

FROM WHERE WE STAND:  
**T+2:**  
**WHAT'S NEXT?**

**DTCC**  
Securing Today. Shaping Tomorrow.®

## Video Transcript

### **After achieving T+2, is there demand to accelerate the settlement cycle further?**

There is demand in the industry to accelerate the settlement cycle beyond T+2, but there isn't consensus to do an industrywide move to T+1. So as we at DTCC look at ways that we can modernize the equity post trade infrastructure, we're looking at ways that we can use the processes that we already have in place, but improve upon them to take risk out of the system without requiring wholesale change from the industry.

### **What is DTCC proposing in this white paper?**

In the white paper we're proposing to attack the problem in two ways. One is shortening the time to settlement and one is settlement optimization. Shortening the time to settlement is literally just moving beyond T+2, whether we do that on an industry wide basis or whether we do that on an opt-in basis. And there are several options for achieving that. Settlement optimization on the other hand is taking the time that we have exposure on settlement date and trying to bring that from the end of the day as close as possible to beginning of the day. Preferably before the market is open.

### **How can DTCC accelerate beyond T+2?**

If we can accomplish both parts of what we look at as our modernization of the equity market infrastructure what we'll have gotten to is T+ 0-and-a-half because we want to bring the trade cycle into T+1 and then we want to settle those trades at the beginning of the day rather than the end of the day. So what you're really looking at is a window of exposure that just goes from the end-of-trade date to the beginning of the next day's business hours.

### **What are the benefits of an accelerated settlement for our clients?**

Time equals risk once a trade is done. The longer a trade stays on the books and it's not settled, the more risk there is in the market. To the extent that we can take cost and risk out by reducing the amount of time between when a trade is executed to when a trade is finally settled, the more cost and risk comes out. We're looking to make this as non-impactful as possible to clients, and we at DTCC have the building blocks that we need to achieve settlement optimization. By taking tools that we have across our various businesses, whether it be institutional trade processing, equity clearing, or equity settlement we think we can reassemble the process into a system that takes more risk out of the system by streamlining the entire process end to end.

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