

T+1 Global Aspects Working Group

7 November 2023 Teams Call

Meeting Minutes

Participants: (attendees highlighted in bold)

John	Abel	DTCC
David	Büchler	Liechtensteinische Landesbank
Christopher	Butler	BNY Mellon
Akhila	Chaganti	Deutsche Bank AG
Alex	Chow	The Investment Association
Jennifer	Cryan	Citigroup
Simon	Daniel	SWIFT
Barbara	Domenici	ECSDA
Alex	Duggan	Cognizant
Jonathan	Hartwell	Northern Trust
Kamalakaran	Kannan	S&P Global Market (Co-Chair)
Prasanna Kumar	Jha	Citibank
Emma	Johnson	JP Morgan
Gareth	Jones	Euroclear SA/NV
Loana	Juka	Erste Group Bank AG
Hector	Lau	HKEX
Heidi	Lee	Deutsche Bank AG
Louis	Lesnika	CIBCMellon
Nicolas	Mallia	ECSDA
Katica	Mandic	Privredna Banka Zagreb d.d.
Douglas	McNaughton	U.S. Bank
Koen	Mertens	KBC Bank
Hui Ying	Mew	Deutsche Bank AG
Marco	Palazzi	Bank Julius Baer & Co. Ltd
Jack	Parker	JPMorgan
David	Petiteville	Royal Bank of Canada
Lars	Scheuerling	Deutsche WertpapierService Bank
Sascha	Schönsiegel	Cofinpro
Sladjan	Seferovic	Cofinpro
Kristi	Sisa	Nasdaq
Jan	Stelzer	Cofinpro
AN	Tran Quoc	Standard Chartered Bank
Gabor	Varga	Swiss Re
Damien	Veillard	BNP Paribas
Deepa	Viswanathan	Deutsche Bank AG
Frank	Wang	Deutsche Bank AG

Hannah	Elson	JP Morgan
Haroun	Boucheta	BNP Paribas (Co-Chair)
Chris	Lam	BNY Mellon
Ekaterina	Andropova	Cognizant
Nadra	Mueller	Deutsche Bank
Danny	Green	Broadridge
Caroline	Diggines	Northern Trust

Bill Hodash, Colin Parry (PMO)

Agenda

1. Update on CLS PVP Input Cut-off Extension Exploration
2. ESMA Call for Evidence- European Task Force Plans
3. ISSA T+1 Global Impacts Paper – Process for Drafting

1. Update on CLS PVP Input Extension Exploration

Bill Hodash provided an update based on the CLS Presentation during a SIFMA Webinar on 2 November

Key Points Addressed

- CLS is now actively analyzing the impacts of potentially extending the PVP Transaction Cutoff Time by 90 minutes.
- The members are being surveyed now and an internal analysis at CLS is also underway.
- 90 minutes is a long a delay as possible, though the impacts must be well understood before deciding if any extension is to be recommended.
- CLS indicated that even if the analysis shows the impacts can be mitigated and they decide to extend by 90 minutes, it is doubtful that the coding, testing, governance, and regulatory approvals can all be completed prior to the late May implementation date of T+1 in the U.S., Canada, and Mexico. A webinar participant asked if given that fact, and all the new information about the FX-related liquidity and settlement issues that have been documented, would the SEC consider potentially delaying the T+1 implementation date. A SIFMA representative answered that the SEC will not be delaying the date and that SIFMA is not going to recommend that the SEC reconsider that position.
- As discussed in previous meetings, for the CLS extension (if approved) to have any impact, custodian banks must also move their cut-off times by 90 minutes or more in the cases of banks that have cut-offs significantly earlier than the current CLS cut-off. WG members representing Custodian Banks are asked to report to the WG any such extension decisions when they are made.
- Also, as discussed previously, any change to the CLS cut-off will only be beneficial for FX transactions related to securities trades that get executed late in the day at or after the equity

markets close in the U.S., Canada, and Mexico. There appears to be little liquidity at or after 4:00 p.m. EST today, though hopefully as demand increases, liquidity will grow as well. However, if an FX trade instructed after 4:00 p.m. EST does not actually get executed until the next morning, that trade will not be able to be submitted for PVP at CLS.

- It was noted by a WG member that SSIs will need to be updated by all buy side firms to indicate any differences between trades that are submitted for PVP and those that do not make the cut-off and thus must be settled bi-laterally.

2. ESMA Call for Evidence – European Task Force Plans to Respond

Haroun provided a summary of the progress and process to complete the draft before the 15 December deadline

Key Points Addressed

- The European Task Force has put all work groups on hold to focus exclusively on the response to the ESMA Call for Evidence
- The time is very short to provide ESMA with answers all backed up by data, thus most answers will be generic or qualitative rather than backed with quantitative evidence.
- The document has been broken up into sections and rough drafts of the sections are being circulated amongst Task Force members.
- Once a full first draft is assembled Haroun will distribute to ISSA WG members for reactions/suggested edits. This is expected before our next meeting on 21 November and hopefully we can devote that call to reviewing key sections.
- ISSA is planning to provide feedback via Haroun and Colin and assuming the final paper does not reflect views we disagree with ISSA is planning to join the other trade associations and provide our logo for the paper, though that step will be subject to ISSA Board approval.
- There is an ESMA workshop on 4 December and Haroun will participate. No agenda is yet available.
- It was raised that while this seems to have a European focus that should include the impacts of Europe potentially moving to T+1 on international investors, especially in Asia. It is not known whether the Task Force is reaching out to any industry associations in Asia.
- ECSDA is also having a panel on the potential impacts of T+1 in Europe and Haroun will attend that as well. We understand the Swiss and Lichtenstein markets are having a meeting to discuss soon as well.
- The question as to whether OTC trades of U.S. corporate bonds must be settled on T+1 was put to DTCC who said they believe they will but indicated that SIFMA is coordinating work on this related to analyzing both place of settlement and place of execution. Guidelines are expected shortly.

3. ISSA T+1 Global Impacts Paper – Process for Drafting

Bill discussed the status of the draft and the process for completing the first full draft.

Key Points Addressed

- The Outline has progressed such that several sections are now drafted, and the remaining sections have been assigned to authors.

- Given we had very few volunteers for the Business case and Case Studies sections, those two sections will be greatly simplified.
- The Business Case section will feature a chart indicating ISSA’s view of the benefits derived for each market segment and costs incurred by each market segment. The point will be to show that domestic markets considering accelerating their settlement cycles should reach out very early, well before proposing potential target dates or potential rules, to all market segments but especially to those that may have a less beneficial cost/benefit impact from an accelerated settlement cycle. That combined with the information in other sections on the factors that are more challenging for international investors should make clear that deep analysis of the cross-border issues, conducted with the various international segments should be conducted well prior to deciding to move forward.
- The draft has been loaded to a document sharing tool called Diligent that ISSA has 30 licenses for. Colin will permission all WG members who are the only person representing their firm, but in cases where there are two or more representatives for a firm, he requested that they choose one person to be permissioned on Diligent. WG members can then review the document as it progresses and add comments for the authors to consider.
- We hope to have a first full draft before the next meeting on 21 November and a near final draft before the 4 December ESMA Workshop and the true final paper ready to be published on 15 December when the responses to the ESMA Call for Evidence are due.

AOB and Close

No other business raised. The meeting was then closed.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Draft the first full paper/WG members review and add comments on Diligent.	Haroun, Kamala and Bill/WG Members	21 November 2023
2.	Distribute first draft of European Task Force response to ESMA Call for Evidence/WG members review and come to 21 November meeting with any comments	Haroun, Colin/WG Members	21 November