

T+1 SOLUTION

The U.S. move to a T+1 settlement cycle will help reduce risk and improve data accuracy across the financial system. As a result of the compressed settlement cycle, we anticipate challenges with liquidity management, operations, technology, communications, and compliance - particularly for managers of international portfolios.

As a global financial services company that helps clients manage, move and keep their assets safe, BNY has the breadth of services to support all your T+1 implications across the financial lifecycle — so you can transact with confidence.

Whether you need solutions for trading, custody, settlement or liquidity, our interconnected platform powers your business and presents opportunities for you to remain flexible and adaptive when responding to changing market conditions.

Improve Money Management and Liquidity

BNY's full suite of securities lending and foreign exchange (FX) execution solutions support operational workflows, liquidity needs and FX execution through the shortened settlement cycle — for both custody and non-custody clients. And, with BNY as your global custodian, you have access to even more liquidity options to support smooth settlement.

With the ability to proactively monitor, assess and manage liquidity risks, portfolio managers can better prepare and position portfolios to withstand market fluctuations and achieve long term objectives.

Streamline Settlement and Increase Efficiency

Effectively manage and optimize collateral assets such as lending, repurchase agreements (repos), creating efficiencies when pledging with counterparty clearing houses (CCP). Minimize settlement cycle discrepancies across principal and agency repos, helping to mitigate risk.

Additionally, our operationally ready custody platform supports multiple affirmation models to verify and confirm trade details between counterparties. This helps ensure accuracy and agreement prior to settlement, improving settlement rates.

Better Evaluate and Anticipate Performance

Take a proactive approach to decision making with real-time insights. Integrated into your operations, our Data & Analytics solution delivers the rich data needed to build successful, cost-effective operations.

Through predictive analytics and proactive outreach, you can better evaluate current and future needs related to T+1 settlements.

T+1 Considerations for Managers

- › Operational processes, such as trade execution, clearance and settlement procedures may need evaluation and optimization to adjust to the compressed cycle
- › Enhancements to systems, processes, and technology infrastructure may be needed for operational resiliency
- › Liquidity management is necessary to promptly cover settlement obligations and reduce trade fails
- › Staffing adjustments may be needed for firms without global operations
- › Investment strategies may need to be adapted to due to evolving market conditions

Benefits of BNY's Solution

- › Increased market efficiency and faster access to proceeds of trades
- › Reduced costs and liquidity requirements
- › Reduced systemic, counterparty and operational risks
- › Faster processing of corporate actions

Solutions to Smooth T+1 Implications Throughout the Trade Lifecycle

	T+1 Implications	BNY Solutions
PURCHASE	<ul style="list-style-type: none"> › Increased operating costs 	<ul style="list-style-type: none"> › Bank sponsored collective investment trusts (CITs) may provide lower-cost fund vehicles while still meeting investment strategy and performance objectives › Buy-side trading solutions can supplement existing trading capabilities or offer full outsourcing of all the execution responsibilities of an internal trading desk
SETTLEMENT	<ul style="list-style-type: none"> › Settlement cycle discrepancies globally may result in funds being overdrawn › Same day FX needed in APAC and EMEA › Many investors will no longer be able to settle via Continuous Linked Settlement (CLS), impacting FX settlement › FX funding activity will not meet the settlement cutoff for Eastern European and APAC FX markets 	<ul style="list-style-type: none"> › Securities finance capabilities deliver the tools needed to source liquidity, borrow and lend securities. Our scale and expertise minimizes the need to recall, thereby reducing the risk of fails › Foreign exchange (FX) solutions offer a comprehensive suite of FX capabilities for all your trading, hedging and payment needs, including same day FX execution. › BNY is extending FX cut offs in several currencies to help alleviate T+1 challenges
SERVICING	<ul style="list-style-type: none"> › Increased operational concerns and need for oversight of in-house or third-party managers 	<ul style="list-style-type: none"> › Data & Analytics solutions provide predictive analytics integrated into client's operating model to help better address operations and oversight
SALE	<ul style="list-style-type: none"> › Increased risk of fails when recalling securities used for securities lending 	<ul style="list-style-type: none"> › Securities lending solutions provide, real-time tools to assist in managing liquidity and margin requirements. Our program's scale and automation minimizes the need to recall. Detailed analytics on performance enable proactive outreach and more timely issue resolution

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