### **Breakout Session 3: Accelerated Settlement**

#### **Models for T0**

#### 1. Multilateral Netting (for Market Side Trades) with Accelerated Timeline

- Adapts existing T+1/T+2 infrastructure but compresses all processes into same-day timeline
- o Requires significant automation and processing capacity upgrades
- o End of Day Net Settlement and may also include multiple intraday settlement windows
- Can use existing cash payments systems for cash side of DVP or digital currency networks including Stablecoins and CBDCs once they are introduced

#### 2. Real-Time Gross Settlement (RTGS)

- o Settles each transaction (market side and institutional/buy-side) individually in near real-time
- Eliminates multilateral netting and end of day cash netting benefits and decreases but does not eliminate counterparty risk
- o Requires higher liquidity and operational resources
- Can use existing cash payments systems for cash side of DVP or digital currency networks including Stablecoins and CBDCs once they are introduced

#### 3. Atomic Settlement via Distributed Ledger Technology (DLT)/Blockchain

- o Available for traditional instruments as well as digital assets
- o Utilizes smart contracts for automated trade execution and settlement
- Can enable atomic settlement (delivery vs. payment occurring simultaneously) if the currency (traditional central bank funds, CBDCs, or other digital cash including Stable Coins) is available on-chain
- o Eliminates multilateral netting and end of day cash netting benefits but removes counterparty risk
- o Requires higher liquidity and operational resources
- o Potentially reduces intermediaries and reconciliation needs

# Central Bank Digital Currency (CBDC) Integration (May not be a separate "model" but a feature of the three models above)

- o Uses digital central bank money for instant payment finality
- $\circ$  ~ Could work with either traditional or DLT infrastructure and any of the above three models
- o Provides instant cash settlement side of transactions

## Hybrid/Phased Models (Not really a separate model, but a phased implementation of one of the first three models above)

- o Implements T+0 for certain security types or market segments initially
- May offer optional T+0 alongside existing T+1 settlement
- o Often includes specialized liquidity provision mechanisms

#### International Securities Services Association