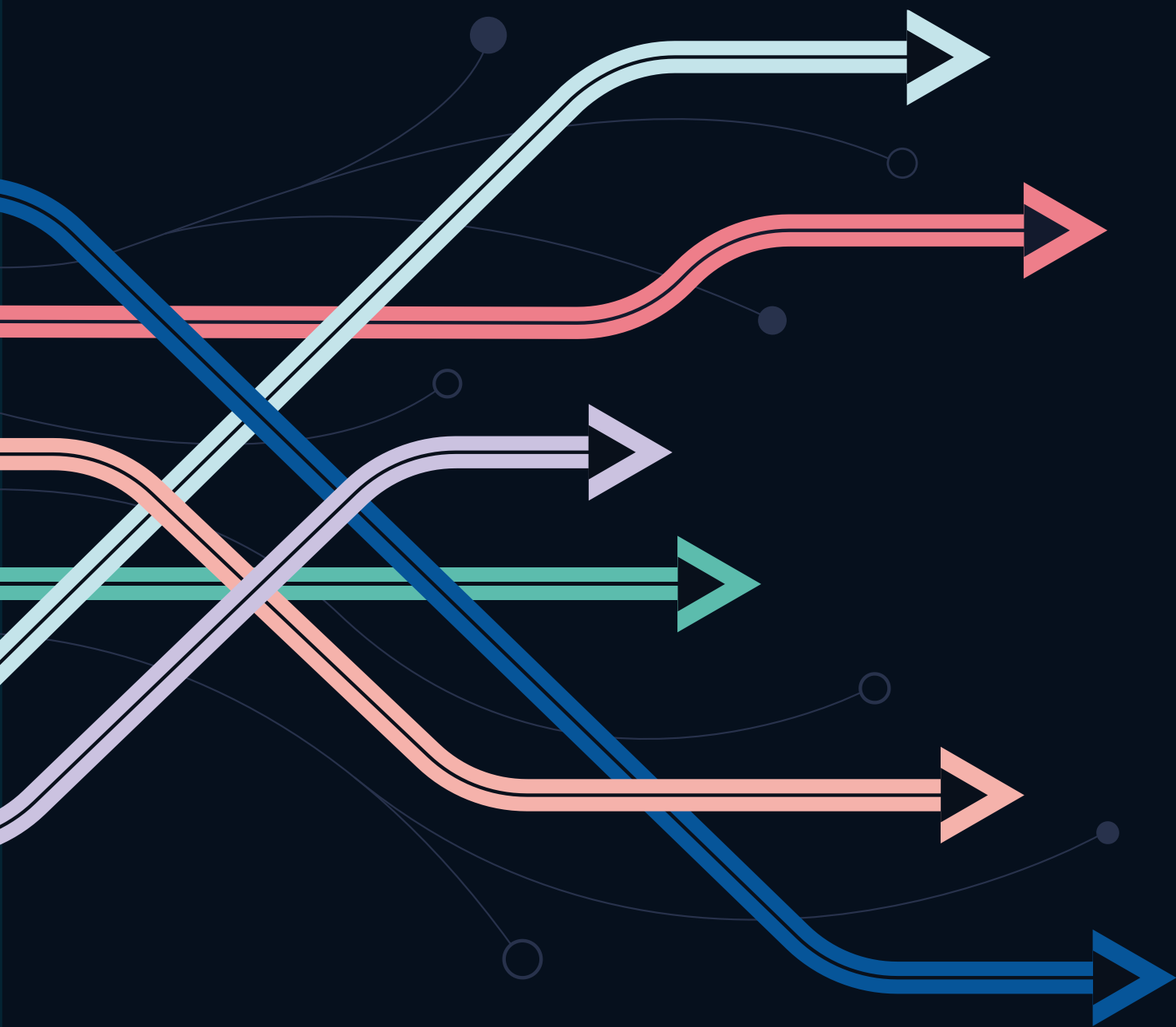


Gearing up for T+1

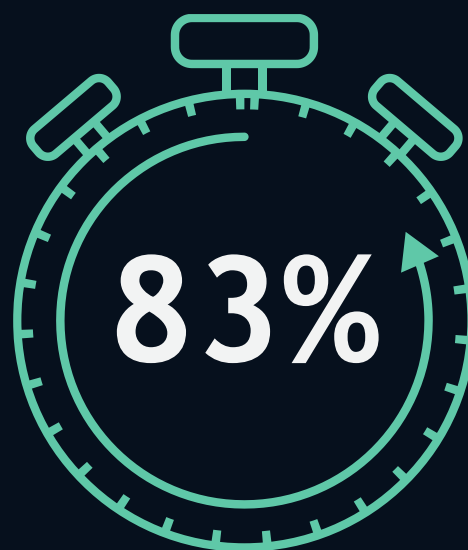
And beyond



T+1: A tectonic regulatory shift

Trade settlement cycles for securities finance participants in several major jurisdictions are being halved from T+2 to T+1 (i.e. Trade date + 1 day).

For some firms with cross-border activities, the time allowed for the settlement process will be cut by up to →



Current state of play



The SEC's T+1 regulatory regime becomes effective on May 28th 2024.



HM Treasury's Accelerated Task Force confirmed the UK will transition T+1.



The European Union has also signalled its transition to T+1.



Canada and Mexico are implementing T+1 from the same day as the US.



India already operates fully on T+1.



China already operates partly on T+1.

The rest of the world is expected to follow

Impact on global capital markets

This global shift affects all firms within the relevant regulatory ambit, as well as most firms around the world that engage in cross-border activities.

Participants impacted



Buy-side



Sell-side



Custodians



Vendors

Operations affected

Trade execution

- Quote
- Price discovery
- Trade acceptance

Trade capture & agreement

- Capture
- Reconciliation & matching
- Affirmation
- Confirmation
- Netting, pairoffs, allocations

Trade lifecycle

- Clearing & settlement
- Unwinds, rolls, termination
- Re-rates, recalls, partials
- Corporate actions, including income & voluntary events
- Coupon claims & interest payments

Margin & collateral lifecycle

- Price, haircut & margin fixing
- Exposure (RQV) calculation; agreement or dispute
- Collateral delivery & posting
- Margin substitution, recall & repricing
- Corporate actions & payments

Gear up to T+1 with Pirum

Pirum's full post-trade solution offers real-time interoperability throughout our industry-wide network, making our clients not only T+1 but also T0 compliant.

By connecting to the Pirum product suite, our clients gain:

- ✓ Increased control and oversight
- ✓ Reduced operational risk
- ✓ Increased scalability through automation
- ✓ Full connectivity with real-time interoperability
- ✓ Integration of their existing tech stack with the entire securities finance ecosystem, including counterparties, trading venues, custodians, triparties, trading venues, CCPs, trade repositories

In addition to shifting your operations to T+1 timelines, our automated and digitized Recalls Manager solution can deliver up to:

Millions

In potential annual savings in USD on overdraft cost penalties that would come out of your bottom line

Several Hours

In potential increased trading desk time

99.8%

Straight through processing (STP) through digitisation, standardisation and automation

Going live with Pirum

Pirum's Software as a Services (SaaS) platform is straightforward and transparent, saving you cost and time to market:

- No new headcount
- No integration fee
- Time to market:
 - For companies with existing integrations: 6-8 weeks
 - For first-time integrations: 12-16 weeks
- Outstanding return-on-investment (ROI)

Impacts on your bottom line

Potential impacts on operations and P&L for firms failing to reach the new timelines include:



Approximately 2% of all US Treasuries and mortgage-backed securities face delayed delivery, resulting in potential daily penalty fees amounting to tens of millions of dollars for each failed delivery



Fail and recall charges, including overdraft charges and penalties (according to the ECB, in 2022, cash penalties for late matching and settlement fails averaged €1 million per month per T2S participant)



Increased margin costs (according to the DTCC volatility margin reduced by up to 41% by moving to T+1)



Credit risks, including increased charges and rates



Funding: Reducing idle collateral to avoid costly overdraft, boxing and internal cost-of-funds charges



Increased risk of corporate actions errors and P&L impacts from cost corrections



Counterparties less interested in trading with firms that are not T+1 compliant

Fail to meet the new timelines, or get things wrong, and your P&L will suffer.

Looking ahead

The finance industry has seen settlement shifts like this before. As technology continues to evolve at pace, propelled in no small part by AI, another shift (T+1 to T0, i.e. intraday) is likely to follow in the decade ahead.



Beyond T+1

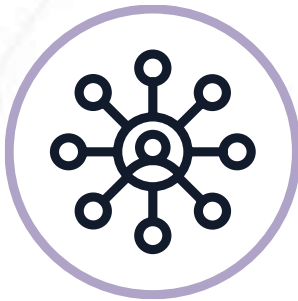
Pirum was built to operate on a real-time, intraday basis. While the rest of the market catches up, by gearing up with Pirum today your business can take a quantum leap into a T+1 compliant and future-proofed world of:



Real-time post-trade



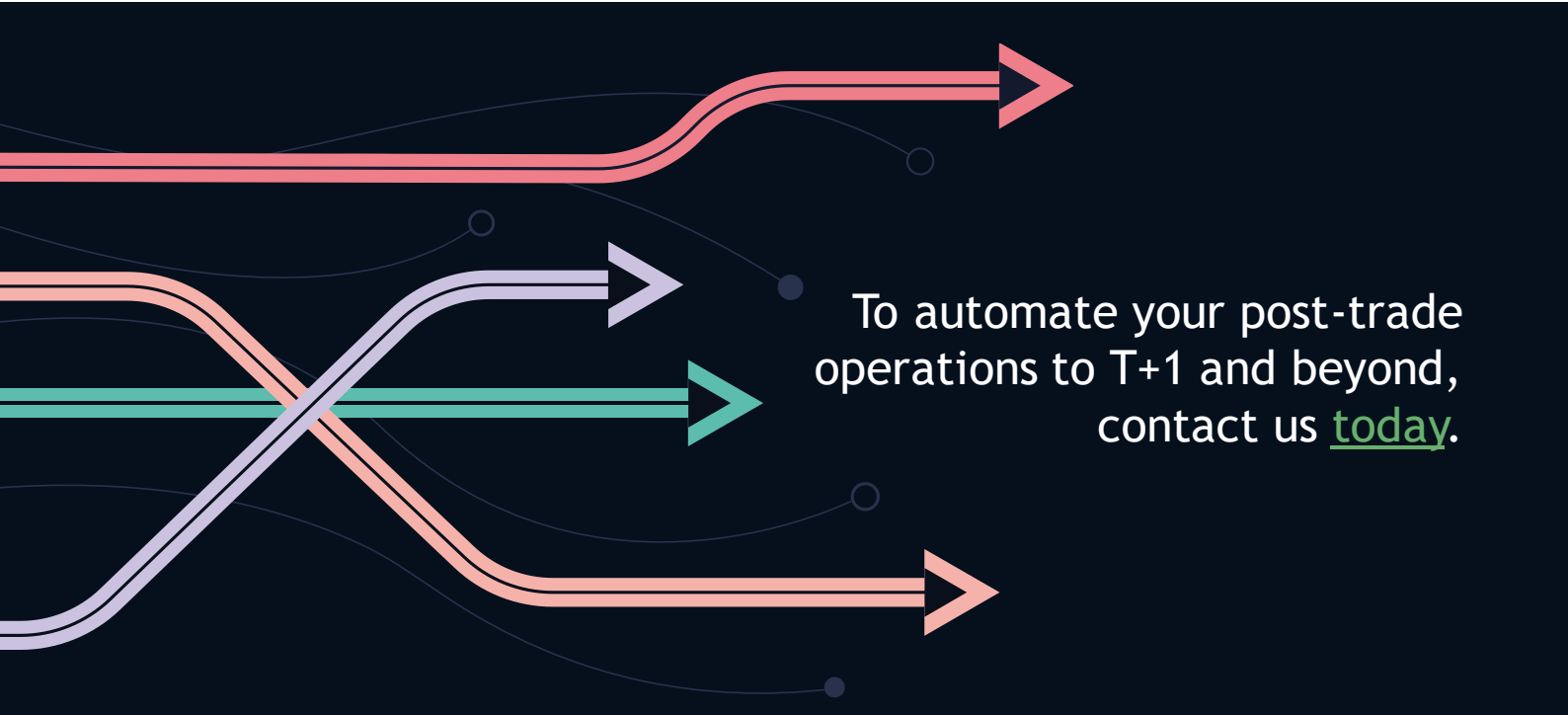
Automated to near 100%



Fully connected to the ecosystems



Complete control over the entire post-trade lifecycle



To automate your post-trade operations to T+1 and beyond, contact us [today](#).

Contact us



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