matching of trades is one of the biggest obstacles to achieving T+1 settlement. Without this, trades cannot move into the shortened settlement cycle and will likely miss the continuous net settlement process.”

“Changes to trade matching processes, including much tighter deadlines for the receipt of an asset managers trade instructions, not to mention the resolution of pre-trade problems, are of paramount importance.”



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