

U.S. Broker Case Study: T+1 Readiness Assessment

DTCC'S CONSULTING SERVICES DELIVERS MARKET INSIGHTS, BENCHMARKING, MATURITY ASSESSMENTS, TARGET CONTROL FRAMEWORKS AND PEER ANALYSIS, IN ADDITION TO LARGE-SCALE PROCESS IMPROVEMENT AND CHANGE PROGRAMS BY LEVERAGING OUR INTERACTIONS, SERVICES AND PRODUCTS, AS WELL AS OUR INDUSTRY NETWORK. WE TAILOR THESE DELIVERABLES DAILY TO FIT OUR CLIENTS' NEEDS.

Project Type: Diagnostic and Design | **Client Type:** U.S. Broker | **Duration:** 10 weeks

BACKGROUND

DTCC Consulting Services was engaged by a U.S. domestic retail broker facing issues around streamlining their controls and processes around core trading activity within the context of T+1 in the U.S. market and ensuring compliance with relevant SEC rule changes. The client requested aid in achieving:

- Full post-trade efficiency of their trade lifecycle
- Assessment of technology and controls in place to identify challenges the firm may have in meeting SEC rule requirements
- Use of Consulting Service's unique capability to source DTC and NSCC data to document impact of DTC file schedule changes due to T+1 will have on the clients' processes
- Leverage client prioritizations and DTCC recommendations to design a Target Operating Model Roadmap to meet U.S. T+1 compliance

OUR APPROACH

For this project, we employed a three-phased approach to deliver a tailored strategy for this client using DTCC Clearing and Settlement data to accelerate our root cause analysis of operational inefficiencies:

➤ PHASE ONE: CURRENT STATE ASSESSMENT

We used our post-trade efficiency framework to document the full post-trade lifecycle for the client and apply our industry best practice rating to each impacted business area. This activity yielded a heat-map of business areas impacted by upcoming rule changes and highlighted areas in need of deeper-dive assessment workshops.

➤ PHASE TWO: GAP ANALYSIS

Through addressing business areas prioritized by the work done in Phase One, we progressed to doing deep-dive workshops to challenge business assumptions and data metrics to document areas in need of action to enhance overall efficiency and meeting SEC rule compliance.

➤ PHASE THREE: DEFINE RECOMMENDATIONS AND ROADMAP

We worked with the client to appropriately prioritize the changes required to ensure the business lines are supported in a way that best suits their timeline. We documented key decision points, business rationale against all recommendations and data evidence to support driving change for our clients.

IMPACT

After this engagement, the client was able to stand up a T+1 program, engage with their vendor to drive T+1 compliance, and was ahead of overall industry trends in regulatory readiness.

WHAT WE DELIVERED

1. T+1 Impact Identification

- By performing a consolidated current state assessment, including front to back clearing and settlement flow, and a gap analysis between current state findings and DTCC T+1 playbook, we identified areas requiring further analysis and remediation.

2. Prioritized recommendations for T+1 compliance

- We validated existing pain points through qualitative analysis and workshops, which informed a prioritized set of recommendations. We then utilized quantitative data analysis to reinforce the findings and validate our recommendations.

3. Defined a roadmap for T+1 preparations

- Using our findings, we built a detailed roadmap for T+1 compliance, including internal testing considerations, vendor, and counterparty outreach. We enhanced this roadmap by doing a deep dive into T+1 testing requirements utilizing the DTCC T+1 testing framework as a starting point and augmenting with additional internal/vendor testing requirements, making the preparation plan holistic.

FOR MORE INFORMATION

To learn more about how DTCC Consulting Services can partner with you to help your firm, [contact us](#) or [click here](#) for more information.