



T+1: The Last Mile

April 8, 2024





Journey to Accelerated Settlements



T+1 Benefits

- ↓ Reduction in Risk ($R = \sqrt{T}$)
- ↑ Increased Investor Benefits
- ↑ Increased Capital Efficiencies
- ↑ Increased Operational Improvements and Modernization



T+1 Product Scope

Equities	Fixed Income	
Common Stock	Corporate Debt or Global Corporate Bond	Stepped Coupon (Municipal Bond)
Common Stock Real Estate Investment Trust (REIT)	Medium-Term Note	Municipal Bond
Convertible Common Stock	Corporate Debenture	Asset-Backed Security (ABS) or Global ABS
Equity Units	Corporate Debt Derivative	CMO Floater (non-agency)
Equity Derivatives	Corporate Auction Rate Note	Collateralized Mortgage Obligation (CMO)
Preferred Stock	Convertible Corporate Debt	Sinkable Floater (ABS)
Preferred Stock REIT	Debt Units	Collateralized Loan Obligation
Tender Rate Preferred Stock	Zero Coupon Bond	Mortgage-Backed Securities
Auction Rate Preferred Stock	Pass Thru Certificates (Corporate Debt)	Structured Product
Convertible Preferred Stock	Zero Coupon Denominated in Initial Principal Amount	Non-CMO/ABS Amortizing Issue
Preferred Perpetual	Bearer/Callable Zero-Coupon Bond	Derivatives
American Depositary Receipts (ADR)	Equipment Trust Certificate (Corporate Debt)	Warrants
Exchange Traded Funds (ETF)	Demand Note	Rights
Exchange Traded Products	Corporate Other Tax Exempt	Money Market Instruments
Exchange Listed Limited Partnerships	Corporate Insured Custodial Receipt	Certificate of Deposit
Exchange Traded Notes	Credit Linked Note	MMI Institutional Certificates of Deposit
Mutual Funds	Commodity Linked Note	Certificated Money Market - Periodic Payer
Miscellaneous	Municipal Debt	MMI Medium Term Note
Tender Rate Note	Municipal Auction Rate Note	Certificated Money Market Instrument
Unit Investment Trust (UIT)	Municipal Insured Custodial Receipt	MMI Medium-Term Bank Note
When Issued Securities	Index Linked (Municipal Bond)	Commercial Paper (Money Market)
Corporate Insured Custodial Receipt	Municipal Variable Mode Obligation (VMO)	MMI Municipal Commercial Paper
Limited Partnership	Municipal Option Call Right	MMI Bankers' Acceptance Note (BA)
Private Investment Public Equity (PIPE)	Municipal Other Tax Exempt	MMI Corporate Commercial Paper
	Municipal Other Tax Exempt	MMI Short-Term Bank Note
	Municipal Note	MMI Corporate VRDO/CP
	Municipal Amortized Issue	MTN Medium Term Note
	Municipal Insured Custodial Receipt	MMI Deposit Note
		Municipal Amortized Issue
		MMI Discount Note

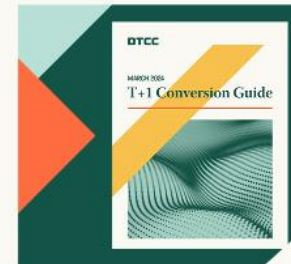


T+1 Resources

[UST1.org](https://www.ust1.org)



Accelerating the U.S. Securities Settlement Cycle to T+1



T+1 Conversion Guide



Updated Testing Document

Resources:

- <https://www.sifma.org/resources/general/t1-playbook/>
- <https://www.dtcc.com/ust1>
- <https://www.dtcc.com/ust1/faqs>
- <https://www.dtcc.com/ust1/documentation>





T+1 Key Rules

SEC Rule 15c6-1 establishes the T+1 mandate. The rule establishes that broker-dealers shall not provide for payment of funds and deliver securities later than the **first business date** after the date of the contract unless otherwise expressly agreed to by the parties at the time of the transaction.

SEC Rule 15c6-2 enables a broker-dealer to either (1) enter into written agreements or (2) establish, maintain, and enforce reasonably designed written policies and procedures to ensure completion of the allocation, confirmation, affirmation, or any combination thereof, for a transaction as soon as technologically practicable and **no later than the end of the day on trade date**, in such form as necessary to achieve settlement.

IAA Rule 204-2: requires registered investment advisers to make and keep records of the allocations, confirmations, and affirmations for securities transactions subject to the requirements of Rule 15c6-2(a).

FINRA and the MSRB also amended their rules to conform with the T+1 settlement cycle in the United States.

Final Rule: <https://www.sec.gov/files/rules/final/2023/34-96930.pdf>

Deloitte. We stand ready to assist with the next phase of the T+1 transition

With the T+1 transition date set for May 28, 2024, firms now have the certainty that they need to finalize planning for their transition efforts. We stand ready to assist firms with this complex process throughout the next 15 months.

PROGRAM MANAGEMENT

Program reviews and ongoing support

Establishing clear governance structures, aligned with firm's program objectives and scope through close collaboration with change management groups

POLICIES AND PROCEDURES

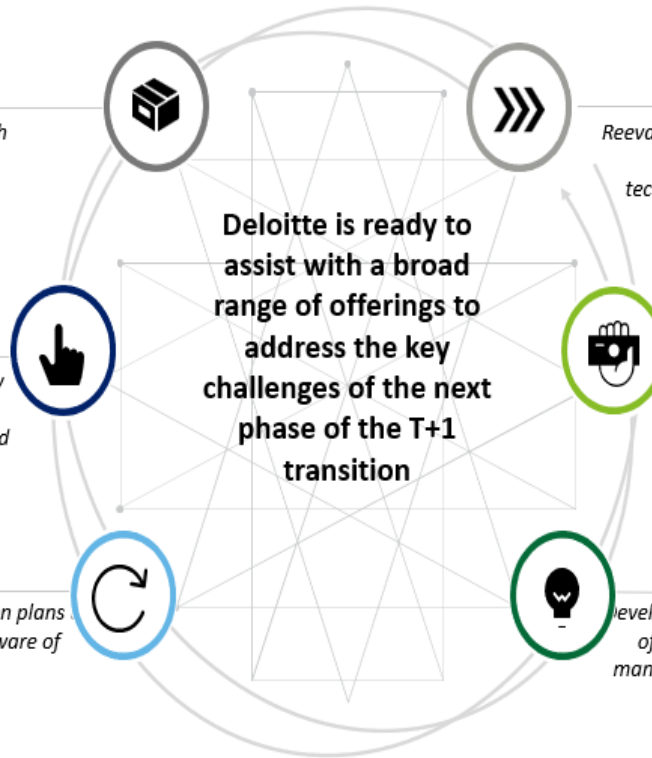
Allocations, confirmations and affirmations

Design, implement, maintain, and enforce reasonably designed written policies and procedures to promote trade allocation, confirmation, and affirmation by end of day on trade date

CLIENT OUTREACH PROGRAMS

Client outreach and education

Formulation of thorough, robust client communication plans ensure that retail and institutional alike clients are aware of future-state operational and regulatory expectations



OPERATING MODEL REDESIGN

Transform for greater efficiency and effectiveness

Reevaluating and restructuring the way an organization operates by examining aspects such as processes, structure, and technologies, to achieve its strategic goals and improve overall efficiency and effectiveness

TESTING STRATEGY

Testing strategy development and review

Development and refinement of internal, client, vendor, and industry testing plans for business groups of across organizations, creating and managing test plans, cases, and scripts and aligning with broader testing strategy

TEST EXECUTION SUPPORT

Ongoing test planning and execution support

Developing and reviewing test scripts and cases for front to back-office and industry testing cycles, and providing defect / issue management, including identification, resolution and escalation as required



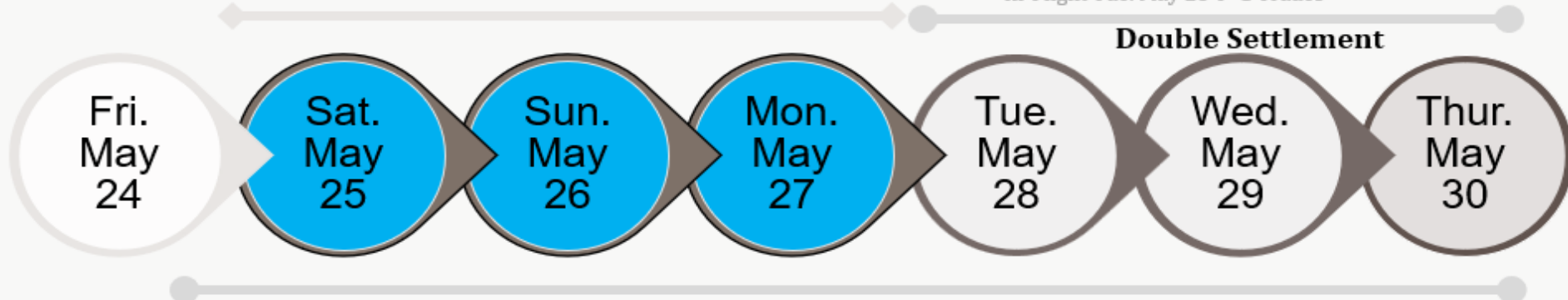
T+1 Command Center | Timeline

Last T+2 Trade Date

Conversion Weekend

First T+1 Trade Date

In-Flight Tue. May 28 T+1 Trades



Goal/Objective

Ensure a smooth conversion to T+1 settlement by executing a clear and transparent conversion period support plan, which will include the regular communication of critical status information, transparency into the activity of other participants, and issue identification, escalation and resolution.

Updates:

- **Corporate Actions**
- **ETFs**
- **FX**
- **Securities Lending**
- **Double Settlement Day is Wednesday May 29th**

Elements

- **Contact List** – Quick Access to Key Industry and Market Infrastructure Staff
- **Bridge Line** – Single Open Line for Industry Communications with Scheduled Rally-Times
- **Communication Hub** – Staffed Touch-Point for Official Project Information
- **Shared Site** – Live Status, Contacts and Issue Tracking Information
- **Issue Tracking** – Provide Structured Issue Intake, Escalation and Resolution
- **Activity Schedule** – Track Major Milestones and Know What Comes Next
- **Success Criterion** – Develop, Track and Analyze Metrics for Project Success



Thank You!

April 8, 2024

[UST1.org](https://www.ust1.org)

