






KEY CHALLENGES OF ACCELERATED SETTLEMENT TO FOREIGN INVESTORS

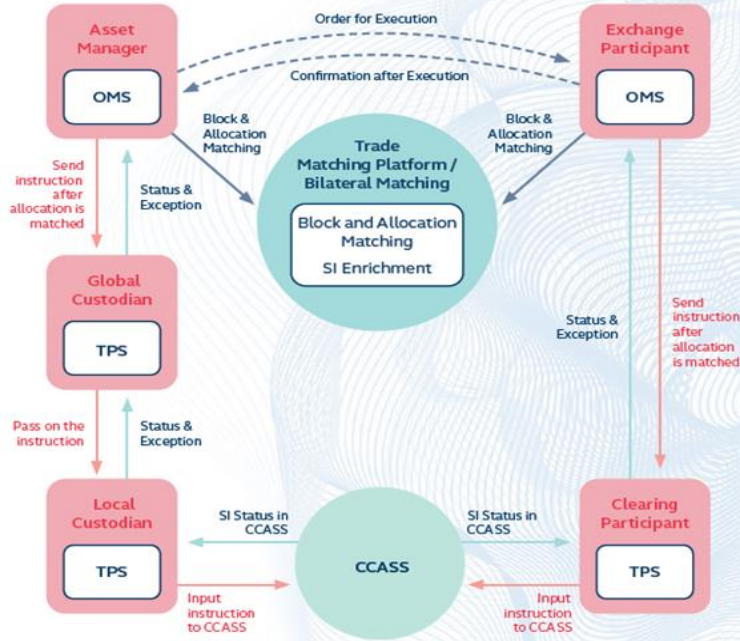
AFSF, June 2022

Accelerated Settlement: Key Challenges to Foreign Investors

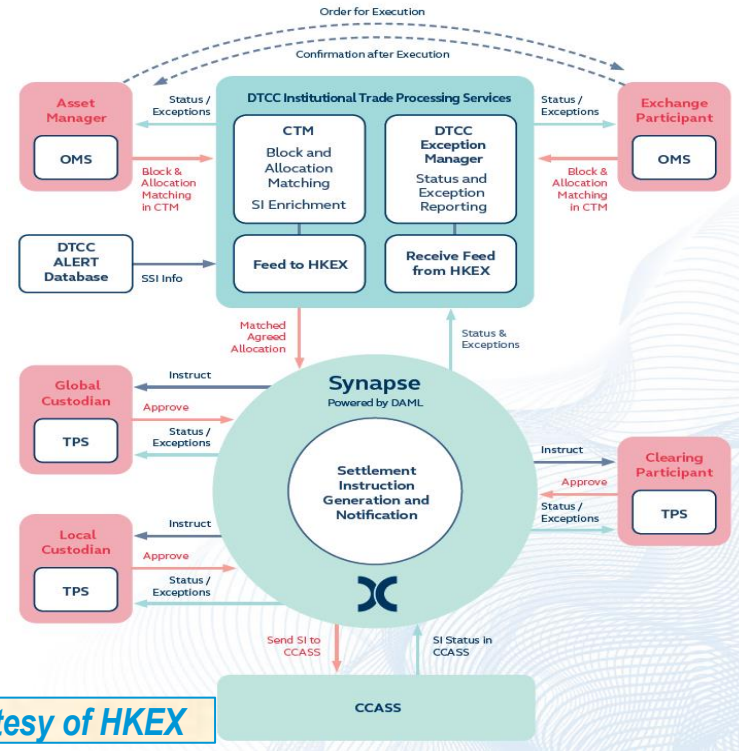
	 CHINA	 INDIA	 US
Key Challenges	<ul style="list-style-type: none">▪ Time zone difference▪ Tight window for T+0 securities settlement▪ CNY Pre-funding▪ Pre-validation	<ul style="list-style-type: none">▪ Time zone difference▪ Tight trade confirmation cutoff▪ INR funding/FX liquidity	<ul style="list-style-type: none">▪ Time zone difference▪ Tight trade confirmation cutoff▪ USD funding/FX liquidity▪ Impact to individual firms in terms of systems, processes and people
SOLUTIONS IN USE	<ul style="list-style-type: none">▪ CTM and ALERT for both QFII and Stock Connect channels	<ul style="list-style-type: none">▪ CTM and ALERT	<ul style="list-style-type: none">▪ Central Trade matching (CTM) and SSI enrichment (ALERT)▪ Straight-through-processing from CTM to the depository (Match-to-Instruct or M2i)
NEW SOLUTIONS OFFERED	<ul style="list-style-type: none">▪ ITP-Synapse interface for northbound Stock Connect	<ul style="list-style-type: none">▪ Real-time matching and 3rd party settlement notification to local custodians	<ul style="list-style-type: none">▪ Business Consulting

ITP-Synapse Interface for Northbound Stock Connect Trades

BEFORE






AFTER



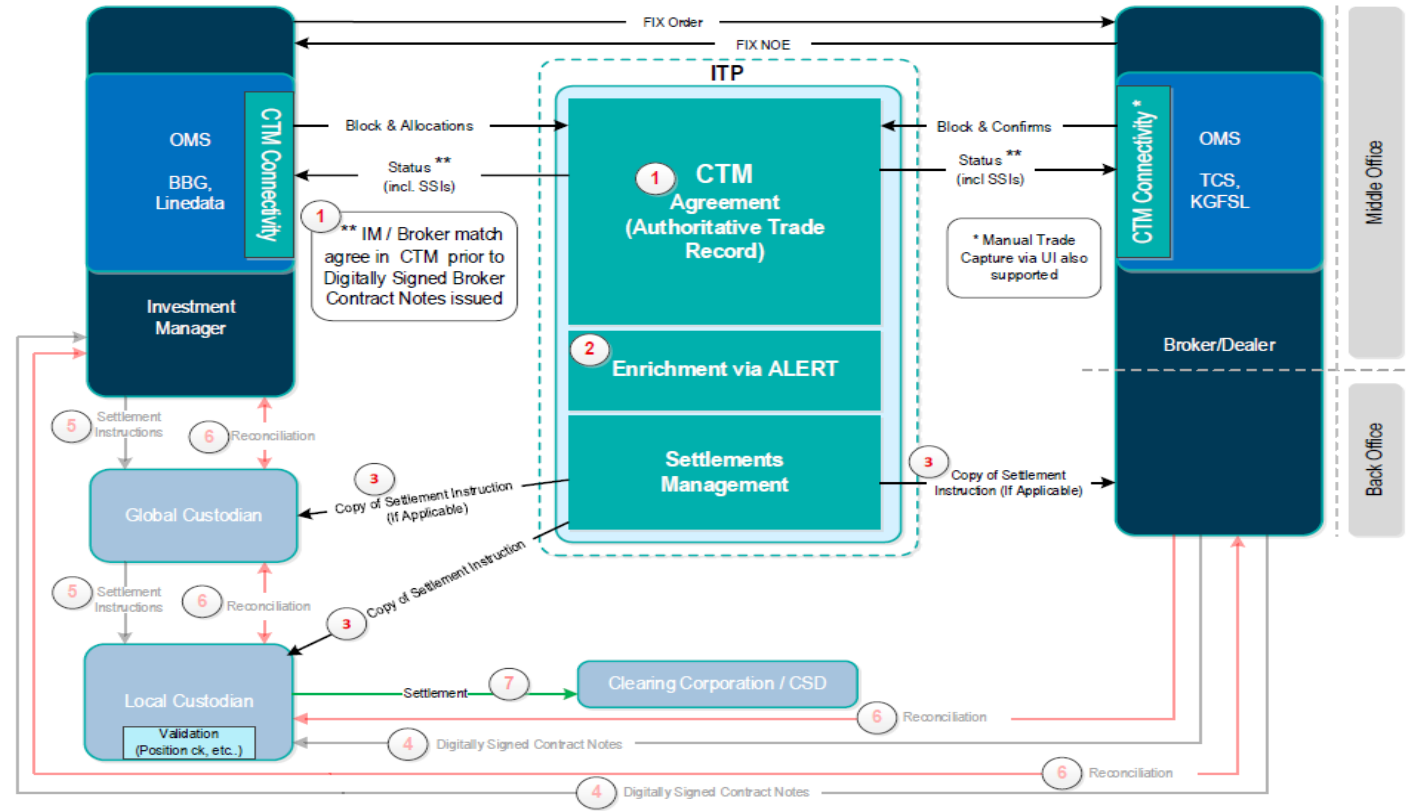
Diagrams courtesy of HKEX

OMS: Order Management System / TPS: Transaction Processing System




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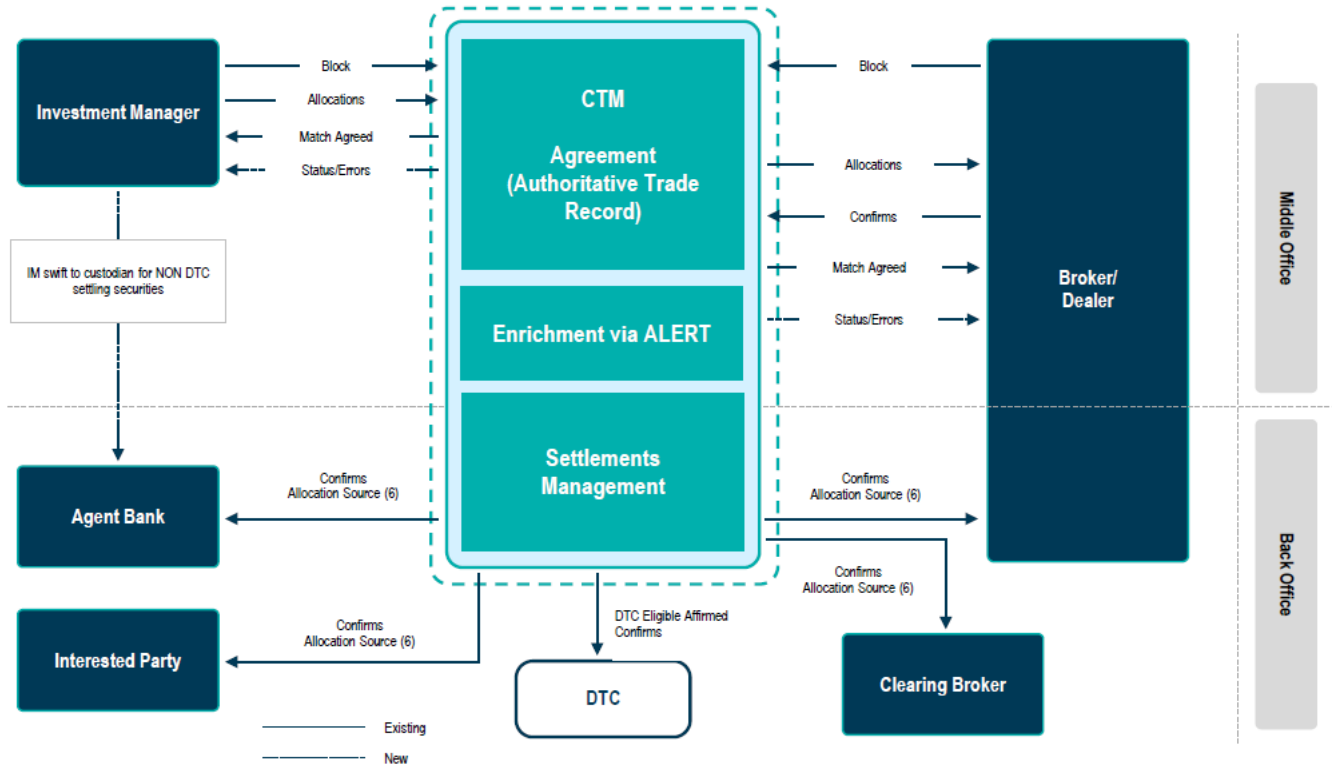
Pre-advice Notification for Local Custodians in India



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No-Touch Workflow for the US Market: Match-to-Instruct (M2i)



Key Considerations when Accelerating Settlement

1. Balancing the needs of different investor types and thorough cost/risk-benefit analysis to avoid or minimize unintended consequences
2. Time zone difference and nuances of FX funding/conversion to local currency must be solutioned for at the industry level and not left to individual firms to figure out
3. Availability and access to a liquid FX market within the prescribed market timelines
4. Behavioral change could be more difficult to manage than changes to systems and processes
5. For institutional trades, fully automated same day (intraday) matching/allocation/confirmation/affirmation is ideal
6. Market reforms are painful and need strong regulatory support

DTCC Accelerating to T+1 Series (4 virtual events)

→ ↻ 🔍 dtcc.com/events/archives

EVENT REPLAYS

UPCOMING EVENTS EVENT REPLAYS

MAY 3, 2022
VIRTUAL
DTCC Accelerating to T+1 Series:
IMPACT ON INSTITUTIONAL TRADE
FLOWS

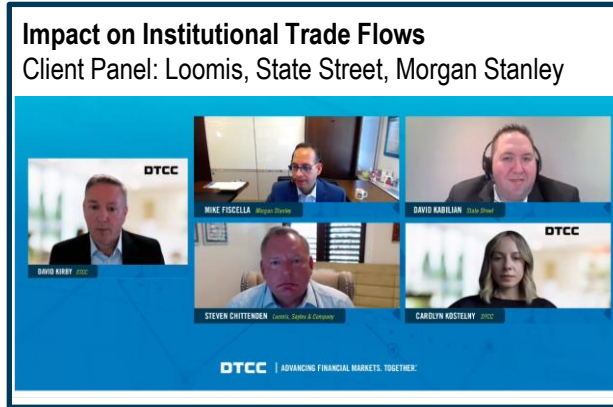
WATCH VIDEO

APRIL 27, 2022
VIRTUAL
DTCC Accelerating to T+1 Series:
IMPACT ON NSCC-DTC PROCESSING
SCHEDULES

WATCH VIDEO

Impact on Institutional Trade Flows

Client Panel: Loomis, State Street, Morgan Stanley



MAY 11 Accelerating to T+1: IMPACT ON CORPORATE ACTIONS PROCESSING

New Topic Added!

JUNE 14 Accelerating to T+1: IMPACT ON SEC LENDING, PRIME BROKERS & ETFs
AND BROADER INDUSTRY READINESS



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for our past virtual events