

## T+1 Global Impacts Working Group

27 February 2024, On Teams

### Meeting Minutes

#### Participants (in attendance 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
- **Kamala 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, CIBC Mellon
- 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 Bär & Co.Ltd
- Jack Parker, JP Morgan
- David Petiteville, Royal Bank of Canada
- Lars Scheuerling, Deutsche WertpapierService Bank
- **Sascha Schönsiegel**, **NEXGEN**
- Sladjan Seferovic, NEXGEN, Business Consultants GmbH
- **Kristi Sisa**, **Nasdaq**
- **Jan Stelzer**, **NEXGEN**
- 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 Mello
- **Ekaterina Andropova,** **Cognizant**
- Nadra Mueller, Deutsche Bank AG
- Danny Green, Broadridge
- **Caroline Diggines,** **Northern Trust**
- **Fabian Brederweld,** **ABN AMRO**
- **Ron Van den Broek,** **ABN AMRO**

## Agenda

1. Updates on European and UK Task Forces
2. Reactions to DTCC Trade Date Affirmation Report
3. Reactions to GFMA Global FX Division Paper on FX Accelerated Settlement
4. Formation of Subgroups on 2024 Agenda Items

## Update on European and UK Task Forces

### Key Points Addressed

- Haroun reported that he met with CLS CEO Marc Bayle at the Eurofi Conference. While the decision is not yet final, Haroun stated that we need to prepare for the possibility that CLS may not extend the cut-off and that custodians still need to examine their own cut-offs and look to extend them closer to the existing CLS cut-off. Bill added that Lisa Danino-Lewis told him that the CLS Assessment is complete, and management is writing its recommendations and that she may be able to share the decision in a few weeks.
- Haroun reported that the UK Task Force will issue a “Pre-Report” shortly and it will propose for consideration a target of moving to Y+1 by the end of 2026, subject to both coordination with Europe and the lessons learned from the US implementation. This will push discussions amongst all stakeholders and formally announce the launch of the Technical Committee and its working groups. The final report will be issued by year-end after the work of those working groups is completed. The working groups will define all the necessary changes the industry needs to make to implement by the proposed target date to make the implementation successful. A decision on scope must be taken including whether it encompasses all securities trading on UK marketplaces or all securities settling in CREST, etc.
- Emma, who co-chairs the US T+1 Lessons Learned working group under the Technical Committee agreed with Haroun’s analysis of the process and timeline.

## Reactions to DTCC Trade Date Affirmation Rate Report

### Key Points Addressed

- Bill displayed the report from DTCC and asked if WG members had any reactions or feedback for ISSA to send to DTCC.

- Discussion ensued around whether it would be helpful for DTCC in its next version of the report could break down the trade date affirmation rate analysis by the geographic region of the investment manager/institutional investor. The WG members felt that would be helpful. Chris Butler stated that for the trades in which the global custodian or U.S. sub-custodian affirms the trade, this might be difficult as for those trades, the investment manager may not be stated in the institution field of the confirm. It should be possible for the trades that do disclose the investment manager including all the trades that the investment manager affirms whether directly themselves or via central matching/auto-affirmation. It was also agreed that it would be helpful for DTCC to provide the overall volumes of the trades in each affirmation category (both the hedge fund trades sent to NSCC for inclusion in multi-lateral net settlement and the institutional trades sent to DTC for trade-for-trade settlement).
- It was agreed that fail rates for the institutional trades in each affirmation type category would be helpful to compare now versus just after the T+1 implementation.
- Finally, on a separate note, it was suggested that the WG ask DTCC to send us the current testing KPIs.
- Bill will draft a note to DTCC with the WG's suggestions and send it to the co-chairs for editing before sending it to John Abel and Matt Johnson of DTCC.

## Reactions to the GFMA Global FX Division paper in FX Accelerated Settlement

### Key Points Addressed

- Bill displayed the report from GFMA and asked if WG members had any reactions or feedback for ISSA to send to GFMA.
- Members had not yet reviewed the report in detail; thus, it was decided to discuss the paper at the next WG meeting in March. At that time, we can decide to ask a member of the GFMA FX Division who helped draft the report to meet with us at a future WG meeting to discuss the paper's recommendations and the current status of next steps.

## Formation of Subgroup on 2024 Agenda Items

- Bill displayed the T+1 Global Impacts WG 2024 Agenda Items and suggested that the WG members volunteer to join informal subgroups to monitor and report on developments on each item in between the monthly WG meetings and report on that at the monthly meetings.
- The agenda items are:
  - Testing in the US/Canada/Mexico: where do we stand and how are potential impacts for international investors are being addressed?
  - After May implementations case study: Measures of the true impact for international investors. What mitigants/solutions are there to the issues we raise in our paper? Can we include an India case study as well and contrast their experience to that of the U.S.?
  - Settlement Cycle Mis-alignment: follow-up, operational issues, business issues (liquidity impact).
  - Regulatory developments including ESMA actions following the responses to their Call for Evidence and the European and the UK Plans following recommendations from the UK Task Force and lessons learned from the May 2024 implementations.
  - A deeper dive assessment of both atomic settlement and end of day T+0 settlement (suggested by the ISSA Board at their meeting earlier this month), including where settlement cycle timing might be headed for digital assets after CBDCs are widely introduced and why that might be different than for legacy asset classes (in collaboration with the DLT WG).

Bill will send a note to all WG members asking them to volunteer to participate in one or more of the informal subgroups.

### **AOB and Close**

No other business raised. The meeting was then closed.

### **Summary of Follow Up Actions**

<b>No.</b>	<b>Action Description</b>	<b>Responsibility</b>	<b>Deadline</b>
1.	Draft and send a note to DTCC with WG Feedback on Trade Date Affirmation Rate Report	Haroun, Kamala and Bill	15 March
2.	Volunteer to participate in informal subgroups on the WG 2024 Agenda Items	WG members	15 March