

# Pirum T+1 Discussion

May 2023



# T+1 Challenges

## U.S Regulation on Accelerated Settlement T+1 - SEC Exchange Act Rule 15c6-1

- SEC proposed the rule in Feb 2022 to move the U.S settlement cycle from T+2 to T+1
- The Final rule was published Feb 2023, confirming a compliance date of May 2024
- Canada has confirmed they will move to T+1 in alignment with the U.S.
- The shortened cycle will have an impact to the following standard market cut-off times
  - Trade Affirmations from 11:30 A.M ET SD-1 to 9 P.M ET on Trade Date
  - CNS position affirmations to 9 P.M. ET on Trade Date
  - Recalls initiation times could extend to 11:59 P.M ET from 3 P.M. ET
  - Ex-Date calculation and cover/protect period on Voluntary Corporate Actions

Challenge	Problem Statement	What should you be considering ?
<b>Recalls must be initiated on trade date</b>	T+1 accelerated settlement will require lenders to <b>initiate recalls on trade date for shortened return cycle</b> of t+3. The suggested best practice cut-off time will be <b>11:59 p.m. ET</b> although industry not necessarily in agreement.	Ensure that your firm can issue and/or receive recalls in an automated fashion at the earliest opportunity. Pirum operates a real time service 24/7 and Recalls Manager can <b>automatically issue and accept recalls</b> based on configurable rule sets. Recalls Manager can do this outside standard operating hours <b>without manual intervention</b> needed and provide a standardized process with transparent audit trail of the life cycle of the recall.
<b>Corporate Actions Ex-Date calculation</b>	In a T+1 settlement cycle ex-date will be the same as record date. This will shorten the cover/protect period for elections	Ensure that your firm has accurate on-loan position data and adequate time to instruct client elections. Pirum has developed a <b>Voluntary Corporate Actions service</b> . This service <b>reconciles positions and automates election instructions</b> as well as the processing of the outturns. This will increase the visibility of election confirmation and mitigate risk.
<b>Batch Processing &amp; Cross Border challenges</b>	Batch processing can hold up processing of key events linked to Recalls and timely settlement	Ensure that your systems and your counterparts reduce dependencies on batch processes and have system flexibility to process data real-time. Pirum operates a real time service 24/7 and all processes run on a real-time basis as soon as data is received. Global clients are supported via flexible configuration that aligns to each clients' system set up, such as EOD date rolls.
<b>The need for Increased interoperability</b>	Decreases automation & efficiencies/increases manual support	Ensure that your systems are connected and can interface with all providers with the appropriate levels of automation. Pirum's connectivity hub allows clients to seamlessly interact with other vendors, triparty agents and market infrastructures without spending scarce in-house tech dollars to build and maintain connectivity to the ecosystem

