

From: ViewTrade

To: All Clients

Re: The Transition to T+1

Date: October 9, 2023

Earlier this year, the Securities & Exchange Commission (SEC) adopted rule changes to shorten the standard settlement cycle for most broker-dealer transactions in securities from two business days after the trade date (T+2) to one (T+1). The final rule is designed and intended to benefit investors by reducing the credit, market, and liquidity risks arising from unsettled securities transactions. As it stands today, the scheduled effective date for this change is **May 28, 2024**.

Understanding the impact of this sweeping change is a good starting point when considering all the significant infrastructural and operating systems impacted. A few of the systems that will require attention, including retooling, reprogramming and re-education, are:

- **Trade Processing**, including trading systems, reference data, trade matching and affirmations (requiring same-day allocations)
- **Asset Servicing**, including modification of internal accounting systems, ex-date changes and corporate actions
- **Documentation**, including external/client-facing service agreements, confirmations, e-delivery and internal operating agreements and control documents, plus customer/staff educational documents
- **Funding and Liquidity**, including collateral management, FX, intraday and end-of-day settlement processing
- **Additional Considerations**, Options exercise and assignments, securities lending processing, managing exceptions to the rule

The above represents a high-level look at the impact of the shortened trade cycle. May 2024 is approaching fast, and if your firm has yet to begin planning for these changes, the following is recommended:

- **Establish** internal project governance and consider the specific business impacts on each department (such as Middle office and Settlements) and secure funding and management commitment.
- **Secure** necessary resources and develop execution plans and testing strategies
- **Proactively engage** vendors and other external stakeholders
- **Identify** processes and functional areas impacted by T+1 to further identify any upstream and downstream dependencies that require system changes
- **Prioritize** technology development process(es)
- **Update** all relevant internal and external documentation and prepare tech releases to production

As we work through the gauntlet of changes ahead, ViewTrade will continue to communicate with industry professionals and will assist as necessary. In the meantime, [this link from DTCC](#) provides additional information on the topic.

If you have any additional questions on this subject, please don't hesitate to [reach out to the ViewTrade Team](#).