The Benefits of Accelerating Settlement Times

Accelerated settlement improves efficiency, liquidity, and reduces risk for all parties. Rethinking your processes will help your firm adapt to future regulatory changes, market demands, and maintain a sharp competitive edge.

Implications With the T+1 rule scheduled to come to force in early 2024, banks and

Faster Settlement Cycles Has Broad

financial institutions must adapt their processes, systems, and people to streamline operations to achieve a high degree of straight-through processing.



Trade Processing Operations Corporate Actions

Key Areas Impacted by Accelerated Settlements

Teams must update processes, technologies, and employee training

to handle the increased volume and speed of transactions, including trade matching, confirmation, and settlement.

The compressed timeframe requires redesigning corporate actions workflows and leveraging technologies to meet the

new settlement timeframe.

Operational changes are needed to ensure timely settlements, sufficient

liquidity, and compliance with international regulations.

FX and Global

Settlements

New settlement and reporting timeframes

Regulatory

Compliance

will require compliance teams to update processes and documentation to reflect these needs.

and condensed timelines will require redesigning processes to mitigate

Fails and

Exceptions

Higher trade volumes

fail-to-delivers and

support trade teams

handling exceptions.

shares failed to deliver in the final two weeks of 2022 Source: SEC Fails-To-Deliver Data: https://catalog.data.gov/dataset/fails-to-deliver-datal

Even with the upfront investment, there are several compounding benefits

Reduced Risk

that firms can expect due to the new ruling.

between trade and

counterparty, and operational risk across

exposure over the settlement

the financial ecosystem — especially in

settlement reduces systemic,

period, leading to lower margin

6 Benefits from Accelerated Settlements

Improved Use of Capital Cutting down the time Faster settlement times

Improved Liquidity T+1 settlement lowers

volatile markets.

broker-dealers to better manage their capital and liquidity risks. **Greater Efficiency** Reengineering post-trade processes opens opportunities to

requirements. This reduction will allow

earlier access to their funds or securities, allowing them to reallocate those assets instead of having them tied up in a clearinghouse.

provides a better experience

for customers by providing

Institutions that implement technology that enables agility will have a competitive advantage over those that do not, potentially leading to increased market share, revenue, and

Competitive Advantage

Future Readiness Accelerated settlements

present an opportunity to optimize

processes to be more flexible and

adaptable to future changes, such as

loyal customers.

adopting new technologies or messaging formats, such as ISO 20022.



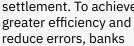
The sheer complexity of trading processes required a thoughtful approach to modernizing operations in a holistic way.

Regulatory Compliance

involve investing in new

compliance systems and

Banks will need to



will need to create

technologies.

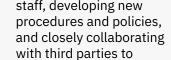
new internal platforms,

and embrace emerging

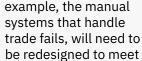
upgrade legacy systems,

Technology

Banks must update their



of IT decision makers say designing and agreeing upon process changes is a bottleneck



Human Capital

If firms lack a high

degree of automation,

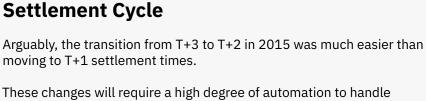
they may need to hire

more staff to manage

the increased volume of transactions. For

the compressed timeline

and higher volumes.



Source: 2023 State of Process Orchestration Report

Analyze existing systems, processes, and workflows to understand required updates from end-to-end across every impacted department

Develop a project plan with timelines, budgets, resources, and risk

Design a new settlement process using technology to reduce errors

Technology Considerations for Accelerating

Address documentation, reporting, and legal compliance updates during the transition. Tailor training for employees to learn the new regulations, systems,

To achieve the desired efficiency gains, we needed a much higher degree of automation in our processes, and Camunda's capabilities fit our needs well. It is modern, easy to integrate with, and gives us flexibility when designing our processes."

> Eric Lind, Chief Information Officer Bluestep Bank

realize benefits.

especially with counterparties and outside vendors. 9. Monitor and measure performance against key metrics continuously. Optimize systems and processes using performance metrics to fully

Test and validate systems from end to end before deployment,

Process Orchestration Helps You Stay Ahead of Change

Choose an open platform that can orchestrate diverse endpoints, including AI and ML, alongside legacy systems and humans so you

Use a standards-based notation to align fusion teams on the business and technical requirements to deliver solutions faster and with better

Process orchestration enables banks and financial services firms to scale automation and adapt to changes in regulations and market dynamics.

results.

- Select a programming language agnostic platform that fits into your current technology stack to avoid proprietary tooling that is difficult, expensive, and slow to change.
- **Accelerate Automation and Agility with Camunda**

See why 9 of the top 10 US banks transform their operations to maintain a



optimize margin calculations, reduce margin requirements, and standardize processes to provide real-time access to critical data across your firm.

Three Areas to Focus Your Efforts

infrastructure to support update compliance and the volume and speed reporting processes required for accelerated to comply with the settlement. To achieve T+1 ruling. This will

ensure compliance with regulatory bodies.

the volume and settlement times, and a careful approach to change management. Form a cross-functional team to align all departments on the same goal.

or product.

mitigation strategies.

and workflows.

and streamline operations. Phase your migration to ensure continuity of service and communicate with stakeholders.

can use the right technology to meet your goals. Leverage technologies to help reduce errors and exceptions while improving operational efficiency and resilience. Use scalable infrastructure to handle high volumes of trades at low latencies and maintain resilience in case of disruption.

competitive edge with Camunda. camunda.com

Sources: DTCC: https://www.dtcc.com/dtcc-connection/articles/2021/november/04/building-the-settlement-system-of-the-future DTCC: https://www.dtcc.com/dtcc-connection/articles/2021/november/09/the-road-to-t0-and-the-future-of-settlement SIFMA Playbook: https://www.sifma.org/resources/general/t1-playbook/ Accenture: https://capitalmarketsblog.accenture.com/ensure-t1-paves-way-t0 SEC Fails-To-Deliver Data: https://catalog.data.gov/dataset/fails-to-deliver-data 2023 State of Process Orchestration Report: https://camunda.com/state-of-process-orchestration





