

CTM[®] – Match to Instruct Workflow

A WORKFLOW UTILIZING CTM, TRADESUITE ID[®] AND ALERT[®] ENRICHMENT, DESIGNED TO SUPPORT STRAIGHT-THROUGH PROCESSING

OVERVIEW

With a shortened settlement cycle, post-trade agreement and affirmation need to occur faster. This is achieved in a straight through process by linking the allocation, confirmation, and affirmation processes into one workflow. CTM is a central matching platform used by clients to allocate and centrally match securities transactions post trade globally across multiple asset classes. The industry standard, with its community of over 2,200 buy and 1,500 sell-side firms, CTM provides significant operational efficiency with its enhanced central matching workflow, allows for automatic trade enrichment from DTCC's ALERT - the industry's largest global online database of golden-sourced standing settlement instructions (SSIs), and can provide direct integration with DTC for settlement.

CTM'S MATCH TO INSTRUCT WORKFLOW

CTM's Match to Instruct (M2i) workflow uses CTM, ALERT, and TradeSuite ID together to establish a connection between CTM and TradeSuite ID which can automatically trigger trade affirmation. Depending on the option of M2i utilized, this workflow enables broker-dealers to send an affirmed confirmation to all parties to the trade and other interested parties indicated on the confirmation leveraging automation of the steps taken by CTM and TradeSuite ID.

M2i AND T+1 IN THE U.S.

The adoption of the CTM M2i workflow is a critical enabler to achieving T+1 settlement. Clients using the M2i workflow today to match, agree and settle their U.S. institutional trading achieve a near 100% affirmation rate by 9 PM on trade date. By far the most efficient method of settling a DTC-eligible security is via the affirmation process. Currently, the affirmation process for a U.S. institutional trade is performed via TradeSuite ID.

In a T+2 settlement cycle, trades affirmed prior to affirmation cutoff time at 11:30 AM on T+1 are sent to DTC for settlement; for prime broker flow, trades are sent to NSCC's continuous net settlement (CNS) for netting. Trades that don't make the affirmation cutoff time are processed as delivery orders (DOs), a less efficient and more costly process.

Analysis has shown that unaffirmed trades are 54 times more likely to result in a trade not being authorized by the counterparty in the trade settlement process at DTC, than affirmed trades. These unauthorized trades create significant friction and translate to more manual intervention and "touches" to research and remediate the break. In a move to T+1, those friction points need to be reduced or eliminated to ensure that trades settle on a timely basis.

In moving to T+1 settlement, the Industry Working Group (IWG) recommends an affirmation cutoff time of 9 PM on trade date to ensure that trades are included in the DTC Night Cycle on trade date. Less than 50% of the trades that are not centrally matched, but rather bilaterally affirmed, achieve the proposed 9 PM cutoff time. When both parties adopt M2i, where trades are "auto-affirmed" in TradeSuite ID by virtue of the match that occurs on CTM, affirmation rates rise to nearly 100% by 9 PM on trade date.

BENEFITS

Utilizing the M2i workflow drives a significant increase in same day affirmation rates for DTC-eligible trades which ultimately reduces DO and night-deliver orders (NDOs), settlement fees, discrepancies in trade details (DKs) and operational friction in the back office.

For Institutions including investment managers, investment manager outsourcers (IMOs) and hedge funds

- Greater transparency into the affirmation process and eliminates the need to monitor exceptions in additional interfaces.
- Freeing up valuable time and resources since with auto-affirmation, self-affirming investment managers are no longer required to perform manual affirmation.
- The option to use ALERT Key Auto Select (AKAS) functionality which enables central SSI enrichment without needing to explicitly provide ALERT lookup keys or the Place of Settlement (PSET).

For Broker-Dealers including prime brokers, clearing brokers and executing brokers

- Efficient, straight-through processing of activities in different Institutional Trade Processing (ITP) services, systems, process, and procedures.
- Shifts exception handling upstream to the middle office maximizing time for exception resolution as settlement cycles accelerate.
- Increases settlement efficiency and reduces "cost of carry."

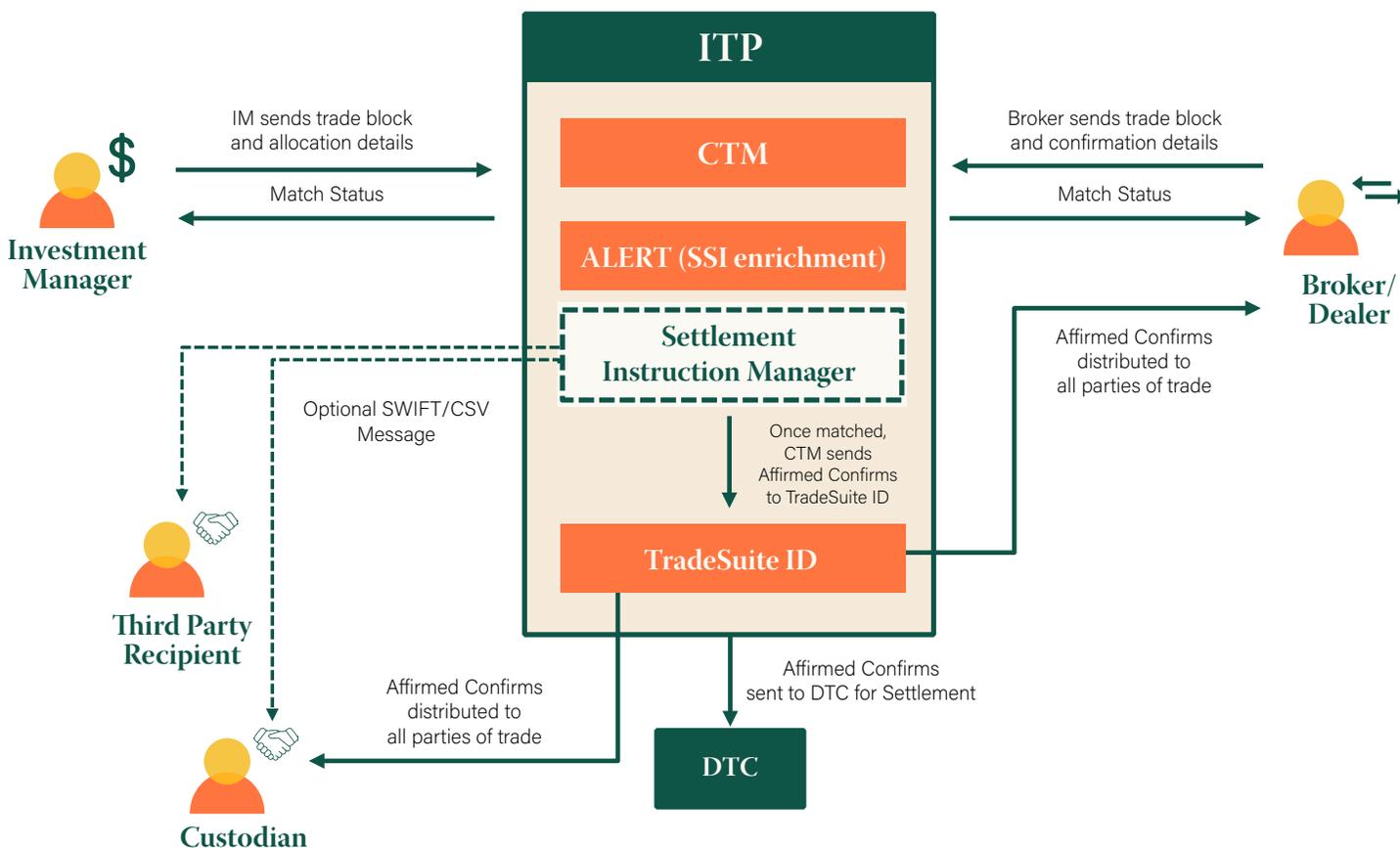
For Third Party Agents including custodians, global custodians, regional custodians and agents

- Saves on time and resources as custodians are no longer required to perform affirmations on behalf of investment managers. Increased efficiency by reducing settlement risks and cost.

HOW DOES IT WORK?

The M2i workflow uses CTM, ALERT, and TradeSuite ID together to establish a connection between CTM and TradeSuite ID which can automatically trigger trade affirmation. Depending on the option of M2i utilized, this workflow enables broker-dealers to send an affirmed confirmation to all parties to the trade and other interested parties indicated on the confirmation leveraging automation of the steps taken by CTM and TradeSuite ID.

The below diagram represents the M2i workflow when both the investment manager and broker are enabled.





FOR MORE INFORMATION

To learn more about CTM's M2i workflow, please contact us via [MyDTCC](#) or if applicable, reach out to your Relationship Manager directly.

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