

T+1 Global Aspects Working Group

25 June 2024 Teams Call

Meeting Minutes

Participants: (attendees highlighted in bold)

Bill Hodash, Colin Parry (PMO)

- **John Abel,** DTCC
- **Ekaterina Andropova,** Cognizant
- Fabian Brederweld, ABN AMRO
- Haroun Boucheta, BNP Paribas (Co-Chair)
- **David Büchler,** Liechtensteinische Landesbank
- **Christopher Butler,** BNY Mellon
- Akhila Chaganti, Deutsche Bank AG
- **Alex Chow,** The Investment Association
- Jennifer Cryan, Citigroup
- **Simon Daniel,** SWIFT
- Caroline Diggines, Northern Trust
- **Barbara Domenici,** ECSDA
- Alex Duggan, Cognizant
- Hannah Elson, JP Morgan
- Danny Green, Broadridge
- 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
- **Thomas Koehler,** HKEX
- **Loana Juka,** Erste Group Bank AG
- Chris Lam, BNY Mello
- **Hector Lau,** HKEX
- Heidi Lee, Deutsche Bank AG
- Louis Lesnika, CIBC Mellon
- Nadra Mueller, Deutsche Bank AG
- 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
- Jonas Prokop, Cofinpro AG

- 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
- Ron Van den Broek, ABN AMRO

Agenda

1. Results of US May 28 T+1 Implementation
2. UK Technical Group Update

1. Results of US May 28 T+1 Implementation

Key Points Addressed

- John Abel of DTCC briefed the WG on highlights of the implementation and responded to questions.
- From all accounts, the implementation was very successful.
- The entire week before was all hands-on deck for all staff at DTCC to monitor all internal systems and interfaces with clients.
- SIFMA also ran a control center with well attended daily scheduled calls plus an open line for firms to call for information/assistance.
- The only production issue DTCC encountered was a delay in running the night cycle on Tuesday May 28, which was quickly rectified.
- DTCC has been tracking 3 key metrics:
 - The Trade Date Affirmation Rate: The target was 90% and was exceeded with rates of around 95% each day. This was a large increase from January when the rate was 73%.
 - The fail rate on the day of implementation and every day following was no different than the fail rate before the implementation, both for trades settling in the US CSD - DTC and trades processed by the U.S. CCP - NSCC. While a regional breakdown showing domestic trades versus cross-border trades is not available, the fact that the overall fail rate did not increase, even for a few days as some expected, indicates that non-US investors were able to position their USD via FX markets either by pre-funding or arranging accelerated settlements by executing their FX trades simultaneously to placing orders for US equities, rather than waiting until after executions were received and allocations processed. Alex Chow noted that this practice change was noted in feedback received from members of the Investment Association.
 - The change in the daily margin requirements at NSCC. This dropped around 29%, equating to a reduction of about \$3.6 billion for NSCC Participants.
- John explained the processes used for matching/affirmation of institutional trades settling in DTC and for hedge fund/prime broker trades settling in NSCC along with all the trades between dealers executed in the 50+ US equity marketplaces.
- The WG members congratulated John and the DTCC team for a resounding success.

2. UK Technical Group Update

Key points Addressed

- Gareth Jones of Euroclear, who is a member of the Technical Group and Co-Chair of its “Scope and Alignment” workstream, briefed the WG on the Technical Group’s progress, supplemented by others who attended the Technical Group’s Conference in London on June 20. That conference was well attended with over 150 in-person participants and 170 remote participants.
- Some key upcoming dates:
 - **27 June** - Internal submission of TGT+1 workstream recommendations
 - **End September** - Submission of Interim Report with Recommendations to HMT to be followed by a short consultation on content
 - **End December** - Submission of Final Report with Recommendations to HMT
- There are workstreams on Trading; Legal and Regulatory, Lessons Learned from the U.S.; Operational Issues and Scope and Alignment.
- The UK Technical Group desires to align with the EU and is in close communications with the groups exploring T+1 for the EU. However, if it is not possible to stay 100% aligned on the targeted implementation date and the UK moves earlier, there will be efforts to keep the difference to a minimum period. It was noted that by moving to T+1 for equities, the UK will create tighter alignment with settlements for other UK asset classes, and that equities, Gilts, Corporate Bonds and Eurobonds will all be on T+1 settlement.
- The Technical Group is following the ISSA recommendation to implement all operational and market practices required for a successful transition to T+1 well prior to the target date for T+1. Thus, much of the planning for the required changes will occur in 2025. This will include agreeing what changes will be practice changes versus those that will be mandated by regulatory rules. New legislation and regulation for such mandates is expected to be in place in 2026.
- The Technical Group has not yet decided on a firm target date earlier than the “not later than the end of 2027” date included in the UK Task Force Report, though they may include such a recommendation in their Final Report due by year-end 2024.
- Much more information on the work of The Technical Group is available on their website:

<http://www.ukacceleratedsettlement.co.uk/>

AOB and Close

No other business raised. The meeting was then closed.