

OASYS MIGRATION FORUM 2021

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ITP STRATEGY UPDATE

On February 11th, 2021, DTCC's Institutional Trade Processing (ITP) held the OASYS™ Migration Forum as DTCC continues to prepare and aid clients in the migration from the legacy platform OASYS to CTM™. The forum panel was moderated by Sean McEntee, Executive Director, ITP Product Management, DTCC, and included representatives from the buy and sell-side that are well on their way to completing their migration to CTM.

The forum and conversations that took place are summarized below, following an introduction from DTCC's head of ITP, Matt Stauffer.

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THE ADVANTAGES OF CTM

UPDATE ON ITP STRATEGY AND CTM JOURNEY

BY MATT STAUFFER, MANAGING DIRECTOR, GLOBAL HEAD OF INSTITUTIONAL TRADE PROCESSING

A vital industry initiative aimed toward improving settlement finality is the planned decommissioning of legacy domestic matching platform OASYS in October of 2021 and migrating clients to CTM to support all trade flows, both cross-border and domestic. This migration represents a key step by DTCC to drive efficiency in the post-trade lifecycle by reducing both cost and risk.

CTM provides central matching of cross-border and domestic transactions across asset classes, representing an optimal workflow and is a critical step in upgrading the post-trade process. It also represents an opportunity to harmonize around a single global platform and process. CTM is already in use in Europe as the continent prepares for the Central Securities Depositories Regulation (CSDR), the regime to increase safety and efficiency of markets.

When we compare both platforms, same-day matching rates are over 95% for CTM. In comparison, same day affirmation rates on the legacy U.S. domestic platform are about 73%, again spotlighting the opportunity to reduce risk and cost through CTM. Currently, CTM has more than 3,000 global clients using the matching service in the buy-side and broker communities.

The unprecedented challenges of 2020, including fluctuating market volatility and transaction volume, reinforced the need for enhanced operational efficiency and a sense of certainty in the post-trade lifecycle.

In March of 2020, we saw a clear correlation between higher volume and DKs at the settlement layer in DTC, OASYS. The percentage of DKs at DTCC for

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affirmed trades remained unchanged when volumes doubled. However, for unaffirmed trades, the doubled volumes resulted in DKs increasing three fold. This discrepancy highlighted how market stress drives the importance of settlement finality and the value of matching on trade date.

CTM is another step on the industry's journey toward a no-touch process throughout the post-trade lifecycle and the goal of same-day matching. The journey to no-touch processing begins with accurate SSIs by leveraging ALERT® to enrich trades using smart logic. These details persist through the trade lifecycle and are centrally matched on CTM, with details locked in to create an authoritative trade record. This trade record will go straight through to settlement at the depository.

We've embarked on this journey to enhance the post-trade lifecycle with tremendous industry support and continue to work toward a harmonized ecosystem. Initiatives such as CSDR in Europe and shortened settlement in the U.S. serve as further catalysts for driving towards a single global trade matching platform in 2021.

THE OASYS MIGRATION FORUM PANEL

DTCC CONNECTION STAFF

Forum panel participants, who discussed their experiences migrating their US trade volume from OASYS to CTM, included Dina Masterpalo-Harris, Managing Director, Global Head, Global Spread Products Middle office, OCRM & FI Sales Support, Citi; James Paviolitis, Director, Barclays; Jason Sefferino, Chief Operations Officer, Citadel; and Debra Wasson, Managing Director and Manager, Trade Coordination, Americas, Wellington Management.

THE ADVANTAGES OF CTM

According to Sefferino, early engagement with CTM for cross-border trades provided a view of CTM's capabilities. "We see CTM as the superior platform. Migrating to one singular platform allows us to build controls and analyses in one spot."

Wasson added that in the U.S., there are many mismatches on criteria that are non-critical, but that can still cause breaks. "One of the biggest benefits of CTM, particularly with U.S. equities, is its ability to catch these instances at time of matching, on trade date."

McEntee noted the significant increase in operational efficiency that CTM provides through the identification and resolution of exceptions on trade date. CTM also allows firms to automate the consumption of trade data including SSIs, which used in conjunction with enrichment from ALERT will reduce exceptions. "Moving to one platform opens up opportunities for what we can do with all of this data," noted McEntee.

Wasson commented how enriching CTM with other ITP services and utilizing features such as PSET matching will enable better client servicing by reducing costs and friction, allowing teams to focus on value-add processes as fails are



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“ I think the one piece of advice that I’d give would be to not look at it just as the CTM migration, I would look at it to see how you’re using all of the DTCC products together. Making sure that you’re integrated into the whole ecosystem because it is meant to work in harmony and if you embrace that, you will be in a good spot in the end. ” –James Paviolitis, Barclays

minimized. “Each firm has its complexities. As part of the migration process, utilizing services such as GC Direct and ALERT Lift Out has provided tremendous help to clean up our settlement instructions for our clients and the number of fails.”

CTM AND SHORTENED SETTLEMENT

As the industry pushes forward with significant market infrastructure initiatives, including discussions of accelerated settlement in the U.S., the ability to move exceptions upstream is critical. Paviolitis said, “having a direction that we are all heading is a great first step, including a consistency of processes and the standardization of data as we deal with CSDR and potentially T+1.”

Place of settlement (PSET) has become even more critical given the effects of Brexit and CSDR. One of the additional benefits of CTM is the optional field to include the place of settlement in the SSIs. Masterpalo-Harris noted the benefits of using settlement location detail at the allocation level with clients. The feature has allowed the facilitation of earlier matching, which has reduced fails and open settlement inquiries, cut post-trade rebookings and reduced manual touchpoints. “Cancel and corrects due to place of settlement issues have been significantly reduced through the use of CTM, and we’re hoping to see more reductions as more firms onboard.”

Knowing the location of the entity is crucial in the CSDR regime. Wasson added, “At time of matching, if we’re executing from different entities at different dealers, they might be settling in different places.”

One of the most notable benefits of CTM in comparison to OASYS, McEntee mentioned, is that OASYS was an allocation delivery mechanism with no true matching. “CTM shifts the exception handling and resolution process up to trade date, and this will become increasingly important with a shortened settlement cycle.”

“It’s short term pain for long term gain. There are some hiccups, but the benefits are definitely worth it. OASYS is an old system; it’s time for the true integration that CTM offers as opposed to the allocation system that OASYS was designed as.” – Debra Wasson, Wellington



Dina Masterpalo-Harris
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office, OCRM & FI Sales Support, Citi



James Paviolitis
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ADDITIONAL RESOURCES

[OAM Forum microsite](#)

[Supporting US Trade Flows
via CTM](#)

[ITP Story Pages](#)

[ServiceCentral](#)

[Q&A](#)

“ Our experience has been extremely positive dealing with DTCC and with hopefully driving some real change in the industry. It makes sense to migrate everything on to one singular platform where we can build all of the appropriate controls and analysis in one spot. ” – Jason Sefferino

WHAT LIES AHEAD

CTM's future direction is to consolidate the current allocation, confirmation, and affirmation processes down into a single matching step where the match between the investment manager's allocation and the broker's confirm in CTM automatically triggers affirmation and delivery of the trade down to the DTC for settlement. The "match to instruct" workflow is a highly efficient process that eliminates the need for downstream confirmation and affirmation in TradeSuite ID, ensures the delivery of more trades to DTC on trade date, and thus serves as an enabler for a shorter settlement cycle.

Sefferino added, "the more the industry consolidates to one stream—all the way from order to settlement—the easier it is to track risk and find the breaking points." Match-to-instruct is another example of streamlining the process by leveraging against matching in CTM."

The deadline to migrate from OASYS to CTM is October of 2021. DTCC continues to work closely with clients and counterparties to aid in migration efforts and improve the process, making significant investments in user interface and flexibility while offering demos and support. As the industry moves to standardization, the panelists concluded that migrating to CTM provides the opportunity to participate in a harmonized ecosystem.

STARTING YOUR MIGRATION

Beginning your migration process begins with reaching out to your ITP Sales Representative or Relationship Manager. ITP has waived all fees related to migrating from OASYS to CTM. Additionally, the rates for transaction activity on CTM are the same as they were on OASYS.

At this time, brokers are being asked to retain OASYS until all of their counterparty investment managers have moved to CTM. You can request a copy of your specific OASYS Broker Counterparty reports, which details counterparty readiness by emailing your OASYS acronym to MoveNowCoreTeam@dtcc.com. There is also a community list of all CTM brokers located on Service-Central. There are currently ~695 brokers supporting US trades on CTM.

If you haven't yet begun to migrate your OASYS volumes to CTM, please contact us today by emailing MoveNowCoreTeam@dtcc.com.

“ DTCC has been great – the team have been great in setting up bi-weekly calls with us on this migration to CTM. This has been a work in progress with great communication all across the board. I really think it's going to be smooth. It's been a long time coming so it's good. This migration is definitely going to make a difference. ” – Dina Masterpalo-Harris, Citi