

DTCC EXCEPTION MANAGER

Frequently Asked Questions

Q. WHY DID DTCC CREATE THE DTCC EXCEPTION MANAGER (DXM) PLATFORM?

A. The creation of DXM is in response to a shared industry challenge. Post trade exception processing drives a significant proportion of operations headcount for all trading counterparties. Data is consumed and processed from many disparate systems (matching platforms, trading counterparties and market infrastructures), often obscuring the root cause of trade failures. On average, one exception can create as many as 30 related emails, which is overwhelming to manage and introduces risk.

Q. HOW CAN DXM HELP?

A. DXM is a venue to publish, view and communicate on exceptions throughout the trade lifecycle process. The service will centralize and standardize exception processing to first enable faster resolution, and then through analyzing the data for root causes and outliers to deliver metrics intended to reduce the number of exceptions firms must deal with.

Q. HOW DOES DXM FIT WITHIN DTCC'S INSTITUTIONAL TRADE PROCESSING (ITP) STRATEGY?

A. DXM represents the exceptions processing capability of the DTCC ITP strategy to deliver a single integrated platform used to manage all institutional post-trade needs, but also is positioned to play a role in solving future needs whether from regulatory change perspective or evolving industry challenges. By consolidating data from multiple DTCC platforms and from external participants, DTCC ITP is able to provide clients with a single service for all their post-trade exceptions. The DXM service brings immediate value to clients who need this capability today while the full integrated platform is being built.

Q. WHO SHOULD USE DXM AND WHY?

A. All organizations in the trade lifecycle are in scope to use DXM including buy-sides, custodians, prime brokers,

outsourcers and their underlying clients, broker dealers, clearing brokers and other settlement agents. In addition, the platform supports transactions between the same or different organization types such as broker-to-broker or broker-to-prime broker transactions.

For Investment Managers, DXM will eliminate the need to manage multiple counterparty feeds by providing a single, consolidated, global view of “at risk” trades. Increased transparency and efficiency come from the configurable dashboard and communication via chat to expedite exception resolution.

For Broker Dealers, DXM will help reduce claims, buy-ins, market losses and/or capital charges and can help to reduce the headcount assigned to exception investigation and resolution. Mutual transparency around high risk trades comes from the configurable dashboard and communication via chat to expedite exception resolution.

For Custodian Banks and Prime Brokers, DXM will provide visibility into client trades and by creating a more proactive exception resolution process, ultimately reducing the number of failed client trades. A configurable dashboard, workflow tools and communication via chat facilitate timely exception resolution, client communication and reporting.

Q. HOW WILL DIFFERENT ORGANIZATION TYPES USE THE SERVICE?

A. DXM is available to all post-trade organization types, and as part of the service an organization can choose to submit exceptions into the platform as a “data submitter”, and/or view and manage the exceptions on the platform as a DXM platform user.

- DXM data submitters: while any organization type can be a data submitter, external data submitters would most likely be custodians, prime brokers and brokers.
- DXM platform users: these will mostly be buy-side participants and broker dealers, although some custodians have expressed interest in using the platform themselves to better service their clients.

A custodian is normally set up as a data submitter, and they will submit exceptions to the platform for their live buy-side clients. A broker or prime broker is typically set up as a data submitter and a platform user so they can submit exceptions for live buy-side clients and use the platform to facilitate the resolution of the exceptions. Buy-side clients will typically be set up as platform users to facilitate the resolution of the exceptions from both brokers and custodians.

Q. WHAT IS THE SCOPE OF SERVICES DXM PROVIDES?

A. The service will support all exceptions post execution throughout the trade lifecycle process. This includes both trade validation exceptions as well as settlement exceptions as described below:

Trade Validation

- Mutual agreement of financial information
- Allocation to settlement accounts and corresponding SSI data
- Calculation of granular commissions, charges and taxes
- Fully figured record with corresponding agreed “Cash Amount”
- Confirmation, affirmation and matching

Trade Settlement

- Settlement instruction
- Settlement agent processing
- Depository processing (including matching if applicable)
- Fails

The service will cover cash securities, fixed income and equities globally; the product does not need to clear at DTC or match with DTCC ITP transaction services to be reported. CSD pre-settlement exceptions (DKs) and fails will be the initial focus followed by trade date exceptions.

Q. WILL DXM SUPPORT SECURE COMMUNICATION (CHAT) FUNCTIONALITY?

A. Secure messaging services allows for real-time communication between counterparties which enables more efficient problem resolution for market participants. DXM currently offers clients optional access to this functionality through two vendors: Taskize and Symphony.

Q. WHAT ARE THE KEY BENEFITS TO USING DXM?

A. DXM is a central portal for the entire industry, providing single view of all exceptions. Key benefits to using DXM include:

- Analytics to help identify the root cause of operational breaks, providing the ability to solve problems at source (e.g., incorrect SSIs.)
- A configurable risk dashboard with the ability to measure and chart exceptions based on your risk criteria, organized your way. Trade drill-down capability and customizable views. Enable Operations management to identify their riskiest exceptions to prioritize resolutions.
- Efficient work assignment and collaboration on exceptions with automatic assignment to staff, enabling resolution between trade support and pre-settlement groups.
- Secure chat functionality, through Taskize and Symphony, linked to exceptions, audit trails and reports based on customizable fields.
- Ability to identify SSI Exceptions for correction in ALERT.

Q. WHAT IS THE IMMEDIATE AND FUTURE VISION FOR DXM?

A. The immediate vision for DXM is to create a central portal for the entire industry, providing a single view of all post-trade exceptions. However, as a tool to help centrally resolve challenges, our clients are asking us to continually assess how it might be applied to other current issues that will need a similar type of solution. We expect DXM’s scope to continue to expand as early adopters prioritize upcoming enhancements and operations teams begin to embed within their exception resolution processes. The exception types covered include trade date exceptions, CSD pre-settlement exceptions (DKs) and fails for global equities and fixed income. The initial focus will be CSD pre-settlement exceptions and fails. A configurable dashboard will provide the ability to organize and measure the exceptions by various criteria with a subsequent drill-down capability. Exception records will have an exception owner category to enable assignment to individual users. Rules based logic will support efficient work assignment and prioritization on exceptions. The platform supports robust communication among the user community including machine generated emails on the exceptions and chat.

Q. HOW CAN I LEARN MORE ABOUT THE IMPLEMENTATION PROCESS AND TO SIGN UP FOR DXM?

A. To view additional FAQs and information on the implementation of DXM, visit the [DTCC Learning Center](#). To speak with our Sales Team about signing up for the service please [contact us](#).

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