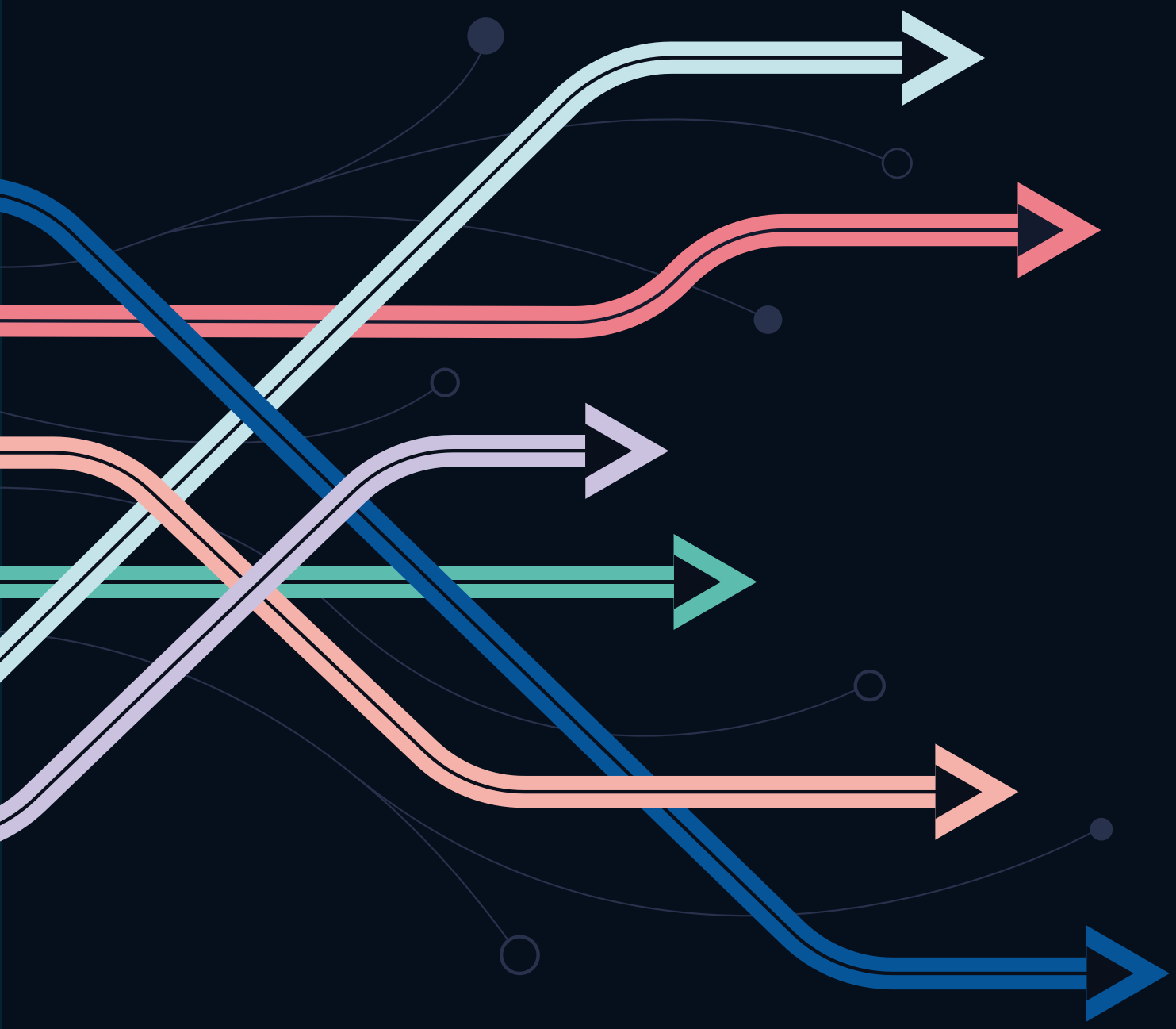
Gearing up for T+1

And how to do it right



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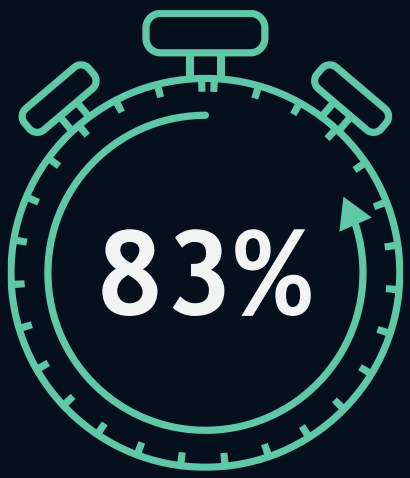
T+1: A tectonic regulatory shift

Trade settlement cycles for securities lending and repo financing 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 became effective on May 28th, 2024

Argentina, Canada & Mexico went live with T+1 in May 2024, to align with the U.S.

India operates fully on T+1, as of early 2023. In March 2024, the SEBI introduced Phase 1 of their T+0 initiative

China already operates partly on T+1

The EU is accelerating its transition to T+1, aiming for go live on 11 October 2027

HM Treasury's Accelerated Task Force confirmed the UK will transition T+1 by the end of 2027

Switzerland is looking at T+1 and is expected to align with the EU and/or the UK

Australia's ASX is publishing next steps in November 2024. New Zealand is likely to align with the ASX

Taiwan's TWSE is looking into T+1 to determine next steps

**As at November 2024*

Impact on global capital markets

This global shift affects all firms within the relevant regulatory ambits, 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 securities lending and fixed income repo financing network.

By connecting to the Pirum product suit, 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 lending and repo financing ecosystem, including counterparties, trading venues, custodians, triparties, trading venues, CCPs, trade repositories

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

Millions

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

Several Hours

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

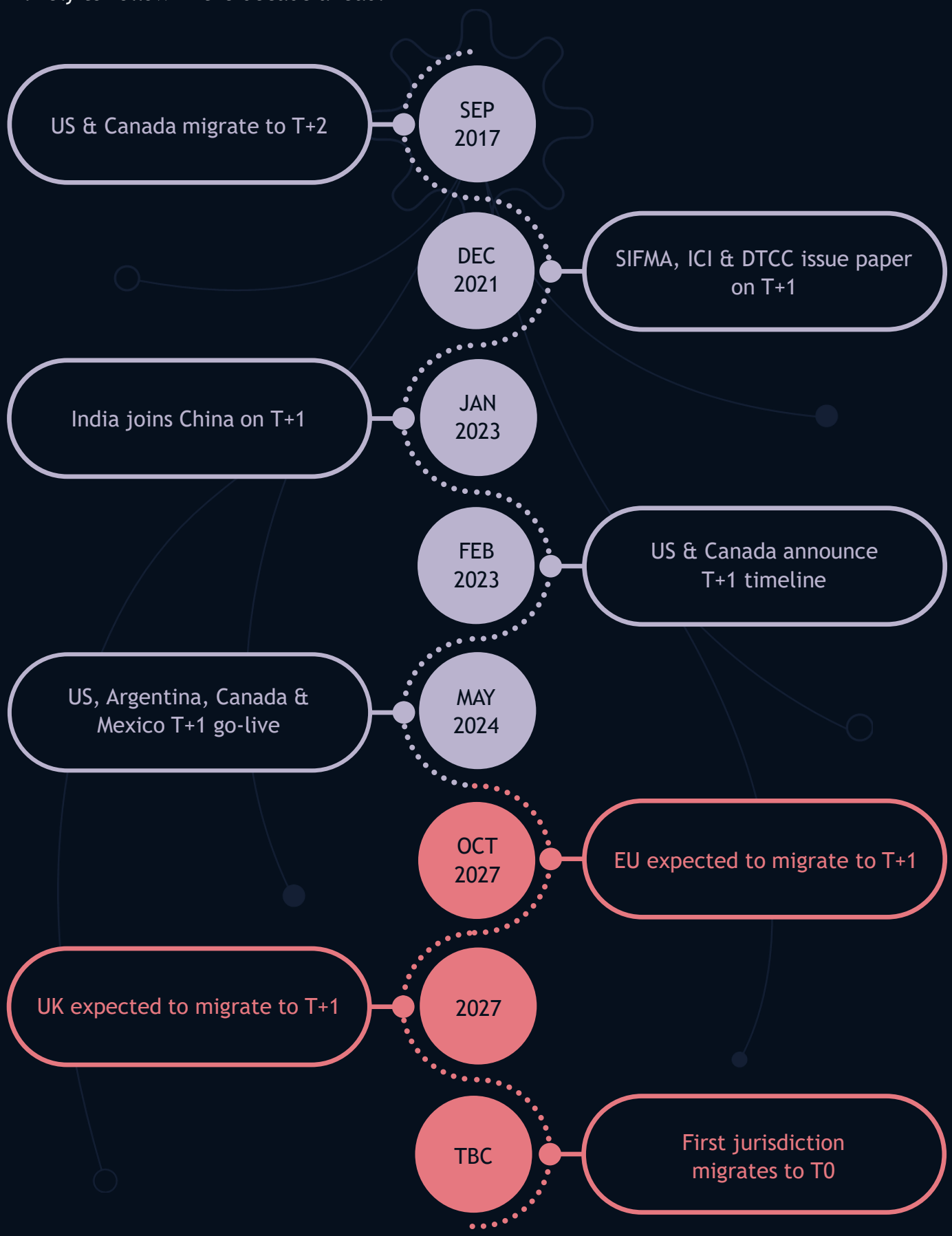
Increased risk of corporate actions errors and P&L impacts from cost corrections

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

Fail to reach 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.

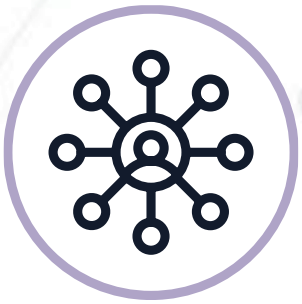


Beyond T+1

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

Get in touch

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