**ISSA Accelerated Settlement Working Group**

**Thoughts on an Early T0 Analysis**

The ISSA Board would like the Accelerated Settlement Working Group to begin exploring T0.

Such an initial analysis could simply identify the multiple models for T0 settlement, their characteristics, their benefits beyond T+1 settlement, their drawbacks, their implementation challenges, including the extent of redesign of liquidity/funding, trading and post-trade processes, leading up to settlement of equity trades on T0.

**Potential Outline**

* Statements by the US, UK, EU, Australia and others on why the move to T0 was not appropriate to analyze in parallel with analyzing a move to T+1
* ISSA Prediction on T0 from FOSS Paper
* What do we mean by T0 Settlement?
* Why even consider exploring T0 Settlement?
* What are the key benefits beyond those of T+1settlement?
* In what markets and for what asset classes is T0 settlement occurring today? Which of the above T0 settlement Models are utilized in each case?
  + Equity Markets
    - India
    - China
    - Etc.….
  + Debt Markets
    - US Commercial Paper Market
    - US Treasury Repo Market
    - Etc.…
  + Digital Asset Markets
    - TBD
    - TBD
* What are the leading models for achieving T0 settlement for equity trades?
* What are the key differences between the various models?
* Analysis of each Model of T0 Settlement:
  + Key characteristics of the model
  + Differences from the T+1 models in the US, UK and EU
* Identifying Areas which may have significant impacts, beyond those caused by the move to T+1:
  + Cash Funding/Liquidity for domestic investors including availability of and access to funding, cost of funding, timing of funding
  + Cross-Border trading - - Time Zone and FX considerations
  + Cash Funding/Liquidity for international investors
  + Capital required by various segments to support equity trading and settlement
  + Orders
  + Executions
  + Post-Trade Processing including trade agreement between the two trading parties
  + KYC/AML process including timing
  + Short-Selling
  + Stock Loan/Recall/Return
  + Instructing Settlement Agents
  + Settlement Agents instructing CSDs
  + CSD settlement process
  + Role of CCPs and CSDs
  + Impacts on margin and collateral requirements
  + ETFs and other baskets – domestic and cross-border
  + Corporate Actions
  + Overall Technology Stack and Software to support the changes to all the above for each major segment of players
  + Regulatory support required
* Looking forward to what is required in a Business Case for T0 - - What types of analysis are required?
  + Marginal Benefits identification and Quantification
  + Economic Model
  + Investment Model – Re-engineered Processes, new technology, etc.
  + Critical Success Factors identification